

**MOUNT HOLLY  
SCHOOL DISTRICT**

Mount Holly, New Jersey  
County of Burlington

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**MOUNT HOLLY SCHOOL DISTRICT**

**MOUNT HOLLY, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Prepared by**

**Mount Holly School District  
Business Administrator's Office**

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**INTRODUCTORY SECTION**

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**Mount Holly Township Public Schools**

School Business Office

331 Levis Drive

Mount Holly, NJ 08060

Phone: (609) 267-7033

Fax: (609) 265-8028

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September 19, 2017

Honorable President and  
Members of the Board of Education  
Mount Holly School District  
County of Burlington, New Jersey

Dear Board Members/Citizens:

The Comprehensive Annual Financial Report (CAFR) of the Mount Holly School District for the fiscal year ended June 30, 2017, 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 Mount Holly School District. 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, 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 District as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

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

Introductory Section:

Section contains a Letter of Transmittal, Roster of Officials, Consultants and Advisors, and an Organizational Chart.

Financial Section:

Section contains the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements, Required Supplementary Information (RSI) and Other Supplementary Information.

Statistical Section:

Section contains selected financial trends, revenue and debt capacity, demographic, economic and other operating information, generally presented on a multi-year basis.

Single Audit Section:

The School District is required to undergo an annual Single Audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB’s Circular 15-08 OMB, “*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*”. Information related to this Single Audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, are included in the Single Audit Section of this report.

**REPORTING ENTITY AND ITS SERVICES**

The Mount Holly School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standard Board (GASB) as established by NCGA Statement No. 3. All funds of the School District are included in this report. The School District has no component units.

The School District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular and vocational as well as special education for children with special needs. The School District’s enrollment for the past ten fiscal years is detailed below.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	1,002	1.83%
2015-2016	984	0.72%
2014-2015	977	-2.79%
2013-2014	1,005	-3.92%
2012-2013	1,046	6.63%
2011-2012	981	-1.21%
2010-2011	993	-0.50%
2009-2010	998	-2.06%
2008-2009	1,019	-2.21%
2007-2008	1,042	-2.90%

**ECONOMIC CONDITION AND OUTLOOK**

Mount Holly Township Public School District will continue to face a challenging economic environment. The main sources of revenue for public schools are state aid and local property tax. Obligated spending increases annually based on employment contracts, health benefit increases, vendor contracts and increased enrollment. State aid of \$10,043,794 accounted for more than 50% of District budgeted operating revenues of \$19,229,169. The local levy of \$7,662,628 contributed 40%. The 2017-18 School Year budget approved the District’s increase in state aid of \$12,961, or 0.13%. The tax levy was increased by 4%, or \$306,506. This increase represents the use of banked cap from prior years. The combined increase for 2017-18 comes to \$319,476, or 1.8%, of the 2016-17 state aid and the local tax levy revenue of \$17,693,922.

Federal grant reductions, stagnant state aid, and limited tax levy increases combined with increasing obligation costs require administration to prioritize the use of funds. Administration closely monitors spending and pursues available funding sources in order to maintain district facilities and provide quality educational services.

## **MAJOR INITIATIVES**

The *Mount Holly Township School District Educational Strategy* was officially adopted by the Board of Education in May, 2017. The strategic plan positions the District to safeguard the school community's interests and, it serves as a compass for how this Administration, in partnership with the Board, will lead the school community through an ever changing educational landscape.

The strategic panel defined purpose through vision, mission, and core value statements. *OUR VISION* is that every student will have an excellent educational experience. *OUR MISSION* is we cultivate the capacity for lifelong learning, the creativity for innovation, and the curiosity for exploration. *OUR CORE VALUES* are we pursue Excellence through Perseverance, Integrity, Collaboration, and Inspiration.

The strategic panel also defined five focus areas (imperatives) that will serve as the backbone of this plan to drive educational progress, instructional growth, and academic achievement. The five imperatives are:

- One District, One Community
- College and Career Readiness
- Learning Environment
- Character Education
- Sustainable Practices

The intent of *One District, One Community* is to unite one District through curriculum, spirit, and support, to connect school and community by building relationships, and to embrace diversity by creating a positive environment that fosters acceptance for all.

The intent of *College and Career Readiness* is to use data to facilitate a student's individualized plan for academic success, to encourage positive future developments in a college and/or career setting, and to connect educational experience, individual passion, and real world careers.

The intent of *Learning Environment* is to incorporate a growth mindset and establish a framework for 21<sup>st</sup> century learning to promote independent, self-motivated, and productive learners.

The intent of *Character Education* is to eliminate bullying, teach tolerance, embrace diversity, and provide the tools and resources to be upstanding students and citizens.

The intent of *Sustainable Practices* is to improve the health and wellness of students and staff, reduce the carbon footprint, raise awareness of sustainability issues, and contribute to a more sustainable society.

The Educational Strategy builds on the last five years, in which there has been considerable progress across many domains. A major part of this is building community: parents, educators, and leaders working together. Our progress includes substantive program development which has produced adequate growth in reading, writing, mathematics, as well as increased proficiency in the sciences. Mount Holly Township Public Schools

has placed itself in a good position regarding technology for education: 100% Wi-Fi, Google Apps for Education, interactive whiteboards, professional STEM software with a 3-D printer, and inching closer to a 1:1 device learning environment. The Office of School Innovation inducted Mount Holly Township Schools as a member of the Innovate NJ Community for recognizing the District's Gifted and Talented programs, service learning projects, STEM (Science, Technology, Engineering, Math) programs, technology capacity, and Project Lead The Way program. The District was accepted into the Sustainable Jersey for Schools cohort, a certification program for New Jersey public schools to go green, conserve resources and take steps to create a brighter future, one school at a time. Mount Holly Schools continue to take the necessary strides to upgrade the facilities, improve security, and meet the demands of a fiscally responsible and child-centered budget.

### **INTERNAL ACCOUNTING CONTROLS**

Management of the School 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 and misuse and to ensure that adequate accounting data are completed to allow for the preparation of financial statement in conformity with general 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 delivered; and (2) the valuation of costs and benefits require 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 evaluations by the District management.

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

### **BUDGETARY CONTROLS**

In addition to internal accounting controls, the School 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 cancelled or included as re-appropriations of fund balance in the subsequent year.

### **ACCOUNTING SYSTEM AND REPORTS**

The School District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The School District's accounting system is organized on the basis of funds. The funds are explained in "Notes to Financial Statements", Note 1.

### **OTHER INFORMATION**


#### *INDEPENDENT AUDIT*

State statutes require an annual audit by independent certified public accountants. The accounting firm of Holman, Frenia & Allison, P.C., Certified Public Accounts, was appointed by the Board of Education. In addition to meeting the requirements set forth in the State statutes, the audit was also designed to meet the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining statements and related major fund supporting statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the Single Audit section of this report.

**ACKNOWLEDGEMENTS**

We would like to express our appreciation to the members of the Board of Education 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 accomplished without the efficient and dedicated services of our business office staff.

Respectfully submitted,

  
\_\_\_\_\_  
Superintendent  
  
\_\_\_\_\_  
School Business Administrator/Board Secretary

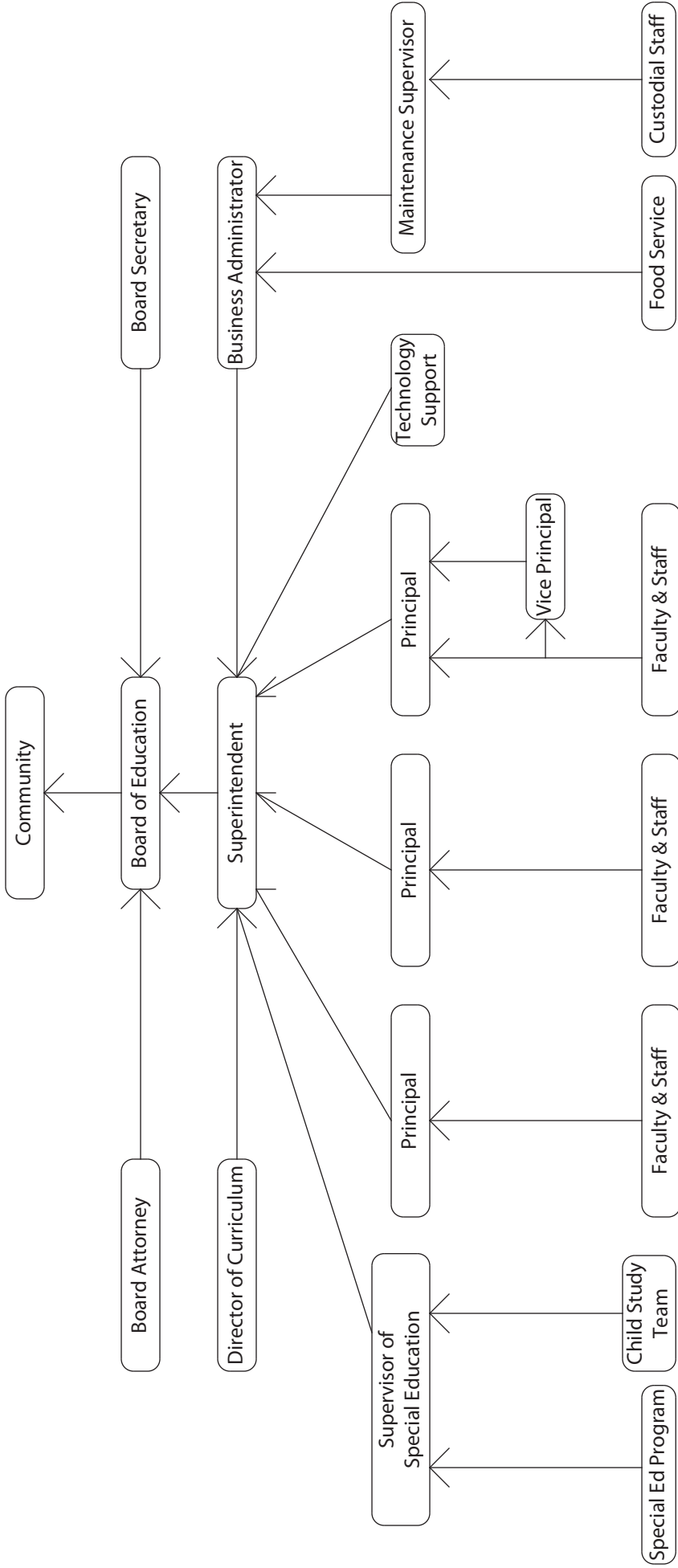
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# MOUNT HOLLY TOWNSHIP PUBLIC SCHOOLS

## Organizational Chart

(Unit Control)



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**MOUNT HOLLY SCHOOL DISTRICT**

331 Levis Drive  
Mount Holly, New Jersey 08060

**ROSTER OF OFFICIALS**

**JUNE 30, 2017**

**MEMBERS OF THE BOARD OF EDUCATION**

**TERM EXPIRES**

Cynthia Regn, President

2019

Janet DiFolco, Vice President

2019

Jennifer Mushinsky

2020

Becky Browning

2018

William Monk

2020

**OTHER OFFICIALS**

James E. DiDonato, Superintendent

Ms. Evon DiGangi, Business Administrator/Board Secretary

Frank Cavallo, Esq., Solicitor



**MOUNT HOLLY SCHOOL DISTRICT**

331 Levis Drive  
Mount Holly, New Jersey 08060

**CONSULTANTS AND ADVISORS**

**AUDIT FIRM**

Kevin Frenia, CPA, PSA  
Holman Frenia Allison, P. C.  
618 Stokes Road  
Medford, New Jersey 08055

**ATTORNEY**

Frank Cavallo, Esq.  
Parker McCay  
9000 Midlantic Drive, Suite 300  
Mt. Laurel, New Jersey 08054

**OFFICIAL DEPOSITORY**

Investors Bank  
Iselin, NJ

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## **FINANCIAL SECTION**

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HOLMAN | FRENIA  
ALLISON, P.C.  
*Certified Public Accountants & Consultants*

680 Hooper Avenue, Bldg B, Suite 201, Toms River, NJ 08753 • Tel: 732.797.1333  
618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612  
912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800  
6 E. Park Street, P.O. Box 614, Bordentown, NJ 08505 • Tel: 609.298.8639  
194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010  
795 Canton Street, Troy, PA 16947 • Tel: 570.297.5090  
926 Main Street, Suite 103, Rome, PA 18837 • Tel: 570.297.5090  
[www.hfacpas.com](http://www.hfacpas.com)

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
Mount Holly School District  
County of Burlington  
Mount Holly, New Jersey

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Mount Holly School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School 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 Mount Holly School District, County of Burlington, State of New Jersey, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and 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 Mount Holly 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 schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules, and the schedules 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 related major fund supporting statements and schedules and schedules 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 September 19, 2017 on our consideration of the 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 the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia  
Certified Public Accountant  
Public School Accountant, No. 1011

Medford, New Jersey  
September 19, 2017

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**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

Management's Discussion and Analysis

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**MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT  
MOUNT HOLLY, NJ**

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

The discussion and analysis of Mount Holly Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Account Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2016-17) and the prior year (2015-16) is required to be presented in the MD&A.

**Financial Highlights**

Key financial highlights for 2017 are as follows:

- ⇒ Total assets increased by \$4,386,855 as cash and cash equivalents increased by \$4,874,576, receivables decreased by \$1,479,957, net capital assets increased by \$1,694,549 and Deferred Outflows Related to Pensions increased by \$1,013,739.
- ⇒ General Fund revenues accounted for \$20,496,178 in revenue, or 78 percent of all revenues. Special revenues in the form of Local, State, and Federal grants, accounted for \$1,460,587 or 6 percent of all revenues. Capital projects in the form of State grants and interest, accounted for \$3,750,084 or 14 percent of all revenues. Debt service in the form of tax levy and interest, accounted for \$464,690 or 2 percent of all revenues. Total revenues were \$26,171,539.
- ⇒ The School District had \$27,756,191 in total expenditures; \$10,744,044 of which represents salaries for the district or approximately 39 percent of expenditures for the fiscal year ending June 30, 2017.
- ⇒ The Food Service Enterprise Fund had an increase in net position of \$21,571 in 2017 compared to a increase of \$29,708 in 2016.
- ⇒ The total Fund Balance per Governmental funds was \$8,557,738. The School District expended \$750,000 out of capital reserve and added \$1,275,436 to capital reserve.

**Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Mount Holly Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

**MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT  
MOUNT HOLLY, NJ**

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

The focus of governmental accounting differs from that of business enterprises. In government, the financial statement user is concerned with determining accountability for funds, evaluating operating results, and assessing the level of service that can be provided by the government along with its ability to meet obligations as they become due. In comparison, the primary emphasis in the private sector from both an operational and reporting perspective is on the maximization of profits.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of a whole school district, presenting both an aggregate view of a school district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending.

**Reporting the School District as a Whole**

**Statement of Net Position and the Statement of Activities**

This document looks at all financial transactions and asks the question, "How did we do financially during 2017?" The Statement of Net Position and the Statement of Activities attempt to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. Using this basis of accounting, takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the District's net position and changes in those assets. This change in net position is important because it tells the reader that the financial position, for the District as a whole has improved or diminished. The causes of this change may be the result of many factors. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs, and other factors.

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

- **Governmental Activities** - All of the School District's programs and services are reported here including instruction, support services, operating maintenance of plant services, student transportation, and extracurricular activities.
- **Business-Type Activities** - This service is provided on a charge-for-goods-or-services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.



**MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT  
MOUNT HOLLY, NJ**

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

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transactions. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

**Governmental Funds**

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Enterprise Fund**

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the basic financial statements can be found on pages 59 to 90 of this report.

**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

**MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT  
MOUNT HOLLY, NJ**

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

Table 1 provides a summary of the School District's net position for 2016 and 2017.

	Governmental Activities		Business-Type Activities	
	2017	2016	2017	2016
<b>ASSETS</b>				
Current Assets	\$ 15,971,893	\$ 13,313,498	\$ 173,571	\$ 139,660
Capital Assets, net	27,912,467	26,209,242	17,271	25,947
<b>Total Assets</b>	<b>43,884,360</b>	<b>39,522,740</b>	<b>190,842</b>	<b>165,607</b>
Deferred Outflows of Resources	1,875,978	862,239	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 45,760,338</b>	<b>\$ 40,384,979</b>	<b>\$ 190,842</b>	<b>\$ 165,607</b>
<b>LIABILITIES</b>				
Current Liabilities	\$ 7,729,353	\$ 3,224,870	\$ 4,456	\$ 792
Noncurrent Liabilities	13,582,818	12,736,863	-	-
<b>Total Liabilities</b>	<b>21,312,171</b>	<b>15,961,733</b>	<b>4,456</b>	<b>792</b>
Deferred Inflows of Resources				
Deferred Inflows Related to Pensions	249,841	269,163	-	-
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>21,562,012</b>	<b>16,230,896</b>	<b>4,456</b>	<b>792</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	21,755,250	22,113,558	17,271	25,947
Restricted	8,925,931	7,457,734	-	-
Unrestricted	(6,482,855)	(5,417,209)	169,115	138,868
<b>Total Net Position</b>	<b>\$ 24,198,326</b>	<b>\$ 24,154,083</b>	<b>\$ 186,386</b>	<b>\$ 164,815</b>

The District's combined net position were \$24,384,712 on June 30, 2017. This was an increase of .27 percent from the prior year.

**MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT  
MOUNT HOLLY, NJ**

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

Table 2 shows changes in net position for fiscal year 2016 and 2017.

REVENUES	CHANGES IN NET POSITION			
	Governmental Activities		Business-Type Activities	
	2017	2016	2017	2016
Program Revenues:				
Charges for Services	\$ -	\$ -	\$ 118,697	\$ 125,126
Operating Grants & Contributions	7,153,469	5,560,432	406,867	398,279
General Revenues:				
Property Taxes	8,126,448	7,835,278	-	-
Grants & Entitlements	14,036,919	16,480,283	-	-
Other	452,576	303,722	584	183
<b>Total Revenues</b>	<b>29,911,921</b>	<b>30,179,715</b>	<b>526,148</b>	<b>523,588</b>
Expenses				
Instruction	8,167,994	8,228,513	-	-
Tuition	1,233,689	890,496	-	-
Related Services	2,087,780	1,989,139	-	-
General & School Administration	1,069,810	1,061,789	-	-
Central Services	506,466	466,135	-	-
Operations & Maintenance	6,229,117	1,922,024	-	-
Transportation	422,531	376,631	-	-
Employee Benefits	9,083,386	7,348,324	-	-
Food Service	-	-	504,577	493,880
Other	924,396	746,461	-	-
<b>Total Expenses</b>	<b>29,867,678</b>	<b>23,029,512</b>	<b>504,577</b>	<b>493,880</b>
Increase in Net Assets before Transfers	44,243	7,150,203	21,571	29,708
Changes in Net Position	44,243	7,150,203	21,571	29,708
Net Position- July 1	24,154,083	17,003,880	164,815	135,107
Net Position- June 30	24,198,326	24,154,083	186,386	164,815

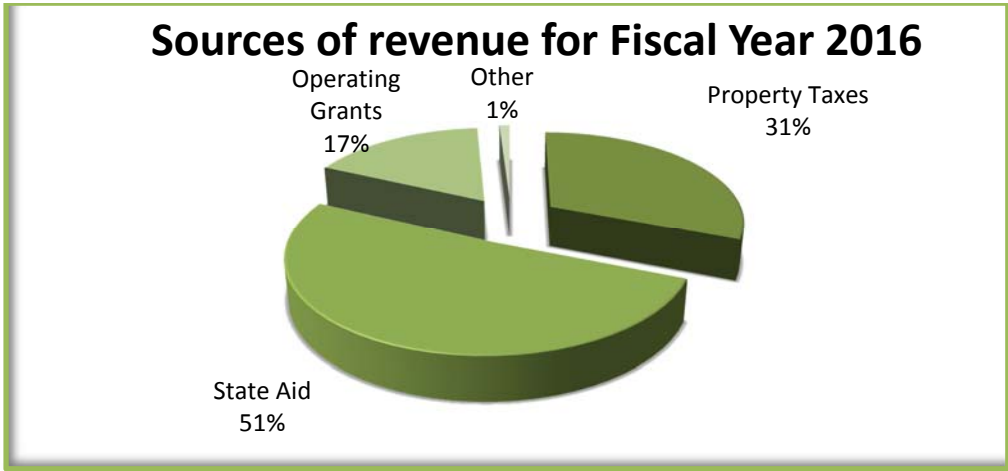
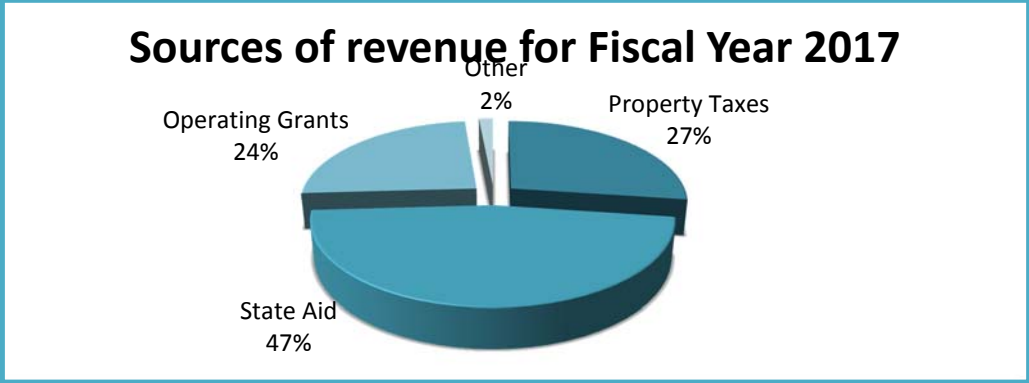
**Governmental Activities**

Property taxes made up 27 percent of revenues for fiscal year 2017 and 26 percent for fiscal year 2016. The District's total revenue for governmental activities was \$29,769,412 for the year ended June 30, 2017. Federal and state aid, accounted for another 47 percent of revenue.

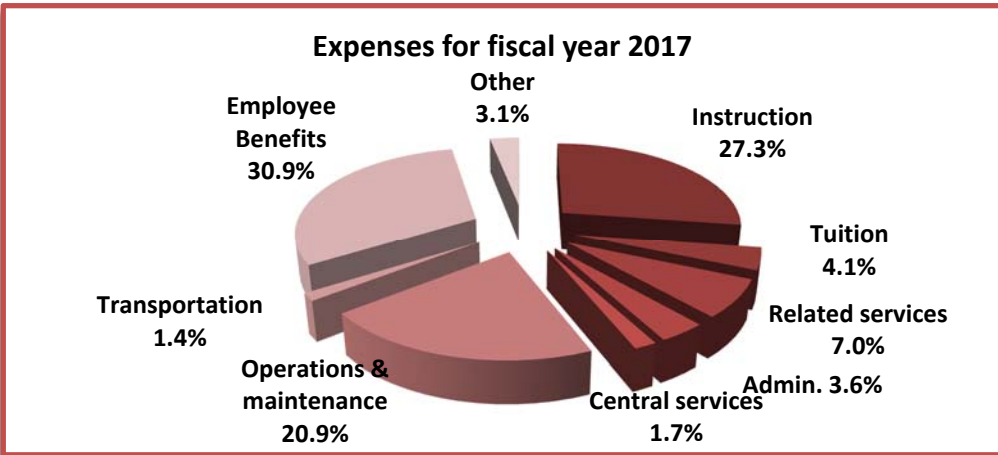
**MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT  
MOUNT HOLLY, NJ**

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

**Governmental Activities (continued)**



The total cost of all programs and services was \$29,867,678. Instruction and benefits comprised 58.2% of all District expenses.



**MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT  
MOUNT HOLLY, NJ**

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

**Business-Type Activities**

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- Food service revenues exceeded expenses by \$21,571.
- Charges for services represent \$118,897 of revenue. This represents amounts paid by patrons for daily food service.
- Federal and state reimbursement for meals, including payments for free and reduced lunches and breakfasts, and donated commodities was \$406,867.

**Governmental Activities**

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. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

TABLE 3- NET COST OF SERVICES

Description	Total Cost of Services 2016	Net Cost of Services Services 2016	Total Cost of Services 2017	Net Cost of Services Services 2017
Instruction	\$ 8,228,513	\$ 7,038,651	\$ 8,167,994	\$ 8,054,038
Support Services:				
Pupils and Instructional Staff	2,879,635	2,611,229	3,321,469	2,974,838
Administration	1,527,924	1,527,924	1,576,276	1,576,276
Operations and Maintenance	1,922,024	1,922,024	6,229,117	6,229,117
Pupil Transportation	376,631	376,631	422,531	422,531
Employee Benefits	7,348,324	3,246,160	9,083,386	3,390,504
Other	746,461	746,461	924,396	924,396
<b>Total Expenses</b>	<b>\$ 23,029,512</b>	<b>\$ 17,469,080</b>	<b>\$ 29,867,678</b>	<b>\$ 23,571,700</b>

- Instruction expenses include activities dealing directly 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 students, including curriculum and staff development.
- Administration includes all expenses associated with the administrative and fiscal supervision of the school district.

**MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT  
MOUNT HOLLY, NJ**

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

**Governmental Activities (continued)**

- Operations and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition.
- 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.
- Employee benefits represent all health, dental, pensions, other fringe benefits and taxes applicable to all salaries of the district.
- "Other" includes Capital Outlay and other miscellaneous items.

**The School District's Funds**

All governmental funds (i.e., general fund, special revenue fund, and capital projects fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$26,171,539 and expenditures were \$27,756,191 in 2017. The net change in fund balance for the year was most significant in the Capital Projects Fund – a decrease of \$2,359,537. 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.

**General Fund Budgeting Highlights**

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. Additionally, the District reviews current actual expenditures and compare those amounts both to prior year actual and to current year budget. Some of the comparisons bear notation:

- ❖ Revenues from tuition exceeded budget by \$243,834.
- ❖ Budgeted regular program cost exceeded actual expenses by approximately \$40,493 and special education budgeted cost exceeded actual expenses by \$297,578.
- ❖ Budgeted tuition cost exceeded actual by approximately \$8,207. The addition of a new special education class enabled some special education students to return to the district.

**MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT  
MOUNT HOLLY, NJ**

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

**General Fund Budgeting Highlights (continued)**

- ❖ Budgeted administrative costs exceeded actual by approximately \$107,839. This was achieved through efficiencies in overall district management.
- ❖ Operation & maintenance of plant services actual costs were approximately \$23,799 less than budgeted due to the utilization of purchasing through Co-operatives.
- ❖ Overall the budget projected a use of \$825,000 in fund balance where there was an actual addition to fund balance of \$768,597.

**Capital Assets**

At the end of the fiscal year 2016, the School District had \$26,235,178 invested in land, buildings, machinery, and equipment, net of applicable depreciation. Table 5 shows fiscal year 2016 balances compared to 2015.

TABLE 5  
Capital Assets (net of related depreciation) at June 30,

	2016	2017
Governmental Activities:		
Land	\$ 9,786,500	\$ 9,786,500
Construction in Progress	5,314,502	-
Building & Improvements	15,186,353	22,809,763
Equipment	3,348,934	3,457,887
Less: Accumulated Depreciation	(7,427,047)	(8,141,683)
Governmental Activities- Capital Assets, net	26,209,242	27,912,467
Business-Type Activities		
Food Service Equipment	331,690	285,867
Less: Accumulated Depreciation	(305,744)	(268,596)
Business-Type Activities- Capital Assets, net	25,946	17,271
Total Capital Assets, net	\$ 26,235,188	\$ 27,929,738

Overall capital assets increased \$1,693,550 from fiscal year 2016 to fiscal year 2017. The increase in capital assets is caused by building renovations and asset purchases.

For more detailed information, please refer to **Note 5** to the Basic Financial Statements.

**MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT  
MOUNT HOLLY, NJ**

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

**The Road Ahead**

- ✎ The Mount Holly Township School District is presently in good financial condition. The District is proud of its community support of the public schools.
- ✎ The District has completed year 1 of the strategic plan –Vision 2021. Implementation of strategic imperatives will continue over the next four years to drive educational progress, instructional growth and academic achievement. Positive behavior interventions and supports are the focus of the 2017-18 School Year. For more information on Mount Holly Township Public School’s strategic plan please visit our website  
<http://www.mtholly.k12.nj.us/district.cfm?subpage=2060705>
- ✎ The District has received additional funding from the Race to the Top Preschool Expansion Grant. This grant has provided resources for new preschool classrooms for the young children of Mount Holly.
- ✎ The District passed a referendum and received a grant from the New Jersey School Development Authority (SDA) for Capital Improvements. All projects have been completed. The district is working with the SDA to close out the grants and obtain our final reimbursement.
- ✎ It is important that the District continues to support expenditures for capital maintenance of our schools. New security cameras, phones and additional site work projects are needed and planned for upcoming years.
- ✎ The District will continue to increase its participation in shared service and inter-local service agreements over the coming years. The District administrative team and Board of Education must work diligently to come up with new ideas for revenues and streamline expenditures.

**Contacting the School District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, bond holders, and creditors with a general overview of the District's finances and to show the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the School Business Administrator at the Mount Holly Township Administration wing of the F.W. Holbein Middle School at 331 Levis Drive, Mount Holly, New Jersey 08060, or please visit our website at [www.mtholly.k12.nj.us](http://www.mtholly.k12.nj.us).



## **BASIC FINANCIAL STATEMENTS**

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A. Government-Wide Financial Statements

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**MOUNT HOLLY SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
Cash & Cash Equivalents	\$ 7,504,072	\$ 79,275	\$ 7,583,347
Receivables, Net (Note 4)	2,069,430	77,729	2,147,159
Inventory	-	16,567	16,567
Restricted Cash & Cash Equivalents	6,398,391	-	6,398,391
Capital Assets, Net (Note 5)			
Non-depreciable	9,786,500	-	9,786,500
Depreciable	18,125,967	17,271	18,143,238
<b>Total Assets</b>	<b>43,884,360</b>	<b>190,842</b>	<b>44,075,202</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Related to Pensions (Note 8)	1,875,978	-	1,875,978
<b>Total Deferred Outflow of Resources</b>	<b>1,875,978</b>	<b>-</b>	<b>1,875,978</b>
<b>Total Assets and Deferred Outflow of Resources</b>	<b>45,760,338</b>	<b>190,842</b>	<b>45,951,180</b>
<b>LIABILITIES</b>			
Accounts Payable	223,778	-	223,778
Due to Other Governments	16,845	-	16,845
Unearned Revenue	173,532	4,456	177,988
Bond Anticipation Note Payable	7,000,000	-	7,000,000
Noncurrent Liabilities (Note 7):			
Due Within One Year	315,198	-	315,198
Due in more than one year	13,582,818	-	13,582,818
<b>Total Liabilities</b>	<b>21,312,171</b>	<b>4,456</b>	<b>21,316,627</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Related to Pensions (Note 8)	249,841	-	249,841
<b>Total Deferred Inflow of Resources</b>	<b>249,841</b>	<b>-</b>	<b>249,841</b>
<b>Total Liabilities and Deferred Inflow of Resources</b>	<b>21,562,012</b>	<b>4,456</b>	<b>21,566,468</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	21,755,250	17,271	21,772,521
Restricted For:			
Capital Projects	627,711	-	627,711
Debt Service	99,829	-	99,829
Other Purposes	8,198,391	-	8,198,391
Unrestricted (Deficit)	(6,482,855)	169,115	(6,313,740)
<b>Total Net Position</b>	<b>\$ 24,198,326</b>	<b>\$ 186,386</b>	<b>\$ 24,384,712</b>

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

**MOUNT HOLLY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
Governmental Activities:							
Instruction:							
Regular	\$ 5,682,083	\$ -	1,113,956	(4,568,127)	-	\$ (4,568,127)	
Special Education	2,018,801	-	-	(2,018,801)	-	(2,018,801)	
Other Instruction	467,110	-	-	(467,110)	-	(467,110)	
Support Services & Undistributed Costs:							
Tuition	1,233,689	-	-	(1,233,689)	-	(1,233,689)	
Student & Instruction Related Services	2,087,780	-	346,631	(1,741,149)	-	(1,741,149)	
General Administrative Services	379,281	-	-	(379,281)	-	(379,281)	
School Administrative Services	690,529	-	-	(690,529)	-	(690,529)	
Central Services	506,466	-	-	(506,466)	-	(506,466)	
Plant Operations & Maintenance	6,229,117	-	-	(6,229,117)	-	(6,229,117)	
Pupil Transportation	422,531	-	-	(422,531)	-	(422,531)	
Unallocated Employee Benefits	9,083,386	-	5,692,882	(3,390,504)	-	(3,390,504)	
Interest & Other Changes in Long-Term Debt	277,390	-	-	(277,390)	-	(277,390)	
Unallocated Depreciation & Amortization	647,006	-	-	(647,006)	-	(647,006)	
Total Governmental Activities	29,725,169	-	7,153,469	(22,571,700)	-	(22,571,700)	
Business-Type Activities:							
Food Service	504,577	118,697	406,867	-	20,987	20,987	
Total Business-Type Activities	504,577	118,697	406,867	-	20,987	20,987	
Total Primary Government	\$ 30,229,746	\$ 118,697	\$ 7,560,336	(22,571,700)	20,987	(22,550,713)	

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

**MOUNT HOLLY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION</u>		
	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS- TYPE ACTIVITIES</u>	<u>TOTAL</u>
General Revenues:			
Taxes:			
Taxes Levied for General Purposes	8,126,448	-	8,126,448
Federal & State Aid Not Restricted	14,036,919	-	14,036,919
Tuition	243,834	-	243,834
Investment Earnings	26,500	584	27,084
Miscellaneous Income	182,242	-	182,242
	<u>22,615,943</u>	<u>584</u>	<u>22,616,527</u>
Total General Revenues, Special Items, Extraordinary Items & Transfers			
Change In Net Position	44,243	21,571	65,814
Net Position - Beginning	24,154,083	164,815	24,318,898
Net Position - Ending	<u>\$ 24,198,326</u>	<u>\$ 186,386</u>	<u>\$ 24,384,712</u>

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

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## B. Fund Financial Statements

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## Governmental Funds

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**MOUNT HOLLY SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2017**

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS
Cash & Cash Equivalents	\$ 95,654	\$ 256,755	\$ 6,728,937	\$ 422,726	\$ 7,504,072
Receivables, Net:					
Tax Levy Receivable	677,203	-	-	-	677,203
Other Receivable	135,779	-	-	-	135,779
Due from Other Governments:					
State	257,597	-	898,774	-	1,156,371
Federal	-	100,000	-	-	100,000
Interfund Receivable	322,974	-	-	-	322,974
Restricted Cash & Cash Equivalents	6,398,391	-	-	-	6,398,391
<b>Total Assets</b>	<b>\$ 7,887,598</b>	<b>\$ 356,755</b>	<b>\$ 7,627,711</b>	<b>\$ 422,726</b>	<b>\$ 16,294,790</b>
<b>LIABILITIES &amp; FUND BALANCES</b>					
Liabilities:					
Interfund Payable	\$ -	\$ -	\$ -	\$ 322,897	\$ 322,897
Bond Anticipation Notes Payable	-	-	7,000,000	-	7,000,000
Accounts Payable	57,400	166,378	-	-	223,778
Due to Other Governments	-	16,845	-	-	16,845
Unearned Revenue	-	173,532	-	-	173,532
<b>Total Liabilities</b>	<b>57,400</b>	<b>356,755</b>	<b>7,000,000</b>	<b>322,897</b>	<b>7,737,052</b>
Fund Balances:					
Restricted for:					
Excess Surplus	975,000	-	-	-	975,000
Capital Reserve Account	5,182,609	-	-	-	5,182,609
Emergency Reserve	250,000	-	-	-	250,000
Maintenance Reserve	965,782	-	-	-	965,782
Excess Surplus - Designated for Subsequent Year's Expenditures	825,000	-	-	-	825,000
Committed for:					
Capital Projects	-	-	627,711	-	627,711
Assigned to:					
Debt Service Fund	-	-	-	99,829	99,829
Unassigned:					
General Fund	(368,193)	-	-	-	(368,193)
<b>Total Fund Balances</b>	<b>7,830,198</b>	<b>-</b>	<b>627,711</b>	<b>99,829</b>	<b>8,557,738</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 7,887,598</b>	<b>\$ 356,755</b>	<b>\$ 7,627,711</b>	<b>\$ 422,726</b>	
Amounts reported for <i>governmental activities</i> 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 funds. The cost of the assets is \$36,054,150 and the accumulated depreciation is \$8,141,683.					
					27,912,467
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.					
					1,626,137
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Illustrative Note 7)					
					(13,898,016)
<b>Net Position of Governmental Activities</b>					<b>\$ 24,198,326</b>

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

**MOUNT HOLLY SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS
Revenues:					
Local Sources:					
Local Tax Levy	\$ 7,662,628	\$ -	\$ -	\$ 463,820	\$ 8,126,448
Tuition Charges	243,834	-	-	-	243,834
Interest Earned	2,450	-	23,180	870	26,500
Miscellaneous	120,591	7,889	-	-	128,480
Total Local Sources	8,029,503	7,889	23,180	464,690	8,525,262
State Sources	12,411,913	53,664	3,726,904	-	16,192,481
Federal Sources	54,762	1,399,034	-	-	1,453,796
Total Revenues	20,496,178	1,460,587	3,750,084	464,690	26,171,539
Expenditures:					
Instruction:					
Regular	\$ 4,598,399	\$ 1,083,684	\$ -	\$ -	\$ 5,682,083
Special Education	2,018,801	-	-	-	2,018,801
Other Instruction	467,110	-	-	-	467,110
Support Services & Undistributed Costs:					
Tuition	1,233,689	-	-	-	1,233,689
Student & Instruction Related Services	1,741,149	346,631	-	-	2,087,780
General Administrative Services	379,281	-	-	-	379,281
School Administrative Services	690,529	-	-	-	690,529
Central Services	506,466	-	-	-	506,466
Plant Operations & Maintenance	1,818,580	-	-	-	1,818,580
Pupil Transportation	422,531	-	-	-	422,531
Unallocated Employee Benefits	5,135,710	-	-	-	5,135,710
Debt Service:					
Principal	-	-	-	240,000	240,000
Interest & Other Charges	-	-	-	241,582	241,582
Capital Outlay	715,336	30,272	6,086,441	-	6,832,049
Total Expenditures	19,727,581	1,460,587	6,086,441	481,582	27,756,191
Other Financing Sources\((Uses):					
Bond Anticipation Note Premium	-	-	53,762	-	53,762
Transfer (In/(Out))	-	-	(76,942)	76,942	-
Total Other Financing Sources\((Uses)	-	-	(23,180)	76,942	53,762
Net Change in Fund Balances	768,597	-	(2,359,537)	60,050	(1,530,890)
Fund Balance - July 1	7,061,601	-	2,987,248	39,779	10,088,628
Fund Balance - June 30	\$ 7,830,198	\$ -	\$ 627,711	\$ 99,829	\$ 8,557,738

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

**MOUNT HOLLY SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ (1,530,890)

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

Capital outlays are reported in governmental funds as expenditures.

However, in 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 capital outlays exceeded depreciation in the period:

Depreciation Expense	\$ (647,006)	
Deletions & Appraisal Construction Revaluation	(4,376,902)	
Capital Outlay	6,727,133	1,703,225

Repayment of bond 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.

240,000

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.

58,004

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.

Pension Expense - PERS Contribution - 2016	195,906	
State Share of Unfunded TPAF Pension Expense	3,544,111	
Unfunded TPAF Pension Expense	(3,544,111)	
Pension Expense	(599,471)	(403,565)

Increase of compensated absences 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.

Current Year	(581,945)	
Prior Year	559,414	(22,531)

Change in Net Position of Governmental Activities \$ 44,243

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

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## Proprietary Funds

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EXHIBIT B-4

**MOUNT HOLLY SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2017**

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND <hr/> FOOD SERVICE FUND
Current Assets:	
Cash	\$ 79,275
Intergovernmental Accounts Receivables	77,076
Accounts Receivables - Other	653
Inventories	<u>16,567</u>
Total Current Assets	<u>173,571</u>
Fixed Assets:	
Equipment	301,330
Less: Accumulated Depreciation	<u>(284,059)</u>
Total Fixed Assets	<u>17,271</u>
Total Assets	<u>190,842</u>
LIABILITIES	
Unearned Revenue	<u>4,456</u>
Total Liabilities	<u>4,456</u>
NET POSITION	
Net Investment in Capital Assets	17,271
Unrestricted Net Position	<u>169,115</u>
Total Net Position	<u><u>\$ 186,386</u></u>

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

**MOUNT HOLLY SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

		BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND FOOD SERVICE FUND
Operating Revenues:		
Local Sources:		
Daily Sales - Reimbursable Programs:	\$	99,134
Daily Sales Non-Reimbursable Programs		16,230
Special Functions		3,333
		118,697
Total Operating Revenues		118,697
Operating Expenses:		
Cost of Sales- Reimbursable Programs		243,871
Cost of Sales- Non-Reimbursable Programs		12,147
Salaries and Benefits		201,224
Supplies & Materials		15,529
Depreciation		8,675
Management Fee		16,733
Direct Services		6,398
		504,577
Total Operating Expenses		504,577
Operating Income/(Loss)		(385,880)
Nonoperating Revenues/(Expenses):		
State Sources:		
State School Lunch Program		5,601
Federal Sources:		
National School Lunch Program		257,151
National School Breakfast Program		80,405
Special Milk Program		94
Food Distribution Program		30,694
Healthy Hungry Kids Act		6,622
After School Snack		26,300
Interest Revenue		584
		407,451
Total Nonoperating Revenues/(Expenses)		407,451
Net Income/(Loss)		21,571
Net Position - July 1		164,815
Net Position - June 30	\$	186,386

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

**MOUNT HOLLY SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND <hr/> FOOD SERVICE FUND
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 153,630
Payments to Employees	(201,224)
Payments to Suppliers	<u>(296,747)</u>
Net Cash Provided/(Used) by Operating Activities	<u>(344,341)</u>
Cash Flows From Noncapital Financing Activities:	
Cash Received from State & Federal Reimbursements	<u>322,110</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>322,110</u>
Cash Flows From Investing Activities:	
Interest & Dividends	<u>584</u>
Net Cash Provided/(Used) by Investing Activities	<u>584</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	(21,647)
Balances - Beginning of Year	<u>100,922</u>
Balances - End of Year	<u><u>\$ 79,275</u></u>
 <b>Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:</b>	
Operating Income/(Loss)	\$ (385,880)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:	
Depreciation	8,675
Food Distribution Program	30,694
(Increase)/Decrease in Receivables	575
(Increase)/Decrease in Inventories	(2,069)
Increase/(Decrease) in Unearned Revenues	<u>3,664</u>
Total Adjustments	<u>41,539</u>
Net Cash Provided/(Used) by Operating Activities	<u><u>\$ (344,341)</u></u>

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

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Fiduciary Fund

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**MOUNT HOLLY SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2017**

ASSETS	<u>PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION TRUST</u>	AGENCY FUND	<u>TOTALS JUNE 30, 2017</u>
Cash & Cash Equivalents	\$ 184,033	\$ 4,425	\$ 188,458
Total Assets	<u>184,033</u>	<u>4,425</u>	<u>188,458</u>
<b>LIABILITIES</b>			
Interfund Payable	-	77	77
Account Payable	2,537	-	2,537
Due to Student Groups	-	4,348	4,348
Total Liabilities	<u>2,537</u>	<u>4,425</u>	<u>6,962</u>
<b>NET POSITION</b>			
Reserve for Unemployment Compensation	<u>181,496</u>	-	<u>181,496</u>
Total Net Position	<u>\$ 181,496</u>	<u>\$ -</u>	<u>\$ 181,496</u>

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

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

	<u>PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION TRUST</u>
<b>ADDITIONS:</b>	
Contributions:	
Employee Contributions	\$ 10,180
Total Contributions	<u>10,180</u>
Investment Earnings:	
Interest	<u>786</u>
Net Investment Earnings	<u>786</u>
Total Additions	<u>10,966</u>
<b>DEDUCTIONS:</b>	
Unemployment Claims	<u>9,563</u>
Total Deductions	<u>9,563</u>
Change in Net Position	1,403
Net Position - July 1	<u>180,093</u>
Net Position - June 30	<u><u>\$ 181,496</u></u>

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

**MOUNT HOLLY SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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# MOUNT HOLLY SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

### Note 1. Summary of Significant Accounting Policies

#### **Basis of Presentation**

The financial statements of the Mount Holly School District (hereafter referred to as the “School District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

#### **Reporting Entity**

The Mount Holly School District is a Type II district located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board consists of 5 members elected to three-year terms and is responsible for the fiscal control of the District. The terms are staggered so that members’ terms expire each year. 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 K through 8. The Mount Holly School District has an approximate enrollment at June 30, 2017 of 1,002 students.

The primary criterion for including activities within the School 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 School District holds the corporate powers of the organization;
- ◆ the School District appoints a voting majority of the organization’s board
- ◆ the School District is able to impose its will on the organization;
- ◆ the organization has the potential to impose a financial benefit/burden on the School District
- ◆ there is a fiscal dependency by the organization on the School District.

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School 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 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34*. The School District had no component units as of for the year ended June 30, 2017.

## MOUNT HOLLY SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

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

##### **Basis of Accounting, Measurement Focus and Financial Statement Presentation**

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

##### **A. Government-Wide Financial Statements**

The School 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 School District accompanied by a total column. Fiduciary activities of the School District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the 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 School District are reported in three categories: 1) charges for services, 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 property taxes.

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.

##### **B. 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. The School 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 School 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 School District, are property tax

## MOUNT HOLLY SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

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

and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred. 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 asset acquisitions

reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the School District. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the School District and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

The School District funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The School District reports the following major governmental funds:

**General Fund** - The general fund is the general operating fund of the School 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 School 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,

**MOUNT HOLLY SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

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

improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

**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 proprietary funds, and local appropriations that are restricted or committed to expenditures for specified purposes.

**Capital Projects Fund** - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the acquisition of construction of major capital facilities, other than those financed by proprietary funds. The financial resources are derived from New Jersey School Development Authority grants, temporary notes, capital leases, or serial bonds that are specially authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**Debt Service Fund** - The debt service fund is used to account for the accumulation of financial resources that are restricted, committed, or assigned to an expenditure for the payment of general long-term debt principal, interest and related costs of governmental funds.

**C. 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 would also be presented in these statements. However, internal service funds balances and activities would be 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 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.

The School District reports the following major proprietary funds:

**Food Service Fund** – The food service fund accounts for the financial transactions related to the food service operations of the School District.



**MOUNT HOLLY SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

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

**D. Fiduciary Fund Financial Statements**

Fiduciary fund financial statements include a Statement of Net Position. The School District's fiduciary funds include Agency and Private-Purpose Trust Funds and, 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.

The School District reports the following 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 School District currently maintains the following private purpose trust funds:

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

**Agency Funds** - Agency funds (payroll and student activity funds) are assets held by a governmental entity either as trustee or as an agent for other parties and cannot be used to finance the governmental entities own operating programs.

**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 School 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.

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 one or more June 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.

**MOUNT HOLLY SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

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

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 School 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 School 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, Cash Equivalents and Investments**

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

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB). 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.

*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 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. 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

MOUNT HOLLY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

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.

For purposes of the statement of cash flows, the School District considers all highly liquid investments (including restricted assets) with a maturity when purchased of twelve months or less and all local government investment pools to be cash equivalents

**Tuition Receivable**

Tuition rates were established by the School District based on estimated costs. The charges are subject to adjustment when the actual costs are 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.

**Interfund Receivables/Payables**

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School District and that are due within one year. As previously mentioned, these amounts are eliminated in the governmental and business-type columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as Internal Balances in 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 market value at the date of donation. All reported capital assets except land and construction in progress are depreciated. 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. The School District does not possess any infrastructure. The School District has established a threshold of \$2,000 for capitalization of depreciable assets.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	10-20 Years	N/A
Buildings and Improvements	10-50 Years	N/A
Furniture and Equipment	5-20 Years	5-12 Years
Vehicles	5-10 Years	4-6 Years

## MOUNT HOLLY SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

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

##### 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 School 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 School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

##### 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 School 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.

##### Accounting 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 reported in the financial statements and accompanying note disclosures. Actual results could differ from those estimates.

##### Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial

**MOUNT HOLLY SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

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

statements. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

**Deferred Outflows and Deferred Inflows 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.

**Pensions**

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 pension plan's fiduciary net position of the Public Employees' Retirement System (PERS) and Teacher's Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

**Fund Balance**

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances in the governmental funds financial statements are classified into the following five categories, as defined below:

- **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.

**MOUNT HOLLY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017 (continued)**

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

- 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 School 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 School 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 into the following three components:

- Net Investment in Capital Assets – This components represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – This component of net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – This component of 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

The following GASB Statements became effective for the fiscal year ended June 30, 2017:

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 standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB)

## MOUNT HOLLY SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

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

with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The adoption of this Statement had no impact on the School 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. The adoption of this Statement had no impact on the School 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*. The adoption of this Statement had no impact on the School 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. The adoption of this Statement had no impact on the School District's financial statements.

#### Recently Issued Accounting Pronouncements

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

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 School 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 have a material impact on the School 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 have a material impact on the School 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

**MOUNT HOLLY SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

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

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

Statement No. 83, *Certain Asset Retirement Obligations*. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 84, *Fiduciary Activities*. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 85, *Omnibus 2017*. This Statement provides guidance that addresses several different accounting and financial reporting issues identified during the implementation and application of other GASB pronouncements. The guidance in Statement No. 85 is effective for periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 86, *Accounting for Certain Debt Extinguishment*. Statement No. 86 provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. Statement No. 86 is effective for reporting periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the School District's financial statements.

**Note 2. Deposits and Investments**

**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



**MOUNT HOLLY SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 2. Deposits and Investments (continued)**

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 fund or other funds that 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, 2017, the School District's bank balance of \$15,514,084 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$	15,295,447
Uninsured and Uncollateralized		218,637
		\$ 15,514,084

**Investments**

The School District had no investments at June 30, 2017.

**Note 3. Reserve Accounts**

**Capital Reserve**

A capital reserve account was established by the 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 School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a School 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 (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A School District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant *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, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$	4,657,173
Increased by:		
Deposits approved by Board		1,275,436
		5,932,609
Decreased by:		
Budget Withdrawals		(750,000)
Ending Balance, June 30, 2017		\$ 5,182,609

**MOUNT HOLLY SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 3. Reserve Accounts (continued)**

The June 30, 2017 LRF balance of local support costs of uncompleted capital projects at June 30, 2017 is 21,236,439. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the School District's Long Rang Facilities Plan.

**Maintenance Reserve**

Mount Holly School District established a Maintenance Reserve Account for the accumulation of Funds for use as maintenance expenditures in subsequent fiscal years. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

There was no activity in the maintenance reserve for the July 1, 2016 to June 30, 2017 fiscal year. The balance of the maintenance reserve at June 30, 2017 is \$965,782.

**Emergency Reserve**

An emergency reserve account was established by inclusion of \$250,000 for the accumulation of funds for use as maintenance expenditures in subsequent fiscal years. The maintenance 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 board of education 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.

There was no activity in the emergency reserve for the July 1, 2016 to June 30, 2017 fiscal year. The balance of the emergency reserve at June 30, 2017 is \$250,000.

**Note 4. Accounts Receivable**

Accounts receivable at June 30, 2017 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District's governmental and business-type activities as of June 30, 2017, consisted of the following:

**MOUNT HOLLY SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 4. Accounts Receivable (continued)**

<u>Description</u>	<u>Governmental Funds</u>			<u>Total Governmental Activities</u>	<u>Proprietary Funds</u>		<u>Total Business-Type Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>		<u>Food Service Fund</u>		
Federal Awards	\$ -	\$ 100,000	\$ -	\$ 100,000	\$ 75,902	\$ 75,902	
State Awards	257,597	-	898,774	1,156,371	1,174	1,174	
Tuition	135,779	-	-	135,779	-	-	
Other	677,203	-	-	677,203	653	653	
<b>Total</b>	<b>\$ 1,070,579</b>	<b>\$ 100,000</b>	<b>\$ 898,774</b>	<b>\$ 2,069,353</b>	<b>\$ 77,729</b>	<b>\$ 77,729</b>	

**Note 5. Capital Assets**

Capital assets activity for the year ended June 30, 2017 was as follows:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Adjustments</u>	<u>Balance June 30, 2017</u>
<b>Governmental Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 9,786,500	\$ -	\$ -	\$ -	\$ 9,786,500
Construction in Progress	5,314,502		(5,314,502)	-	-
Total Capital Assets not being depreciated	15,101,002	-	(5,314,502)	-	9,786,500
Capital Assets being depreciated:					
Building Improvements	15,186,353	6,611,485	(29,087)	1,041,012	22,809,763
Equipment	3,348,934	115,648	-	(6,695)	3,457,887
Total Capital Assets being depreciated	18,535,287	6,727,133	(29,087)	1,034,317	26,267,650
Less: Accumulated Depreciation:					
Building Improvements	(4,998,672)	(471,998)	27,987	(108,051)	(5,550,734)
Equipment	(2,428,375)	(175,008)	-	12,434	(2,590,949)
Total Accumulated Depreciation	(7,427,047)	(647,006)	27,987	(95,617)	(8,141,683)
Total Capital Assets being depreciated, net	11,108,240	6,080,127	(1,100)	938,700	18,125,967
Total Governmental Activities Capital Assets, net	\$ 26,209,242	\$ 6,080,127	\$ (5,315,602)	\$ 938,700	\$ 27,912,467

**MOUNT HOLLY SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 5. Capital Assets (continued):**

	<b>Balance July 1, <u>2016</u></b>	<b><u>Additions</u></b>	<b><u>Retirements and Transfers</u></b>	<b>Balance June 30, <u>2017</u></b>
<b>Business-Type Activities:</b>				
Equipment	\$ 331,690	\$ -	\$ (45,823)	\$ 285,867
	<u>331,690</u>	<u>-</u>	<u>(45,823)</u>	<u>285,867</u>
Less: Accumulated Depreciation:				
Equipment	(305,744)	(8,675)	45,823	(268,596)
	<u>(305,744)</u>	<u>(8,675)</u>	<u>45,823</u>	<u>(268,596)</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 25,946</u>	<u>\$ (8,675)</u>	<u>\$ -</u>	<u>\$ 17,271</u>

Depreciation expense was not allocated among the various functions/programs of the School District.

**Note 6. Interfund Receivables, Payables and Transfers**

Individual fund receivables/payables balances at June 30, 2017 are as follows:

<b><u>Fund</u></b>	<b><u>Interfund Receivables</u></b>	<b><u>Interfund Payables</u></b>
General Fund	\$ 322,974	\$ -
Debt Service Fund	-	322,897
Payroll Fund	-	77
	<u>\$ 322,974</u>	<u>\$ 322,974</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. A summary of interfund transfers is as follows:

<b><u>Fund</u></b>	<b><u>Transfers In</u></b>	<b><u>Transfers Out</u></b>
General Fund	\$ -	\$ 9
Payroll Fund	9	-
	<u>\$ 9</u>	<u>\$ 9</u>

The purpose of the interfund transfers were for short term borrowing.

**MOUNT HOLLY SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 7. Long-Term Obligations**

During the fiscal year-ended June 30, 2017 the following changes occurred in long-term obligations for the governmental and business-type activities:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>	<u>Balance Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 6,939,000	\$ -	\$ 240,000	\$ 6,699,000	\$ 255,000
Capital Leases	143,932	-	58,004	85,928	60,198
Compensated Absences	559,414	22,531	-	581,945	-
Net Pension Liability	5,094,517	1,436,626	-	6,531,143	-
	<u>\$ 12,736,863</u>	<u>\$ 1,459,157</u>	<u>\$ 298,004</u>	<u>\$ 13,898,016</u>	<u>\$ 315,198</u>

For governmental activities, the bonds payable are liquidated from the School District's debt service fund. Compensated absences and net pension liability are liquidated by the general fund.

**Bonds Payable**

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness.

In July 2015, the School District issued \$6,939,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 3.00% to 3.50% and mature on July 1, 2034.

Principal and interest due on the outstanding bonds is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 255,000	\$ 204,240	\$ 459,240
2019	275,000	196,240	471,240
2020	285,000	187,890	472,890
2021	300,000	179,115	479,115
2022	305,000	165,040	470,040
2023-2027	1,710,000	708,125	2,418,125
2028-2032	2,145,000	414,625	2,559,625
2033-2034	1,424,000	74,538	1,498,538
	<u>\$ 6,699,000</u>	<u>\$ 2,129,813</u>	<u>\$ 8,828,813</u>

**MOUNT HOLLY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017 (continued)**

**Note 7. Long-Term Obligations (continued):**

**Capital Lease Payable**

In December 2013, the School District entered into a lease purchase agreement for \$284,171. The lease obligation was issued with variable interest rates and matures in December 2018.

Principal and interest due on the outstanding bonds is as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 60,198	\$ 2,178	\$ 62,376
2019	25,730	260	25,990
	\$ 85,928	\$ 2,438	\$ 88,366

**Bond Anticipation Note Payable**

On June 30, 2017, the School District had the following outstanding bond anticipation notes:

<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance June 30, 2017</u>
7/26/2017	1.75%	\$ 7,000,000

**Note 8. Pension Plans**

**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/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.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.

MOUNT HOLLY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)

**Note 8. Pension Plans (continued):**

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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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.

**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 2016, 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.

**Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources** - At June 30, 2017, the School District reported a liability of \$6,531,143 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. 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, 2015, to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The School District's proportion measured as of June 30, 2016, was .0220519079%, which was a decrease of .0006428440% from its proportion measured as of June 30, 2015.

**MOUNT HOLLY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued):**

For the year ended June 30, 2017, the School District recognized full accrual pension expense of \$599,459 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date. At June 30, 2017 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 121,459	\$ -
Changes of Assumptions	1,352,904	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	249,038	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	152,577	249,841
School District contributions subsequent to measurement date	-	
	\$ 1,875,978	\$ 249,841

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

<b>Year Ending June 30,</b>	
2018	\$ 367,654
2019	367,655
2020	427,558
2021	366,485
2022	96,785
	\$ 1,626,137



**MOUNT HOLLY SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued):**

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
 Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
 Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	5.00	-
June 30, 2015	5.00	-
June 30, 2016	5.00	-

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for the 2016, 2015, and 2014 amounts, respectively.

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

**MOUNT HOLLY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued):**

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

**MOUNT HOLLY SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued):**

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

**Discount Rate** - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation 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 contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the School District's proportionate share of the net pension liability as of June 30, 2016, calculated using the discount rate of 3.98% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**MOUNT HOLLY SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued):**

	<b>At 1% Decrease <u>(2.98%)</u></b>	<b>At Current Discount Rate <u>(3.98%)</u></b>	<b>At 1% Increase <u>(4.98%)</u></b>
School District's Proportionate Share of the Net Pension Liability	<u>\$ 8,003,153</u>	<u>\$ 6,531,143</u>	<u>\$ 5,315,870</u>

**Additional Information** - The following is a summary of the collective balances of the local group at June 30, 2017 and 2016:

	<u>6/30/2017</u>	<u>6/30/2016</u>
Collective Deferred Outflows of Resources	\$ 7,815,204,785	\$ 2,946,265,815
Collective Deferred Inflows of Resources	\$ -	\$ 360,920,604
Collective Net Pension Liability	\$ 29,617,131,759	\$ 22,447,996,119

School District's portion	0.02205%	0.02269%
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**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/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.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.

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

**MOUNT HOLLY SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued):**

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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.

**Contributions** - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.2% in State fiscal year 2017. 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 2016, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, 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, the School District is 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 School District does 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.

**Pension Liability and Pension Expense** - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2016 was \$58,542,098. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2016, the State proportionate share of the TPAF net pension liability attributable to the School District was .0744182052%, which an increase of .0010515483% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the School District recognized \$4,398,624 in on-behalf pension expense and revenue in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2016 measurement date.

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

**MOUNT HOLLY SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued):**

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

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

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

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

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

**MOUNT HOLLY SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued):**

**Discount Rate** - The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation 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 contribution rate in the most recent fiscal year. The State contributed 30% of the 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 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 3.22% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<b>At 1% Decrease <u>(2.22%)</u></b>	<b>At Current Discount Rate <u>(3.22%)</u></b>	<b>At 1% Increase <u>(4.22%)</u></b>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	69,912,348.00	58,542,098.00	49,256,822.00
	<b>\$ 69,912,348.00</b>	<b>\$ 58,542,098.00</b>	<b>\$ 49,256,822.00</b>

**Pension Plan Fiduciary Net Position** - 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.

**C. Defined Contribution Plan (DCRP)**

**Plan Description** - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage

## MOUNT HOLLY SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

#### Note 8. Pension Plans (continued):

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2017 is \$8,300 and is subject to adjustment in future years.
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees

**Contributions** - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% 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% contribution from the School District.

For the year ended June 30, 2017, employee contributions totaled \$20,291, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$10,566.

#### Note 9. State Post-Retirement Medical 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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.



**MOUNT HOLLY SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 9. State Post-Retirement Medical Benefits (continued):**

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 (APB) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

**Note 10. On-Behalf Payments for Fringe Benefits and Salaries**

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers’ Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2017, the on-behalf payments for normal costs, post-retirement medical costs, and non-contributory insurance were \$854,513, \$712,004 and \$2,500, respectively.

**Note 11. Risk Management**

The School 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.

**New Jersey Unemployment Compensation Insurance** – The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the School 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 School District is billed quarterly for amounts due to the State. The following is a summary of School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District’s trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ 10,180.00	\$ 786.00	\$ 9,563.00	\$ 181,496.00
2015-2016	17,769.00	299.00	10,410.00	180,093.00
2014-2015	16,589.00	170.00	20,142.00	172,435.00

**Property and Liability Insurance** – The School 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.

**MOUNT HOLLY SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 11. Risk Management (continued):**

**Joint Insurance Pool** – The School District also participates in the Burlington County Joint Insurance Fund and, public entity risk pool. The Pool provides its members with the following coverage:

Property – Blanket Building & Grounds	General & Automobile Liability
Environmental Impairment Liability	Workers’ Compensation
School Board Legal Liability	Excess Liability
Employers Liability	Comprehensive Crime Coverage

**Note 12. Contingencies**

**State and Federal Grantor Agencies** - The School 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 School 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, 2017 may be impaired. In the opinion of the School 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.

**Litigation** – The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the School Districts’ attorney that resolution of these matters will not have a material adverse effect on the financial condition of the School District.

**Economic Dependency** – The School 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 School District’s programs and activities.

**Note 13. Deferred Compensation**

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. 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:

Lincoln Investment Planning  
AXA Equitable

**Note 14. Compensated Absences**

The School 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.

**MOUNT HOLLY SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 14. Compensated Absences (continued):**

School District employees are granted varying amount of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District 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 School District for the unused sick leave in accordance with School Districts' agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2017, the liability for compensated absences reported on the government-wide Statement of Net Position was \$581,945.

**Note 15. Tax Abatements**

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

**Note 16. Calculation of Excess Surplus**

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. 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, 2017 was \$975,000.

**Note 17. Fund Balances**

**General Fund** – Of the \$7,830,198 General Fund fund balance at June 30, 2017, \$5,182,609 has been restricted for the Capital Reserve Account; \$965,782 has been restricted for the Maintenance Reserve Account; \$250,000 has been restricted for the Emergency Reserve Account; \$975,000 has been restricted for current year excess surplus; \$825,000 is restricted for prior year excess surplus – designated for subsequent year's expenditures; and \$(368,193) has been unassigned.

**Capital Projects Fund** – Of the \$627,711 Capital Projects Fund fund balance at June 30, 2017, \$627,711 is restricted for future capital projects approved by the School District.

**MOUNT HOLLY SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 17. Fund Balances (continued):**

**Debt Service Fund** – Of the \$99,829 Debt Service Fund fund balance at June 30, 2017, \$99,829 is restricted for future debt service payments.

**Note 18. Deficit Fund Balances**

The School District has a deficit fund balance of \$368,193 in the General Fund as of June 30, 2017 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payment(s) in the subsequent fiscal year, the school district cannot recognize the June state aid payment(s) (on the GAAP financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the General Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$368,193 which is less than the last state aid payment.

**Note 19. Deficit in Net Position**

**Unrestricted Net Position** – The School District had a deficit in unrestricted net position in the amount of \$6,482,855 at June 30, 2017. The deficit is caused by the implementation of GASB 68 which requires the School District to report their proportionate share of the net pension liability for the Public Employee’s Retirement System (PERS) as of June 30, 2017.

**Note 20. Subsequent Events- Bond Anticipation Note**

On July 26, 2017 the Board of Education issued bond anticipation notes in the amount of \$1,000,000 to temporarily fund various capital projects prior to the reimbursement of SDA funds. The notes bear an interest rate of 1.64% and mature on July 26, 2018.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

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### C. Budgetary Comparison Schedules

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**MOUNT HOLLY SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ACCOUNT NUMBER	JUNE 30, 2017				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
<b>Revenues:</b>						
<b>Local Sources:</b>						
Local Tax Levy	10-1210	\$ 7,662,628	\$ -	\$ 7,662,628	\$ 7,662,628	\$ -
Interest on Capital Reserve	10-1XXX	2,000	-	2,000	2,450	450
Tuition	10-1300	-	-	-	243,834	243,834
Unrestricted Miscellaneous	10-1990	5,000	-	5,000	120,591	115,591
<b>Total Local Sources</b>		<b>7,669,628</b>	<b>-</b>	<b>7,669,628</b>	<b>8,029,503</b>	<b>359,875</b>
<b>State Sources:</b>						
Categorical Transportation Aid	10-3121	127,355	-	127,355	127,355	-
Categorical Special Education Aid	10-3132	546,275	-	546,275	546,275	-
Equalization Aid	10-3176	8,036,029	-	8,036,029	8,036,029	-
Categorical Security Aid	10-3177	267,312	-	267,312	267,312	-
Adjustment Aid	10-3178	1,025,803	-	1,025,803	1,025,803	-
PARCC Readiness	10-3181	9,550	-	9,550	9,550	-
Per Pupil Growth Aid	10-3182	9,550	-	9,550	9,550	-
Professional Learning Community Aid	10-3183	9,420	-	9,420	9,420	-
Extraordinary Aid	10-3131	12,500	-	12,500	83,392	70,892
Other State Aid -						
Homeless Reimbursement	10-3xxx	-	-	-	121,756	121,756
Nonpublic School Transportation					3,480	3,480
Nonbudgeted:						
On-Behalf TPAF Post-Retirement Medical Contributions		-	-	-	712,004	712,004
On-Behalf TPAF Pension Contributions		-	-	-	854,513	854,513
On-Behalf TPAF Long-Term Disability Insurance		-	-	-	2,500	2,500
Reimbursed TPAF Social Security Contributions		-	-	-	579,754	579,754
<b>Total State Sources</b>		<b>10,043,794</b>	<b>-</b>	<b>10,043,794</b>	<b>12,388,693</b>	<b>2,344,899</b>
<b>Federal Sources:</b>						
ARRA- Medicaid Reimbursement	10-4210	-	-	-	8,206	8,206
Medicaid Reimbursement	10-4200	45,747	-	45,747	46,556	809
<b>Total Federal Services</b>		<b>45,747</b>	<b>-</b>	<b>45,747</b>	<b>54,762</b>	<b>9,015</b>
<b>Total Revenues</b>		<b>17,759,169</b>	<b>-</b>	<b>17,759,169</b>	<b>20,472,958</b>	<b>2,713,789</b>
<b>Expenditures:</b>						
<b>Instruction:</b>						
<b>Instruction - Regular Programs:</b>						
<b>Salaries of Teachers:</b>						
Pre-Kindergarten	11-105-100-101	-	54,399	54,399	38,623	15,776
Kindergarten	11-110-110-101	406,468	-	406,468	406,468	-
Grades 1 - 5	11-120-100-101	2,097,937	(36,332)	2,061,605	2,060,335	1,270
Grades 6 - 8	11-130-100-101	1,391,559	(10,300)	1,381,259	1,381,127	132
<b>Regular Programs - Home Instruction:</b>						
Salaries of Teachers	11-150-100-101	10,000	(10,000)	-	-	-
Purchased Professional & Educational Services	11-150-100-320	12,000	32,146	44,146	44,146	-
<b>Regular Programs - Undistributed:</b>						
Other Salaries for Instruction	11-190-100-106	147,299	36,952	184,251	178,472	5,779
Purchased Professional & Educational Services	11-190-100-320	252,350	(29,026)	223,324	212,333	10,991
Purchased Technical Services	11-190-100-340	20,100	16,855	36,955	36,955	-
Other Purchased Services	11-190-100-500	51,450	(3,155)	48,295	46,374	1,921
General Supplies	11-190-100-610	208,148	(9,958)	198,190	193,566	4,624
Textbooks	11-190-100-640	-	-	-	-	-
Other Objects	11-190-100-800	150	(150)	-	-	-
<b>Regular Programs - Employee Benefits:</b>						
Health Benefits	11-1xx-100-270	84,127	(84,127)	-	-	-
Tuition Reimbursement	11-1xx-100-280	29,000	(29,000)	-	-	-
<b>Total Instruction - Regular Programs</b>		<b>4,710,588</b>	<b>(71,696)</b>	<b>4,638,892</b>	<b>4,598,399</b>	<b>40,493</b>

**MOUNT HOLLY SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
<b>Special Education:</b>						
<b>Multiple Disabilities:</b>						
Salaries of Teachers	11-212-100-101	359,888	(32,990)	326,898	302,794	24,104
Other Salaries for Instruction	11-212-100-106	113,218	8,202	121,420	116,561	4,859
Purchased Professional & Educational Services	11-212-100-320	214,000	(35,626)	178,374	128,061	50,313
General Supplies	11-212-100-610	3,830	4,477	8,307	7,338	969
Textbooks	11-212-100-640	10,200	(6,122)	4,078	3,878	200
Other Objects	11-212-100-800	200	-	200	99	101
<b>Total Multiple Disabilities</b>		<b>701,336</b>	<b>(62,059)</b>	<b>639,277</b>	<b>558,731</b>	<b>80,546</b>
<b>Resource Room/Center:</b>						
Salaries of Teachers	11-213-100-101	1,411,454	(42,716)	1,368,738	1,243,940	124,798
Other Salaries for Instruction	11-213-100-106	162,193	-	162,193	113,284	48,909
Purchased Professional & Educational Services	11-213-100-320	56,500	(1,500)	55,000	25,830	29,170
General Supplies	11-213-100-610	2,240	576	2,816	2,082	734
Other Objects	11-213-100-800	1,600	-	1,600	-	1,600
<b>Total Resource Room/Center</b>		<b>1,633,987</b>	<b>(43,640)</b>	<b>1,590,347</b>	<b>1,385,136</b>	<b>205,211</b>
<b>Preschool Disabilities - Part Time:</b>						
Salaries of Teachers	11-215-100-101	-	51,624	51,624	51,624	-
Other Salaries for Instruction	11-215-100-106	24,981	-	24,981	22,701	2,280
Purchased Professional & Educational Services	11-215-100-320	10,000	-	10,000	609	9,391
General Supplies	11-215-100-600	150	-	150	-	150
<b>Total Preschool Disabilities - Part Time</b>		<b>35,131</b>	<b>51,624</b>	<b>86,755</b>	<b>74,934</b>	<b>11,821</b>
<b>Employee Benefits - Special Education:</b>						
Health Benefits	11-2xx-100-270	124,872	(124,872)	-	-	-
Tuition Reimbursement	11-2xx-100-280	13,000	(13,000)	-	-	-
<b>Total Employee Benefits - Special Education</b>		<b>137,872</b>	<b>(137,872)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Special Education</b>		<b>2,508,326</b>	<b>(191,947)</b>	<b>2,316,379</b>	<b>2,018,801</b>	<b>297,578</b>
<b>Basic Skills/Remedial:</b>						
Salaries of Teachers	11-230-100-101	132,172	(34,503)	97,669	69,367	28,302
Purchased Professional & Educational Services	11-230-100-320	4,000	(198)	3,802	1,820	1,982
General Supplies	11-230-100-600	1,000	198	1,198	796	402
<b>Total Basic Skills/Remedial</b>		<b>137,172</b>	<b>(34,503)</b>	<b>102,669</b>	<b>71,983</b>	<b>30,686</b>
<b>Bilingual Education:</b>						
Salaries of Teachers	11-240-100-101	143,658	(14,610)	129,048	115,019	14,029
Purchased Professional & Educational Services	11-240-100-320	3,000	10,310	13,310	11,616	1,694
General Supplies	11-240-100-610	750	-	750	722	28
<b>Total Bilingual Education</b>		<b>147,408</b>	<b>(4,300)</b>	<b>143,108</b>	<b>127,357</b>	<b>15,751</b>
<b>School Sponsored Cocurricular Activities:</b>						
Salaries of Teachers	11-401-100-101	115,412	4,534	119,946	96,401	23,545
Purchased Services	11-401-100-500	9,320	-	9,320	3,972	5,348
Supplies and Materials	11-401-100-600	8,050	(534)	7,516	2,623	4,893
Other Objects	11-401-100-800	5,110	-	5,110	3,949	1,161
<b>Total School Sponsored Cocurricular Activities</b>		<b>137,892</b>	<b>4,000</b>	<b>141,892</b>	<b>106,945</b>	<b>34,947</b>
<b>School Sponsored Athletics:</b>						
Salaries of Teachers	11-402-100-100	12,319	-	12,319	11,094	1,225
<b>Total School Sponsored Athletics</b>		<b>12,319</b>	<b>-</b>	<b>12,319</b>	<b>11,094</b>	<b>1,225</b>
<b>Other Instructional Programs:</b>						
Salaries of Teachers	11-403-100-100	55,149	-	55,149	54,749	400
Supplies and Materials	11-403-100-600	3,005	(764)	2,241	398	1,843
<b>Total Other Instructional Programs</b>		<b>58,154</b>	<b>(764)</b>	<b>57,390</b>	<b>55,147</b>	<b>2,243</b>
<b>Before &amp; After School Programs:</b>						

**MOUNT HOLLY SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Purchased Professional & Technical Services	11-421-100-300	5,000	-	5,000	1,734	3,266
Total Before & After School Programs		5,000	-	5,000	1,734	3,266
<b>Support Services:</b>						
<b>Tuition:</b>						
Tuition to Other LEA's - Within State Regular	11-000-100-561	170,000	(2,913)	167,087	165,362	1,725
Tuition to County Special Services & Regular Day Schools	11-000-100-565	753,547	961	754,508	748,026	6,482
Tuition to Private Schools - Handicapped Within State	11-000-100-566	157,345	27,152	184,497	184,497	-
Tuition- Other	11-000-100-569	53,900	81,904	135,804	135,804	-
Total Tuition		1,134,792	107,104	1,241,896	1,233,689	8,207
<b>Attendance &amp; Social Work Services:</b>						
Salaries	11-000-211-100	58,618	2,257	60,875	60,875	-
Other Purchased Services	11-000-211-500	1,400	-	1,400	753	647
Total Attendance & Social Work Services		60,018	2,257	62,275	61,628	647
<b>Health Services:</b>						
Salaries	11-000-213-100	235,629	-	235,629	233,614	2,015
Purchased Professional & Technical Services	11-000-213-300	16,500	(1,300)	15,200	10,610	4,590
Other Purchased Services	11-000-213-500	1,140	-	1,140	278	862
Supplies and Materials	11-000-213-600	9,798	(3,935)	5,863	3,578	2,285
Total Health Services		263,067	(5,235)	257,832	248,080	9,752
<b>Speech, OT, PT, Related &amp; Extraordinary Services:</b>						
Salaries	11-000-216-100	182,823	(14,966)	167,857	160,705	7,152
Purchased Professional & Educational Services	11-000-216-320	176,000	(4,285)	171,715	120,894	50,821
Travel	11-000-216-580	6,700	(6,600)	100	-	100
Supplies and Materials	11-000-216-600	100	6,513	6,613	6,588	25
Total Speech, OT, PT, Related & Extraordinary Services:		365,623	(19,338)	346,285	288,187	58,098
<b>Other Support Services- Extra Services:</b>						
Unused Vacation Payment to Terminated and Retired Staff	11-000-217-199	74,000	28,078	102,078	92,850	9,228
Total Other Support Services:		74,000	28,078	102,078	92,850	9,228
<b>Guidance:</b>						
Salaries of Other Professional Staff	11-000-218-104	229,024	21,505	250,529	250,450	79
Supplies and Materials	11-000-218-600	3,345	(587)	2,758	2,480	278
Total Guidance		232,369	20,918	253,287	252,930	357

**MOUNT HOLLY SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
<b>Child Study Teams:</b>						
Salaries of Other Professional Staff	11-000-219-104	428,834	(33,848)	394,986	370,814	24,172
Salaries of Secretarial & Clerical Assistants	11-000-219-105	56,601	-	56,601	54,349	2,252
Purchased Professional & Educational Services	11-000-219-320	83,000	(31,500)	51,500	46,374	5,126
Other Purchased Services	11-000-219-500	22,063	(22,063)	-	-	-
Miscellaneous Purchased Services	11-000-219-592	1,000	20,393	21,393	14,520	6,873
Supplies and Materials	11-000-219-600	21,400	(6,122)	15,278	14,395	883
Other Objects	11-000-219-800	2,500	(1,530)	970	970	-
<b>Total Child Study Teams</b>		<b>615,398</b>	<b>(74,670)</b>	<b>540,728</b>	<b>501,422</b>	<b>39,306</b>
<b>Improvement of Instructional Services:</b>						
Salaries of Supervisor of Instruction	11-000-221-102	54,503	986	55,489	55,489	-
Salaries of Other Professional Staff	11-000-221-104	25,200	(400)	24,800	24,800	-
Salaries of Secretarial & Clerical Assistants	11-000-221-105	17,343	3,755	21,098	19,055	2,043
Other Salaries	11-000-221-108		3,000	3,000	2,234	766
Purchased Professional & Educational Services	11-000-221-320	10,000	(3,000)	7,000	6,575	425
Other Purchased Professional & Technical Services	11-000-221-390	3,000	(2,000)	1,000	651	349
Other Purchased Services	11-000-221-500	4,950	(2,306)	2,644	720	1,924
Supplies and Materials	11-000-221-600	3,700	86	3,786	3,760	26
Other Objects	11-000-221-800	1,250	220	1,470	964	506
<b>Total Improvement of Instructional Services</b>		<b>119,946</b>	<b>341</b>	<b>120,287</b>	<b>114,248</b>	<b>6,039</b>
<b>Educational Media Services - School Library:</b>						
Salaries	11-000-222-100	154,409	-	154,409	154,159	250
Other Purchased Professional & Technical Services	11-000-222-300	5,500	-	5,500	5,070	430
Supplies and Materials	11-000-222-600	21,886	(3,200)	18,686	18,549	137
Other Objects	11-000-222-800	100	-	100	-	100
<b>Total Educational Media Services - School Library</b>		<b>181,895</b>	<b>(3,200)</b>	<b>178,695</b>	<b>177,778</b>	<b>917</b>
<b>Instructional Staff Training Services:</b>						
Salaries of Supervisor of Instruction	11-000-223-102	57,003	(1,514)	55,489	55,489	-
Salaries of Secretarial & Clerical Assistants	11-000-223-105	16,801	4,297	21,098	19,055	2,043
Purchased Professional & Educational Services	11-000-223-320	21,000	(3,000)	18,000	17,985	15
Other Purchased Services	11-000-223-500	8,200	-	8,200	3,418	4,782
Supplies and Materials	11-000-223-600	1,000	(70)	930	929	1
Other Objects	11-000-223-800	100	-	100	-	100
<b>Total Instructional Staff Training Services</b>		<b>104,104</b>	<b>(287)</b>	<b>103,817</b>	<b>96,876</b>	<b>6,941</b>
<b>General Administration:</b>						
Salaries	11-000-230-100	235,836	2,747	238,583	224,311	14,272
Legal Services	11-000-230-331	49,000	(984)	48,016	43,951	4,065
Audit Services	11-000-230-332	26,450	(2,000)	24,450	24,450	-
Architectural/Engineering Services	11-000-230-334	10,000	(10,000)	-	-	-
Other Purchased Professional Services	11-000-230-339	1,500	1,500	3,000	1,655	1,345
Purchased Technical Services	11-000-230-340	-	12,000	12,000	11,500	500
Communications/Telephone	11-000-230-530	78,708	(10,141)	68,567	37,326	31,241
BOE Other Purchased Services	11-000-230-585	8,000	-	8,000	3,393	4,607
Other Purchased Services	11-000-230-590	20,406	(1,500)	18,906	13,094	5,812
Supplies & Materials	11-000-230-610	5,450	(1,300)	4,150	4,045	105
BOE In-House Training/Supplies	11-000-230-630	1,525	-	1,525	689	836
Miscellaneous Expenditures	11-000-230-890	2,200	3,800	6,000	5,453	547
BOE Membership Dues & Fees	11-000-230-895	10,445	-	10,445	9,414	1,031
<b>Total General Administration</b>		<b>449,520</b>	<b>(5,878)</b>	<b>443,642</b>	<b>379,281</b>	<b>64,361</b>

**MOUNT HOLLY SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
<b>School Administration:</b>						
Salaries of Principals/Assistants Principals	11-000-240-103	440,616	4,500	445,116	432,231	12,885
Salaries of Secretarial & Clerical Assistants	11-000-240-105	259,450	(5,789)	253,661	237,570	16,091
Purchased Professional & Technical Services	11-000-240-300	4,500	-	4,500	-	4,500
Other Purchased Services	11-000-240-500	9,000	-	9,000	2,851	6,149
Supplies & Materials	11-000-240-600	19,530	(2,200)	17,330	14,037	3,293
Other Objects	11-000-240-800	4,400	-	4,400	3,840	560
<b>Total School Administration</b>		<b>737,496</b>	<b>(3,489)</b>	<b>734,007</b>	<b>690,529</b>	<b>43,478</b>
<b>Central Services:</b>						
Salaries	11-000-251-100	301,831	(3,686)	298,145	295,818	2,327
Purchased Professional Services	11-000-251-330	10,000	3,850	13,850	12,904	946
Miscellaneous Purchased Services	11-000-251-592	13,686	(814)	12,872	12,569	303
Supplies & Materials	11-000-251-600	9,470	2,315	11,785	9,986	1,799
Miscellaneous Expenditures	11-000-251-890	2,670	(1,000)	1,670	1,465	205
<b>Total Central Services</b>		<b>337,657</b>	<b>665</b>	<b>338,322</b>	<b>332,742</b>	<b>5,580</b>
<b>Admin Info Technology:</b>						
Salaries	11-000-252-100	63,520	8,314	71,834	63,809	8,025
Purchased Technical Services	11-000-252-340	75,900	12,723	88,623	81,623	7,000
Supplies & Materials	11-000-252-600	35,800	(7,500)	28,300	28,292	8
<b>Total Admin Info Technology</b>		<b>175,220</b>	<b>13,537</b>	<b>188,757</b>	<b>173,724</b>	<b>15,033</b>
<b>Operation &amp; Maintenance of Plant Services - Employee Benefits:</b>						
Health Benefits	11-000-260-270	279,475	(279,475)	-	-	-
<b>Total Health Benefits</b>		<b>279,475</b>	<b>(279,475)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Operation &amp; Maintenance of Plant Services:</b>						
<b>Regular Maintenance School Facilities:</b>						
Cleaning, Repairs & Maintenance Services	11-000-261-420	52,710	18,295	71,005	62,029	8,976
Travel	11-000-261-580	83,250	(7,445)	75,805	61,285	14,520
General Supplies	11-000-261-610	-	-	-	-	-
Other Objects	11-000-261-800	4,335	-	4,335	4,032	303
<b>Total Regular Maintenance School Facilities</b>		<b>140,295</b>	<b>10,850</b>	<b>151,145</b>	<b>127,346</b>	<b>23,799</b>
<b>Custodial Services:</b>						
Salaries	11-000-262-100	916,964	25,591	942,555	901,395	41,160
Salaries of Non-Instructional Aides	11-000-262-107	100,685	(3,343)	97,342	83,035	14,307
Purchased Professional & Technical Services	11-000-262-300	32,400	(7,256)	25,144	11,120	14,024
Cleaning, Repair & Maintenance Services	11-000-262-420	46,760	(2,399)	44,361	34,328	10,033
Rental of Land & Buildings	11-000-262-441	2,300	-	2,300	-	2,300
Other Purchased Property Services	11-000-262-490	61,000	-	61,000	38,945	22,055
Insurance	11-000-262-520	84,200	(1,550)	82,650	72,796	9,854
Miscellaneous Purchased Services	11-000-262-590	1,800	-	1,800	1,166	634
General Supplies	11-000-262-610	90,936	(27,682)	63,254	42,089	21,165
Energy (Natural Gas)	11-000-262-621	140,000	(8,482)	131,518	92,103	39,415
Energy (Electricity)	11-000-262-622	295,000	17,647	312,647	312,646	1
<b>Total Custodial Services</b>		<b>1,772,045</b>	<b>(7,474)</b>	<b>1,764,571</b>	<b>1,589,623</b>	<b>174,948</b>
<b>Care &amp; Upkeep of Grounds:</b>						
Cleaning, Repair & Maintenance Service	11-000-263-420	24,275	-	24,275	9,494	14,781
General Supplies	11-000-263-610	38,300	-	38,300	15,470	22,830
<b>Total Care &amp; Upkeep of Grounds</b>		<b>62,575</b>	<b>-</b>	<b>62,575</b>	<b>24,964</b>	<b>37,611</b>

**MOUNT HOLLY SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
<b>Security:</b>						
Purchased Professional & Technical Services	11-000-266-300	70,000	-	70,000	56,732	13,268
Cleaning, Repair & Maintenance Service	11-000-266-420	30,241	(7,050)	23,191	11,045	12,146
General Supplies	11-000-266-610	2,600	7,000	9,600	8,220	1,380
Other Objects	11-000-266-800	600	50	650	650	-
<b>Total Security</b>		<b>103,441</b>	<b>-</b>	<b>103,441</b>	<b>76,647</b>	<b>26,794</b>
<b>Total Operation &amp; Maintenance of Plant Services</b>		<b>2,078,356</b>	<b>3,376</b>	<b>2,081,732</b>	<b>1,818,580</b>	<b>263,152</b>
<b>Student Transportation Services:</b>						
Management Fee - ESC & CTSA Transportation Program	11-000-270-350	20,000	(3,585)	16,415	16,415	-
Contracted Services (Aid in Lieu- Non Public)	11-000-270-503	28,800	(500)	28,300	20,699	7,601
Contracted Services (Between Home & School) - Vendors	11-000-270-512	25,895	(4,960)	20,935	19,865	1,070
Contracted Services (Between Home & School) - Joint Agreement	11-000-270-513	-	5,756	5,756	5,756	-
Contracted Services (Special Education Students) - ESCs & CTSA	11-000-270-518	243,196	118,102	361,298	359,796	1,502
<b>Total Student Transportation Services</b>		<b>317,891</b>	<b>114,813</b>	<b>432,704</b>	<b>422,531</b>	<b>10,173</b>
<b>Personal Services - Employee Benefits:</b>						
Social Security Contributions	11-000-291-220	216,000	-	216,000	196,728	19,272
<b>Other Retirement Contributions -</b>						
Regular	11-000-291-241	233,000	-	233,000	201,403	31,597
Unemployment Benefits	11-000-291-250	40,000	(11,000)	29,000	-	29,000
Workman's Compensation	11-000-291-260	135,000	-	135,000	131,500	3,500
Health Benefits	11-000-291-270	2,377,526	347,307	2,724,833	2,273,768	451,065
Tuition Reimbursement	11-000-291-280	22,000	30,000	52,000	25,746	26,254
Other Employee Benefits	11-000-291-290	181,680	37,000	218,680	157,794	60,886
<b>Total Personal Services - Employee Benefits</b>		<b>3,205,206</b>	<b>403,307</b>	<b>3,608,513</b>	<b>2,986,939</b>	<b>621,574</b>
<b>Nonbudgeted:</b>						
On-Behalf TPAF Post-Retirement Medical Contributions		-	-	-	712,004	(712,004)
On-Behalf TPAF Pension Contributions		-	-	-	854,513	(854,513)
On-Behalf TPAF Long-Term Disability Insurance		-	-	-	2,500	(2,500)
Reimbursed TPAF Social Security Contributions		-	-	-	579,754	(579,754)
<b>Total Nonbudgeted</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>2,148,771</b>	<b>(2,148,771)</b>
<b>Total Undistributed Expenditures</b>		<b>10,732,033</b>	<b>302,824</b>	<b>11,034,857</b>	<b>12,020,785</b>	<b>(985,928)</b>
<b>Total Expenditures - Current Expense</b>		<b>18,448,892</b>	<b>3,614</b>	<b>18,452,506</b>	<b>19,012,245</b>	<b>(559,739)</b>
<b>Capital Outlay:</b>						
Interest to Capital Reserve		2,000	-	2,000	-	2,000
<b>Equipment:</b>						
<b>Regular Programs - Instruction:</b>						
Grades 6 - 8	12-130-100-730	-	16,787	16,787	16,787	-
Administration Info Tech	12-000-252-730	-	11,802	11,802	6,832	4,970
Maintenance Services	12-000-261-730	15,000	40,249	55,249	55,210	39
Custodial Services	12-000-262-730	-	6,600	6,600	6,547	53
<b>Total Equipment</b>		<b>15,000</b>	<b>75,438</b>	<b>90,438</b>	<b>85,376</b>	<b>5,062</b>

**MOUNT HOLLY SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Facilities Acquisition & Construction Services:						
Architectural/Engineering Services	12-000-400-334	150,000	40,806	190,806	91,639	99,167
Other Purchased Professional & Technical Services	12-000-400-390		-			-
Construction Services	12-000-400-450	600,000	-	600,000	525,044	74,956
Other Objects	12-000-400-800		-			-
Assessment for Debt Service on SDA Funding	12-000-400-896	13,277	-	13,277	13,277	-
Total Acquisition & Construction Services		<u>763,277</u>	<u>40,806</u>	<u>804,083</u>	<u>629,960</u>	<u>174,123</u>
Total Capital Outlay		<u>780,277</u>	<u>116,244</u>	<u>896,521</u>	<u>715,336</u>	<u>181,185</u>
Total Expenditures		<u>19,229,169</u>	<u>119,858</u>	<u>19,349,027</u>	<u>19,727,581</u>	<u>(378,554)</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		<u>(1,470,000)</u>	<u>(119,858)</u>	<u>(1,589,858)</u>	<u>745,377</u>	<u>2,335,235</u>
Fund Balances, July 1		<u>7,958,816</u>	<u>-</u>	<u>7,958,816</u>	<u>7,958,816</u>	<u>-</u>
Fund Balances, June 30		<u>\$ 6,488,816</u>	<u>\$ (119,858)</u>	<u>\$ 6,368,958</u>	<u>\$ 8,704,193</u>	<u>\$ 2,335,235</u>

**RECAPITULATION OF BUDGET TRANSFERS**

Prior Year Reserve for Encumbrances	<u>\$ 119,858</u>
Total Budget Transfers	<u>\$ 119,858</u>

**RECAPITULATION**

<b>Restricted Fund Balance:</b>	
Reserve for Excess Surplus	\$ 975,000
Emergency Reserve	250,000
Maintenance Reserve	965,782
Capital Reserve Account	5,182,609
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	825,000
<b>Assigned Fund Balance:</b>	
ARRA-Medicaid Reimbursement	8,206
Year-End Encumbrances	71,648
<b>Unassigned Fund Balance</b>	<u>425,948</u>
Subtotal	8,704,193
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payment Not Recognized on GAAP Basis	<u>(873,995)</u>
Total Fund Balance per Governmental Funds (GAAP)	<u>\$ 7,830,198</u>

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**MOUNT HOLLY SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	JUNE 30, 2017			VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
<b>REVENUES:</b>				
Local Sources	\$ -	\$ 20,220	\$ 20,220	\$ 7,889
State Sources	106,023	-	106,023	64,293
Federal Sources	1,082,291	398,697	1,480,988	1,399,034
<b>Total - Revenues</b>	<b>1,188,314</b>	<b>418,917</b>	<b>1,607,231</b>	<b>1,471,216</b>
				<b>(136,015)</b>
<b>EXPENDITURES:</b>				
<b>Instruction:</b>				
Salaries of Teachers	617,455	51,443	668,898	562,875
Salaries of Aides	12,574	750	13,324	13,324
Professional Education Services	38,627	5,834	44,461	28,617
Other Purchased Services	36,439	332,520	368,959	368,959
General Supplies	84,237	28,318	112,555	112,086
Textbooks	9,453	-	9,453	8,452
<b>Total Instruction</b>	<b>798,785</b>	<b>418,865</b>	<b>1,217,650</b>	<b>1,094,313</b>
				<b>123,337</b>
<b>Support Services:</b>				
Other Salaries	102,361	-	102,361	102,361
Purchased Technical Services	63,292	4,627	67,919	55,308
Other Employee Benefits	162,022	1,427	163,449	163,449
Other Purchased Services	16,454	(2,675)	13,779	13,779
Supplies & Materials	9,400	2,401	11,801	11,734
<b>Total Support Services</b>	<b>353,529</b>	<b>5,780</b>	<b>359,309</b>	<b>346,631</b>
				<b>12,678</b>
<b>Facilities Acquisition &amp; Construction Services:</b>				
Instructional Equipment	36,000	(5,728)	30,272	30,272
<b>Total Facilities Acquisition &amp; Construction Services</b>	<b>36,000</b>	<b>(5,728)</b>	<b>30,272</b>	<b>30,272</b>
				<b>-</b>
<b>Total Expenditures</b>	<b>1,188,314</b>	<b>418,917</b>	<b>1,607,231</b>	<b>1,471,216</b>
<b>Total Outflows</b>	<b>1,188,314</b>	<b>418,917</b>	<b>1,607,231</b>	<b>1,471,216</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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**MOUNT HOLLY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR FISCAL YEAR ENDED JUNE 30, 2017**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 20,472,958	\$ 1,471,216
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year	-	469
Current Year	-	(11,098)
Difference - Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	897,215	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(873,995)	-
	\$ 20,496,178	\$ 1,460,587
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)		
	\$ 20,496,178	\$ 1,460,587
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 19,727,581	\$ 1,471,216
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.	-	(10,629)
	-	(10,629)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds (B-2)		
	\$ 19,727,581	\$ 1,460,587

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**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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

	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.02205%	0.02269%	0.02148%	0.02290%
District's proportionate share of the net pension liability (asset)	\$ 6,531,143	\$ 5,094,517	\$ 4,020,894	\$ 4,376,091
District's covered-employee payroll	1,371,378	1,393,484	1,529,152	1,576,389
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	476.25%	365.60%	262.95%	277.60%
Plan fiduciary net position as a percentage of the total pension liability	40.14%	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.

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

	2017	2016	2015	2014
Contractually required contribution	\$ 195,906	\$ 195,114	\$ 172,525	\$ 172,525
Contributions in relation to the contractually required contribution	195,906	195,114	172,525	172,525
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,371,378	\$ 1,529,152	\$ 1,529,152	**N/A
Contributions as a percentage of covered-employee payroll	N/A	12.76%	12.76%	**N/A

\*\*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.

**MOUNT HOLLY TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF THE STATES'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
ASSOCIATED WITH THE DISTRICT'S TEACHERS' PENSION AND ANNUITY FUND  
LAST THREE FISCAL YEARS**

	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.0744182%	0.0733667%	0.0734036%	0.0786558%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 58,542,098	\$ 46,370,860	\$ 39,231,814	\$ 39,752,042
District's covered-employee payroll	8,042,208	7,206,805	7,742,414	7,397,391
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	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.

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**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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**RIVERSIDE TOWNSHIP PUBLIC SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Teachers Pension and Annuity Fund (TPAF)**

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 4.13% as of June 30, 2015, to 3.22% as of June 30, 2016.

**Public Employees' Retirement System (PERS)**

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 4.90 % as of June 30, 2015, to 3.98% as of June 30, 2016.

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**OTHER SUPPLEMENTARY INFORMATION**

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**MOUNT HOLLY SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
SCHEDULE OF PROGRAM REVENUES  
AND EXPENDITURES - BUDGETARY BASIS  
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	NO CHILD LEFT BEHIND			RACE TO THE TOP		IDEA - B	
	TITLE I	TITLE II	TITLE III	PRESCHOOL	IIS	BASIC	PRESCHOOL
	PART A	PART A	PART A				
<b>Revenues:</b>							
Federal Sources	\$ 466,623	\$ 106,726	\$ 23,796	\$ 403,719	\$ 5,964	\$ 381,351	\$ 10,855
<b>Total Revenues</b>	<b>\$ 466,623</b>	<b>\$ 106,726</b>	<b>\$ 23,796</b>	<b>\$ 403,719</b>	<b>\$ 5,964</b>	<b>\$ 381,351</b>	<b>\$ 10,855</b>
<b>Expenditures:</b>							
<b>Instruction:</b>							
Salaries of Teachers	\$ 256,886	\$ 72,917	\$ 12,918	\$ 217,754	\$ 2,400	\$ -	\$ -
Salaries of Aides	-	-	-	13,324	-	-	-
Other Purchased Services	2,326	-	-	-	3,416	352,362	10,855
General Supplies	62,862	-	7,933	31,154	-	34	-
<b>Total Instruction</b>	<b>322,074</b>	<b>72,917</b>	<b>20,851</b>	<b>262,232</b>	<b>5,816</b>	<b>352,396</b>	<b>10,855</b>
<b>Support Services:</b>							
Other Salaries	33,911	4,000	-	64,450	-	-	-
Purchased Technical Services	9,355	1,301	-	937	-	28,955	-
Other Employee Benefits	66,336	20,213	1,913	74,839	148	-	-
Other Purchased Services	3,491	8,295	1,032	961	-	-	-
Supplies & Materials	1,184	-	-	300	-	-	-
<b>Total Support Services</b>	<b>114,277</b>	<b>33,809</b>	<b>2,945</b>	<b>141,487</b>	<b>148</b>	<b>28,955</b>	<b>-</b>
<b>Facilities Acquisition &amp; Construction Services:</b>							
Instructional Equipment	30,272	-	-	-	-	-	-
<b>Total Facilities Acquisition &amp; Construction Services</b>	<b>30,272</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>\$ 466,623</b>	<b>\$ 106,726</b>	<b>\$ 23,796</b>	<b>\$ 403,719</b>	<b>\$ 5,964</b>	<b>\$ 381,351</b>	<b>\$ 10,855</b>

**MOUNT HOLLY SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
SCHEDULE OF PROGRAM REVENUES  
AND EXPENDITURES - BUDGETARY BASIS  
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	NONPUBLIC				CHAPTER 192
	TEXTBOOK	NURSING	SECURITY	TECHNOLOGY	AUXILIARY SERVICES COMPENSATION EDUCATION
Revenues:					
State Sources	\$ 8,452	\$ 14,760	\$ 8,200	\$ 4,264	\$ 14,602
Total Revenues	\$ 8,452	\$ 14,760	\$ 8,200	\$ 4,264	\$ 14,602
Expenditures:					
Instruction:					
Professional Education Services	\$ -	\$ -	\$ -	\$ -	\$ 14,602
General Supplies	-	-	-	4,264	-
Textbooks	8,452	-	-	-	-
Total Instruction	8,452	-	-	4,264	14,602
Support Services:					
Purchased Technical Services	-	14,760	-	-	-
Supplies & Materials	-	-	8,200	-	-
Total Support Services	-	14,760	8,200	-	-
Total Expenditures	\$ 8,452	\$ 14,760	\$ 8,200	\$ 4,264	\$ 14,602



**MOUNT HOLLY SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
SCHEDULE OF PROGRAM REVENUES  
AND EXPENDITURES - BUDGETARY BASIS  
FOR FISCAL YEAR ENDED JUNE 30, 2017**

CHAPTER 193  
HANDICAPPED SERVICES

	CORRECTIVE SPEECH	SUPPLEMENTAL INSTRUCTION	EXAMINATION AND CLASSIFICATION	PROJECT LEAD THE WAY	SUSTAINABLE NEW JERSEY	2017
<b>Revenues:</b>						
Local Sources	\$ -	\$ -	\$ -	\$ 2,596	\$ 5,293	\$ 7,889
State Sources	3,357	1,648	9,010	-	-	64,293
Federal Sources	-	-	-	-	-	1,399,034
<b>Total Revenues</b>	<b>\$ 3,357</b>	<b>\$ 1,648</b>	<b>\$ 9,010</b>	<b>\$ 2,596</b>	<b>\$ 5,293</b>	<b>\$ 1,471,216</b>
<b>Expenditures:</b>						
<b>Instruction:</b>						
Salaries of Teachers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 562,875
Salaries of Aides	-	-	-	-	-	13,324
Purchased Professional & Educational Services	3,357	1,648	9,010	-	-	28,617
Other Purchased Services	-	-	-	-	-	368,959
General Supplies	-	-	-	2,596	3,243	112,086
Textbooks	-	-	-	-	-	8,452
<b>Total Instruction</b>	<b>3,357</b>	<b>1,648</b>	<b>9,010</b>	<b>2,596</b>	<b>3,243</b>	<b>1,094,313</b>
<b>Support Services:</b>						
Other Salaries	-	-	-	-	-	102,361
Purchased Technical Services	-	-	-	-	-	55,308
Other Employee Benefits	-	-	-	-	-	163,449
Other Purchased Services (400-500)	-	-	-	-	-	13,779
Supplies & Materials	-	-	-	-	2,050	11,734
<b>Total Support Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,050</b>	<b>346,631</b>
<b>Facilities Acquisition &amp; Construction Services:</b>						
Instructional Equipment	-	-	-	-	-	30,272
<b>Total Facilities Acquisition &amp; Construction Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,272</b>
<b>Total Expenditures</b>	<b>\$ 3,357</b>	<b>\$ 1,648</b>	<b>\$ 9,010</b>	<b>\$ 2,596</b>	<b>\$ 5,293</b>	<b>\$ 1,471,216</b>

**MOUNT HOLLY SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID  
STATEMENT OF EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	2017		
	BUDGETED	ACTUAL	VARIANCE
Expenditures:			
Instruction:			
Salaries of Teachers	\$ 106,023	\$ -	\$ 106,023
Total Instruction	106,023	-	106,023
Total Expenditures	<u>\$ 106,023</u>	<u>\$ -</u>	<u>\$ 106,023</u>

**CALCULATION OF BUDGET AND CARRYOVER**

Total Revised 2016-2017 Preschool Education Aid Allocation	
Add: Actual Preschool Education Aid Carryover (June 30, 2016)	<u>\$ 106,023</u>
Total Preschool Education Aid Funds Available for 2016-2017 Budget	106,023
Less: 2016-2017 Budgeted Preschool Education Aid (Prior Year Budget Carryover)	<u>(106,023)</u>
Available & Unbudgeted Preschool Education Aid Funds June 30, 2016	-
Add: June 30, 2017 Unexpended Preschool Education Aid	<u>106,023</u>
Total Actual Preschool Education Aid Carryover	<u>\$ 106,023</u>
2016-2017 Preschool Education Aid Carryover Budgeted in 2017-2018	<u>\$ 106,023</u>

F. Capital Projects Fund

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**MOUNT HOLLY SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

PROJECT TITLE/ISSUE	APPROPRIATIONS	EXPENDITURES TO DATE		CANCELLATION OF SDA GRANT	UNEXPENDED BALANCE JUNE 30, 2017
		PRIOR YEARS	CURRENT YEAR		
Various Capital Improvements:					
Bond Proceeds	\$ 6,939,000	\$ 4,583,953	\$ 1,799,083	\$ -	\$ 555,964
Transfer from Capital Reserve	1,000,317	368,116	560,454	-	71,747
State School Building Aid - (ROD) Grants	12,540,209	7,821,844	3,726,904	975,025	16,436
<b>Total</b>	<b>\$ 20,479,526</b>	<b>\$ 12,773,913</b>	<b>\$ 6,086,441</b>	<b>\$ 975,025</b>	<b>\$ 644,147</b>

Reconciliation - Unexpended Capital Project  
Balances to Fund Balance - June 30, 2017:

Unexpended Project Balances June 30, 2017	<u>\$ 644,147</u>
<b>Total Fund Balance (Budgetary Basis) - June 30, 2017</b>	<u>\$ 644,147</u>
Less:	
Unexpended State Aid - ROD Grants	<u>(16,436)</u>
<b>Total Fund Balance (GAAP Basis) - June 30, 2017</b>	<u>\$ 627,711</u>

**MOUNT HOLLY SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE-BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Revenues & Other Financing Sources:	
State Sources - SDA Grant	\$ (897,658)
Bond Anticipation Notes - Premium	53,762
Interest Earnings	<u>23,180</u>
 Total Revenues	 <u>(820,716)</u>
 Expenditures & Other Financing Uses:	
Purchased Professional & Technical Services	444,297
Construction Services	5,642,144
Transfer to Debt Service	<u>76,942</u>
 Total Expenditures	 <u>6,163,383</u>
 Excess/(Deficiency) of Revenues Over/(Under) Expenditures	 (6,984,099)
Fund Balance - Beginning	<u>7,628,246</u>
 Fund Balance - Ending	 <u><u>\$ 644,147</u></u>

**MOUNT HOLLY SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
PROJECT STATUS--BUDGETARY BASIS  
JOHN BRAINERD ELEMENTARY SCHOOL - HVAC REPLACEMENT  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - ROD Grant	\$ 1,408,636	\$ 70	\$ 1,408,706	\$ 1,408,706
Bond Proceeds	899,663	-	899,663	899,663
Total Reserve	2,308,299	70	2,308,369	2,308,369
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	348,525	77,941	426,466	442,000
Construction Services	1,836,280	37,824	1,874,104	1,858,456
Total Expenditures & Other Financing Uses	2,184,805	115,765	2,300,570	2,300,456
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 123,494	\$ (115,695)	\$ 7,799	\$ 7,913

**ADDITIONAL PROJECT INFORMATION**

Project Number	3430-040-14-1001
Grant Date	2014-2017
Bond Authorization Date	
Bonds Authorized	\$ 899,663
Bonds Issued	\$ 899,663
Original Authorized Cost	\$ 2,320,688
Additional Authorized Cost	\$ (20,232)
Revised Authorized Cost	\$ 2,300,456
Percentage Increase/(Decrease) Over Original Authorized Cost	-0.87%
Percentage Completion	100.00%
Original Target Completion Date	2016-2017
Revised Target Completion Date	N/A

**MOUNT HOLLY SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
PROJECT STATUS--BUDGETARY BASIS  
JOHN BRAINERD ELEMENTARY SCHOOL - SECURITY UPGRADES  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - ROD Grant	\$ 50,150	\$ -	\$ 50,150	\$ 50,150
Bond Proceeds	31,750	-	31,750	31,750
Total Reserve	81,900	-	81,900	81,900
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	14,504	2,141	16,645	15,000
Construction Services	-	65,255	65,255	66,900
Total Expenditures & Other Financing Uses	14,504	67,396	81,900	81,900
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 67,396	\$ (67,396)	\$ -	\$ -

**ADDITIONAL PROJECT INFORMATION**

Project Number	3430-040-14-1002
Grant Date	2014-2017
Bond Authorization Date	6/18/2014
Bonds Authorized	\$ 31,750
Bonds Issued	\$ 31,750
Original Authorized Cost	\$ 81,900
Additional Authorized Cost	
Revised Authorized Cost	\$ 81,900
Percentage Increase Over Original Authorized Cost	
Percentage Completion	100.00%
Original Target Completion Date	2016-2017
Revised Target Completion Date	N/A



**MOUNT HOLLY SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
PROJECT STATUS--BUDGETARY BASIS  
JOHN BRAINERD ELEMENTARY SCHOOL - FIRE ALARM SYSTEM REPLACEMENT  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - ROD Grant	\$ 200,719	\$ (660)	\$ 200,059	\$ 200,059
Bond Proceeds	131,808	-	131,808	131,808
Total Reserve	332,527	(660)	331,867	331,867
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	61,226	378	61,604	63,000
Construction Services	260,607	4,506	265,113	263,718
Total Expenditures & Other Financing Uses	321,833	4,884	326,717	326,718
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 10,694	\$ (5,544)	\$ 5,150	\$ 5,149

**ADDITIONAL PROJECT INFORMATION**

Project Number	3430-040-14-1003
Grant Date	2014-2017
Bond Authorization Date	6/18/2014
Bonds Authorized	\$ 131,808
Bonds Issued	\$ 131,808
Original Authorized Cost	\$ 340,000
Additional Authorized Cost	\$ (13,282)
Revised Authorized Cost	\$ 326,718
Percentage Increase/(Decrease) Over Original Authorized Cost	-3.91%
Percentage Completion	100.00%
Original Target Completion Date	2016-2017
Revised Target Completion Date	N/A

**MOUNT HOLLY SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
PROJECT STATUS--BUDGETARY BASIS  
GERTRUDE FOLWELL ELEMENTARY SCHOOL - FIRE ALARM SYSTEM REPLACEMENT  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - ROD Grant	\$ 248,428	\$ 1,767	\$ 250,195	\$ 250,195
Bond Proceeds	168,131	-	168,131	168,131
Total Reserve	416,559	1,767	418,326	418,326
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	70,831	482	71,313	78,403
Construction Services	326,938	5,956	332,894	330,192
Total Expenditures & Other Financing Uses	397,769	6,438	404,207	408,595
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 18,790	\$ (4,671)	\$ 14,119	\$ 9,731

**ADDITIONAL PROJECT INFORMATION**

Project Number	3430-050-14-1004
Grant Date	2014-2017
Bond Authorization Date	6/18/2014
Bonds Authorized	\$ 168,131
Bonds Issued	\$ 168,131
Original Authorized Cost	\$ 433,694
Additional Authorized Cost	\$ (25,099)
Revised Authorized Cost	\$ 408,595
Percentage Increase/(Decrease) Over Original Authorized Cost	-5.79%
Percentage Completion	98.93%
Original Target Completion Date	2016-2017
Revised Target Completion Date	N/A

**MOUNT HOLLY SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
PROJECT STATUS--BUDGETARY BASIS  
GERTRUDE FOLWELL ELEMENTARY SCHOOL - FOLWELL ROOF  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - ROD Grant	\$ 621,605	\$ (105,301)	\$ 516,304	\$ 516,304
Bond Proceeds	393,543	-	393,543	393,543
	<hr/>			
Total Reserve	1,015,148	(105,301)	909,847	909,847
<hr/>				
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	95,914	18,339	114,253	104,767
Construction Services	239,620	489,307	728,927	738,413
	<hr/>			
Total Expenditures & Other Financing Uses	335,534	507,646	843,180	843,180
	<hr/>			
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 679,614	\$ (612,947)	\$ 66,667	\$ 66,667
	<hr/> <hr/>			

**ADDITIONAL PROJECT INFORMATION**

Project Number	3430-050-14-1005
Grant Date	2014-2017
Bond Authorization Date	6/18/2014
Bonds Authorized	\$ 393,543
Bonds Issued	\$ 393,543
Original Authorized Cost	\$ 1,015,148
Additional Authorized Cost	
Revised Authorized Cost	\$ 909,847
Percentage Increase Over Original Authorized Cost	12%
Percentage Completion	92.67%
Original Target Completion Date	2016-2017
Revised Target Completion Date	N/A

**MOUNT HOLLY SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
PROJECT STATUS--BUDGETARY BASIS  
GERTRUDE FOLWELL ELEMENTARY SCHOOL - HVAC REPLACEMENT  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - ROD Grant	\$ 3,367,688	\$ (7,104)	\$ 3,360,584	\$ 3,360,584
Bond Proceeds	2,157,672	-	2,157,672	2,157,672
Total Reserve	5,525,360	(7,104)	5,518,256	5,518,256
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	587,068	6,787	593,855	587,315
Construction Services	4,804,815	89,532	4,894,347	4,900,886
Total Expenditures & Other Financing Uses	5,391,883	96,319	5,488,202	5,488,201
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 133,477	\$ (103,423)	\$ 30,054	\$ 30,055

**ADDITIONAL PROJECT INFORMATION**

Project Number	3430-050-14-1006
Grant Date	2014-2017
Bond Authorization Date	
Bonds Authorized	
Bonds Issued	
Original Authorized Cost	\$ 5,565,730
Additional Authorized Cost	\$ (77,529)
Revised Authorized Cost	\$ 5,488,201
Percentage Increase/(Decrease) Over Original Authorized Cost	-1.39%
Percentage Completion	100.00%
Original Target Completion Date	2016-2017
Revised Target Completion Date	N/A

**MOUNT HOLLY SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
PROJECT STATUS--BUDGETARY BASIS  
F.W. HOLBEIN MIDDLE SCHOOL - HVAC REPLACEMENT  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
<b>Revenues &amp; Other Financing Sources:</b>				
State Sources - ROD Grant	\$ 5,245,132	\$ (557,179)	\$ 4,687,953	\$ 4,687,953
Transfer from Capital Reserve	1,000,317	-	1,000,317	1,000,317
Bond Proceeds	2,320,423	-	2,320,423	2,320,423
	<hr/>			
Total Reserve	8,565,872	(557,179)	8,008,693	8,008,693
<hr/>				
<b>Expenditures &amp; Other Financing Uses:</b>				
Purchased Professional & Technical Services	660,829	200,221	861,050	771,952
Construction Services	2,491,409	4,286,858	6,778,267	6,883,985
	<hr/>			
Total Expenditures & Other Financing Uses	3,152,238	4,487,079	7,639,317	7,655,937
	<hr/>			
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 5,413,634	\$ (5,044,258)	\$ 369,376	\$ 352,756
	<hr/> <hr/>			

**ADDITIONAL PROJECT INFORMATION**

Project Number	3430-060-14-1007
Grant Date	2014-2017
Bond Authorization Date	
Bonds Authorized	\$ 2,320,423
Bonds Issued	\$ 2,320,423
Original Authorized Cost	\$ 8,565,872
Additional Authorized Cost	\$ (557,179)
Revised Authorized Cost	\$ 8,008,693
Percentage Increase Over Original Authorized Cost	-6.50%
Percentage Completion	95.39%
Original Target Completion Date	2016-2017
Revised Target Completion Date	N/A

**MOUNT HOLLY SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
PROJECT STATUS--BUDGETARY BASIS  
F.W. HOLBEIN MIDDLE SCHOOL - ROOF/HVAC REPLACEMENT & DOOR REPLACEMENT  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - ROD Grant	\$ 857,678	\$ (66,666)	\$ 791,012	\$ 791,012
Bond Proceeds	543,004	-	543,004	543,004
Total Reserve	1,400,682	(66,666)	1,334,016	1,334,016
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	120,432	127,908	248,340	135,346
Construction Services	482,233	561,235	1,043,468	1,156,462
Total Expenditures & Other Financing Uses	602,665	689,143	1,291,808	1,291,808
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 798,017	\$ (755,809)	\$ 42,208	\$ 42,208

**ADDITIONAL PROJECT INFORMATION**

Project Number	3430-060-14-1008
Grant Date	2014-2017
Bond Authorization Date	
Bonds Authorized	\$ 543,004
Bonds Issued	\$ 543,004
Original Authorized Cost	\$ 1,400,682
Additional Authorized Cost	\$ (66,666)
Revised Authorized Cost	\$ 1,334,016
Percentage Increase Over Original Authorized Cost	-4.76%
Percentage Completion	96.84%
Original Target Completion Date	2016-2017
Revised Target Completion Date	N/A

**MOUNT HOLLY SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
PROJECT STATUS--BUDGETARY BASIS  
F.W. HOLBEIN MIDDLE SCHOOL - FIRE ALARM SYSTEM REPLACEMENT  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
<b>Revenues &amp; Other Financing Sources:</b>				
State Sources - ROD Grant	\$ 462,806	\$ (162,585)	\$ 300,221	\$ 300,221
Bond Proceeds	293,006	-	293,006	293,006
<b>Total Reserve</b>	<b>755,812</b>	<b>(162,585)</b>	<b>593,227</b>	<b>593,227</b>
<b>Expenditures &amp; Other Financing Uses:</b>				
Purchased Professional & Technical Services	54,704	10,100	64,804	61,046
Construction Services	317,978	101,671	419,649	429,248
<b>Total Expenditures &amp; Other Financing Uses</b>	<b>372,682</b>	<b>111,771</b>	<b>484,453</b>	<b>490,294</b>
<b>Excess/(Deficiency) of Revenues Over/ (Under) Expenditures</b>	<b>\$ 383,130</b>	<b>\$ (274,356)</b>	<b>\$ 108,774</b>	<b>\$ 102,933</b>

**ADDITIONAL PROJECT INFORMATION**

Project Number	3430-060-14-1009
Grant Date	2014-2017
Bond Authorization Date	
Bonds Authorized	\$ 293,006
Bonds Issued	\$ 293,006
Original Authorized Cost	\$ 755,812
Additional Authorized Cost	(162,585)
Revised Authorized Cost	\$ 593,227
Percentage Increase Over Original Authorized Cost	-21.51%
Percentage Completion	81.66%
Original Target Completion Date	2016-2017
Revised Target Completion Date	N/A

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G. Proprietary Funds

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## Enterprise Funds

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**MOUNT HOLLY SCHOOL DISTRICT  
ENTERPRISE FUND  
FOOD SERVICE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2017**

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND <hr/> FOOD SERVICE FUND
Current Assets:	
Cash	\$ 79,275
Accounts Receivable:	
State	1,174
Federal	75,902
Other	653
Inventories	<u>16,567</u>
 Total Current Assets	 <u>173,571</u>
Fixed Assets:	
Equipment	301,330
Less: Accumulated Depreciation	<u>(284,059)</u>
 Total Fixed Assets	 <u>17,271</u>
 Total Assets	 <u>190,842</u>
LIABILITIES	
Unearned Revenue	<u>4,456</u>
 Total Liabilities	 <u>4,456</u>
NET POSITION	
Net Investment in Capital Assets	17,271
Unrestricted Net Position	<u>169,115</u>
 Total Net Position	 <u><u>\$ 186,386</u></u>

**MOUNT HOLLY SCHOOL DISTRICT  
ENTERPRISE FUND  
FOOD SERVICE FUND  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND <hr/> FOOD SERVICE FUND
Operating Revenues:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 99,134
Daily Sales - Non-Reimbursable Programs	16,230
Special Functions	3,333
	<hr/>
Total Operating Revenues	118,697
	<hr/>
Operating Expenses:	
Cost of Sales- Reimbursable Programs	243,871
Cost of Sales- Non- Reimbursable Programs	12,147
Salaries and Benefits	201,224
Supplies & Materials	15,529
Depreciation	8,675
Management Fee	16,733
Direct Services	879
Miscellaneous	5,519
	<hr/>
Total Operating Expenses	504,577
	<hr/>
Operating Income/(Loss)	(385,880)
	<hr/>
Nonoperating Revenues/(Expenses):	
State Sources:	
State School Lunch Program	5,601
Federal Sources:	
National School Lunch Program	257,151
National School Breakfast Program	80,405
Special Milk Program	94
Food Distribution Program	30,694
Healthy Hungry Kids Act	6,622
After School Snack	26,300
Interest Revenue	584
	<hr/>
Total Nonoperating Revenues/(Expenses)	407,451
	<hr/>
Net Income/(Loss)	21,571
Net Position - July 1	164,815
	<hr/>
Net Position - June 30	\$ 186,386
	<hr/> <hr/>

**MOUNT HOLLY SCHOOL DISTRICT  
ENTERPRISE FUND  
FOOD SERVICE FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</b> <hr/> <b>FOOD SERVICE FUND</b>
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 153,630
Payments to Employees for Services	(201,224)
Payments to Suppliers for Goods & Services	(296,747)
	<hr/>
Net Cash Provided/(Used) by Operating Activities	(344,341)
	<hr/>
Cash Flows From Noncapital Financing Activities:	
Cash Received from State & Federal Reimbursements	322,110
	<hr/>
Net Cash Provided/(Used) by Noncapital Financing Activities	322,110
	<hr/>
Cash Flows From Investing Activities:	
Interest & Dividends	584
	<hr/>
Net Cash Provided/(Used) by Investing Activities	584
	<hr/>
Net Increase/(Decrease) in Cash & Cash Equivalents	(21,647)
Cash & Cash Equivalents, July 1	100,922
	<hr/>
Cash & Cash Equivalents, June 30	<u><u>\$ 79,275</u></u>

**Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:**

Operating Income/(Loss)	\$ (385,880)
Adjustments to Reconcile Operating Income/ (Loss)/to Net Cash Provided/(Used) by	
Operating Activities:	
Depreciation	8,675
Food Distribution Program	30,694
Change in Assets & Liabilities:	
(Increase)/Decrease in Receivables	575
(Increase)/Decrease in Inventories	(2,069)
Increase/(Decrease) in Unearned Revenues	3,664
	<hr/>
Total Adjustments	41,539
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Net Cash Provided/(Used) by Operating Activities	<u><u>\$ (344,341)</u></u>

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Internal Service Fund

Not Applicable

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## H. Fiduciary Fund

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**MOUNT HOLLY SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2017**

ASSETS	PRIVATE PURPOSE		AGENCY		TOTALS
	UNEMPLOYMENT COMPENSATION TRUST	STUDENT ACTIVITY	PAYROLL		
Cash & Cash Equivalents	\$ 184,033	\$ 4,348	\$ 77	\$ 188,458	
Total Assets	184,033	4,348	77	188,458	
LIABILITIES					
Interfund Payable	-	-	77	77	
Accounts Payable	2,537	-	-	2,537	
Due to Student Groups	-	4,348	-	4,348	
Total Liabilities	2,537	4,348	77	6,962	
NET POSITION					
Reserve for Unemployment Compensation	181,496	-	-	181,496	
Total Net Position	\$ 181,496	\$ -	\$ -	\$ 181,496	

**MOUNT HOLLY SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION TRUST</u>
ADDITIONS:	
Contributions:	
Employee Contributions	<u>\$ 10,180</u>
Total Contributions	<u>10,180</u>
Investment Earnings:	
Interest	<u>786</u>
Net Investment Earnings	<u>786</u>
Total Additions	<u>10,966</u>
DEDUCTIONS:	
Unemployment Claims	<u>9,563</u>
Total Deductions	<u>9,563</u>
Change in Net Position	1,403
Net Position - July 1	<u>180,093</u>
Net Position - June 30	<u><u>\$ 181,496</u></u>

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

	BALANCE JULY 1, 2016	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2017
Holbein School	\$ 7,521	\$ 10,269	\$ 13,800	\$ 3,990
Folwell School	358	-	-	358
<b>Total Activity</b>	<b>\$ 7,879</b>	<b>\$ 10,269</b>	<b>\$ 13,800</b>	<b>\$ 4,348</b>

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2017**

ASSETS	BALANCE JULY 1, 2016	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2017
Cash & Cash Equivalents	\$ 68	\$ 11,724,464	\$ 11,724,455	\$ 77
<b>Total Assets</b>	<b>\$ 68</b>	<b>\$ 11,724,464</b>	<b>\$ 11,724,455</b>	<b>\$ 77</b>
<b>LIABILITIES</b>				
Payroll Deductions & Withholdings	\$ -	\$ 5,569,193	\$ 5,569,193	\$ -
Net Payroll	-	6,154,364	6,154,364	-
Interfund Payable	68	907	898	77
<b>Total Liabilities</b>	<b>\$ 68</b>	<b>\$ 11,724,464</b>	<b>\$ 11,724,455</b>	<b>\$ 77</b>

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## I. Long-Term Debt

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**MOUNT HOLLY SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL-MATURITIES DATE	AMOUNT	INTEREST RATE	BALANCE JULY 1, 2016	ISSUED	RETIRED	BALANCE JUNE 30, 2017
General Obligation Bonds	7/1/15	\$ 6,959,000	07/01/2017	\$ 255,000	3.00%	\$ 6,959,000	\$ -	\$ 240,000	\$ 6,699,000
			07/01/2018	275,000	3.00%				
			07/01/2019	285,000	3.00%				
			07/01/2020	300,000	3.00%				
			07/01/2021	305,000	3.00%				
			07/01/2022	315,000	3.00%				
			07/01/2023	330,000	3.00%				
			07/01/2024	340,000	3.00%				
			07/01/2025	355,000	3.00%				
			07/01/2026	370,000	3.00%				
			07/01/2027	390,000	3.00%				
			07/01/2028	415,000	3.00%				
			07/01/2029	430,000	3.00%				
			07/01/2030	450,000	3.00%				
			07/01/2031	460,000	3.25%				
			07/01/2032	470,000	3.25%				
			07/01/2033	475,000	3.50%				
			07/01/2034	479,000	3.50%				
<b>Total</b>						<b>\$ 6,959,000</b>	<b>\$ -</b>	<b>\$ 240,000</b>	<b>\$ 6,699,000</b>

**MOUNT HOLLY SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

SERIES	DATE OF LEASE	TERM OF LEASE	AMOUNT OF ORIGINAL LEASE		AMOUNT OUTSTANDING JUNE 30, 2016	RETIRED CURRENT YEAR	AMOUNT OUTSTANDING JUNE 30, 2017
			PRINCIPAL	INTEREST			
Duplicating Machines: Copiers	12/15/2013	5 Years	\$ 284,171	\$ 27,709	\$ 143,932	\$ 58,004	\$ 85,928
Total					\$ 143,932	\$ 58,004	\$ 85,928

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

	JUNE 30, 2017				VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:					
Local Sources:					
Local Tax Levy	\$ 463,820	\$ -	\$ 463,820	\$ 463,820	\$ -
Interest	-	-	-	869	869
Total Revenues	463,820	-	463,820	464,689	869
Expenditures:					
Regular Debt Service:					
Principal	240,000	-	240,000	240,000	-
Interest	241,582	-	241,582	241,582	-
Total Expenditures	481,582	-	481,582	481,582	-
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	(17,762)	-	(17,762)	(16,893)	869
Other Financing Sources/(Uses):					
Operating Transfers In	-	-	-	76,943	76,943
Total Other Financing Sources/(Uses)	-	-	-	76,943	76,943
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under)					
Expenditures & Other Financing Uses	17,762	-	17,762	60,050	77,812
Fund Balances July 1, 2016	39,779	-	39,779	39,779	-
Fund Balances June 30, 2017	\$ 57,541	\$ -	\$ 57,541	\$ 99,829	\$ 77,812

**MOUNT HOLLY SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF COMPENSATED ABSENCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	OUTSTANDING BALANCE 2016	ADDITIONS	OUTSTANDING BALANCE 2017
Compensated Absences	\$ 559,414	\$ 22,531	\$ 581,945

**STATISTICAL SECTION (Unaudited)**

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**MOUNT HOLLY SCHOOL DISTRICT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
*(Accrual Basis of Accounting)*

	FISCAL YEAR ENDING JUNE 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Governmental Activities:</b>										
<b>Net Investment in Capital Assets Restricted:</b>										
Special Revenue	\$ 21,755,250	\$ 22,113,558	\$ 16,362,715	\$ 13,560,207	\$ 12,074,204	\$ 11,176,472	\$ 11,662,297	\$ 11,508,184	\$ 11,954,070	\$ 12,104,860
Capital Projects	627,711	2,987,248	-	115,069	-	-	-	-	-	(57,423)
Debt Service	99,829	39,779	17,762	-	-	-	-	-	-	-
Other Purposes	8,198,391	7,417,955	5,620,575	5,940,843	4,973,883	3,911,564	2,991,983	2,452,655	2,055,637	2,023,676
Unrestricted	(6,482,855)	(8,404,457)	(4,997,172)	(1,049,410)	(728,261)	(669,401)	(1,290,155)	(1,414,677)	(1,462,995)	(773,568)
<b>Total Governmental Activities Net Position</b>	\$ 24,198,326	\$ 24,154,083	\$ 17,003,880	\$ 18,566,709	\$ 16,319,826	\$ 14,418,635	\$ 13,364,125	\$ 12,546,162	\$ 12,546,712	\$ 13,297,545
<b>Business-Type Activities:</b>										
<b>Net Investment in Capital Assets Unrestricted:</b>										
Capital Projects	\$ 17,271	\$ 25,947	\$ 31,008	\$ 42,161	\$ 53,572	\$ 77,512	\$ 42,607	\$ 21,601	\$ 26,933	\$ 32,833
Debt Service	169,115	138,868	104,099	117,312	114,176	100,804	87,662	59,935	19,843	8,051
Other Purposes										
Unrestricted										
<b>Total Business-Type Activities Net Position</b>	\$ 186,386	\$ 164,815	\$ 135,107	\$ 159,473	\$ 167,748	\$ 178,316	\$ 130,269	\$ 81,536	\$ 46,776	\$ 40,884
<b>Government-Wide:</b>										
<b>Net Investment in Capital Assets Restricted:</b>										
Capital Projects	\$ 21,772,521	\$ 22,139,505	\$ 16,393,723	\$ 13,602,368	\$ 13,602,368	\$ 12,127,776	\$ 11,253,984	\$ 11,704,904	\$ 11,529,785	\$ 11,981,003
Debt Service	627,711	2,987,248	-	115,069	115,069	-	-	-	-	-
Other Purposes	99,829	39,779	17,762	-	-	-	-	-	-	-
Unrestricted	8,198,391	7,417,955	5,620,575	5,940,843	5,940,843	4,973,883	3,911,564	2,991,983	2,452,655	2,055,637
Unrestricted	(6,313,740)	(8,265,589)	(4,893,073)	(932,098)	(932,098)	(614,085)	(568,597)	(1,202,493)	(1,354,742)	(1,443,152)
<b>Total District Net Position</b>	\$ 24,384,712	\$ 24,318,898	\$ 17,138,987	\$ 18,726,182	\$ 18,726,182	\$ 16,487,574	\$ 14,596,951	\$ 13,494,394	\$ 12,627,698	\$ 12,593,488

**MOUNT HOLLY SCHOOL DISTRICT  
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
FISCAL YEAR ENDING JUNE 30.										
Expenses:										
Governmental Activities										
Instruction:										
Regular	5,682,083	5,559,807	5,387,538	5,487,411	5,213,542	5,214,002	5,519,336	5,793,118	6,152,373	6,090,746
Special Education	2,018,801	2,162,306	2,320,943	2,067,351	2,048,603	1,882,857	1,634,138	1,737,377	1,491,839	1,705,769
Other Instruction	467,110	506,400	439,399	447,418	450,180	426,607	415,335	482,674	496,843	475,831
Support Services & Undistributed Costs:										
Tuition	1,233,689	890,496	844,523	870,391	1,365,089	1,644,007	1,906,476	1,386,051	1,342,821	1,011,353
Student & Instruction Related Services	2,087,780	1,989,139	1,963,948	1,958,042	1,878,373	1,693,995	1,897,554	2,397,490	2,213,242	2,518,182
General Administrative Services	379,281	340,412	353,946	372,782	386,050	369,892	454,401	414,840	447,724	641,571
School Administrative Services	690,529	721,377	693,063	687,619	590,906	555,994	710,874	707,299	669,699	735,125
Central Services	506,466	466,135	448,173	418,467	-	320,780	324,533	264,589	569,717	-
Plant Operations & Maintenance	6,229,117	1,922,024	1,833,142	1,574,198	1,839,744	1,703,287	1,303,527	1,470,316	1,884,142	1,463,702
Pupil Transportation	422,531	376,631	339,534	325,450	413,220	379,328	336,873	504,243	269,809	429,060
Unallocated Benefits	9,083,386	7,348,324	6,180,343	4,262,067	4,148,816	3,908,934	4,511,837	4,397,603	4,427,037	5,041,790
Changes in Long-Term Debt	277,390	305,584	118,547	(118,023)	269,082	-	-	-	-	-
Unallocated Depreciation	647,006	440,877	255,799	132,723	135,733	179,503	161,222	137,586	181,556	155,428
Total Governmental Activities Expense	29,725,169	23,029,512	21,178,898	18,485,896	18,688,222	18,279,186	19,186,895	19,693,186	20,146,802	20,268,557
Business-Type Activities										
Food Service	504,577	493,880	509,455	523,025	500,447	467,251	420,095	393,400	400,050	433,421
Total Business-Type Activities Expense	504,577	493,880	509,455	523,025	500,447	467,251	420,095	393,400	400,050	433,421
Total District Expenses	\$ 30,229,746	\$ 23,523,392	\$ 21,688,353	\$ 19,008,921	\$ 19,188,669	\$ 18,746,437	\$ 19,606,990	\$ 20,086,586	\$ 20,546,852	\$ 20,701,978
Program Revenues:										
Governmental Activities										
Operating Grants & Contributions	7,153,469	5,560,432	4,345,764	2,539,068	2,812,727	1,666,996	2,657,941	3,087,639	2,358,956	4,550,216
Total Governmental Activities Program Revenues	7,153,469	5,560,432	4,345,764	2,539,068	2,812,727	1,666,996	2,657,941	3,087,639	2,358,956	4,550,216

**MOUNT HOLLY SCHOOL DISTRICT  
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

	2017	2016	2016	2015	2014	2013	2012	2011	2010	2009
<b>Business-Type Activities:</b>										
Charges for Services:										
Food Service	118,697	125,126	137,893	157,605	157,605	158,248	183,601	142,273	140,705	152,114
Operating Grants & Contributions	406,867	398,279	347,101	338,960	338,960	302,410	279,361	285,705	265,149	252,251
<b>Total Business Type Activities Program Revenues</b>	<b>525,564</b>	<b>523,405</b>	<b>484,994</b>	<b>496,565</b>	<b>496,565</b>	<b>460,658</b>	<b>462,962</b>	<b>427,978</b>	<b>405,854</b>	<b>404,365</b>
<b>Total District Program Revenues</b>	<b>\$ 7,679,033</b>	<b>\$ 6,083,837</b>	<b>\$ 4,830,758</b>	<b>\$ 3,035,633</b>	<b>\$ 3,309,292</b>	<b>\$ 2,127,654</b>	<b>\$ 3,120,903</b>	<b>\$ 3,515,617</b>	<b>\$ 2,764,810</b>	<b>\$ 4,954,581</b>
<b>Net (Expense)/Revenue:</b>										
Governmental Activities	(22,571,700)	(17,469,080)	25,524,662	(15,946,828)	(15,875,495)	(16,612,190)	(16,528,954)	(16,605,547)	(17,787,846)	(15,718,341)
Business-Type Activities	20,987	29,525	(24,461)	(26,460)	(3,882)	(6,593)	42,867	34,578	5,804	(29,056)
<b>Total Government-Wide Net Expense</b>	<b>\$ (22,550,713)</b>	<b>\$ (17,439,555)</b>	<b>\$ 25,500,201</b>	<b>\$ (15,973,288)</b>	<b>\$ (15,879,377)</b>	<b>\$ (16,618,783)</b>	<b>\$ (16,486,087)</b>	<b>\$ (16,570,969)</b>	<b>\$ (17,782,042)</b>	<b>\$ (15,747,397)</b>
<b>General Revenues &amp; Other Changes in Net Position:</b>										
Governmental Activities:										
Taxes:										
Property Taxes, Levied for General Purposes, Net	8,126,448	7,835,278	7,400,372	7,350,372	7,300,372	7,157,227	7,016,889	6,889,889	6,814,889	6,814,889
Unrestricted Grants & Contributions	14,036,919	16,480,283	12,014,357	10,252,864	10,125,861	10,359,703	9,933,649	9,808,226	10,034,918	9,074,503
Investment Earnings	26,500	14,785	23,608	5,800	3,585	8,938	36,787	4,924	83,683	17,089
Miscellaneous Income	426,076	288,937	208,059	584,675	346,868	140,832	359,592	357,576	115,065	610,877
Disposal of Fixed Assets	-	-	-	-	-	-	-	-	(11,542)	-
Transfers	-	-	-	-	-	-	-	-	-	(24,036)
<b>Total Governmental Activities</b>	<b>22,615,943</b>	<b>24,619,283</b>	<b>19,646,396</b>	<b>18,193,711</b>	<b>17,776,686</b>	<b>17,666,700</b>	<b>17,346,917</b>	<b>16,604,997</b>	<b>17,037,013</b>	<b>16,493,322</b>
<b>Business-Type Activities:</b>										
Investment Earnings	584	183	95	108	106	497	592	182	88	976
Adjustment to Fixed Assets	-	-	-	5,921	(6,792)	54,143	5,274	16,487,574	-	-
Transfers	-	-	-	-	-	-	-	-	-	24,036
<b>Total Business-Type Activities</b>	<b>584</b>	<b>183</b>	<b>95</b>	<b>6,029</b>	<b>(6,686)</b>	<b>54,640</b>	<b>5,866</b>	<b>16,487,756</b>	<b>88</b>	<b>25,012</b>
<b>Total Government-Wide</b>	<b>\$ 22,616,527</b>	<b>\$ 24,619,466</b>	<b>\$ 19,646,491</b>	<b>\$ 18,199,740</b>	<b>\$ 17,770,000</b>	<b>\$ 17,721,340</b>	<b>\$ 17,352,783</b>	<b>\$ 33,092,753</b>	<b>\$ 17,037,101</b>	<b>\$ 16,518,334</b>
<b>Change in Net Position:</b>										
Governmental Activities	44,243	7,150,203	(1,067,812)	2,246,883	2,246,883	1,901,191	1,054,510	817,963	(550)	(750,833)
Business-Type Activities	21,571	29,708	78,268	(8,275)	(20,431)	(10,568)	48,047	48,733	16,522,334	5,892
<b>Total District</b>	<b>\$ 65,814</b>	<b>\$ 7,179,911</b>	<b>\$ (989,544)</b>	<b>\$ 2,238,608</b>	<b>\$ 2,226,452</b>	<b>\$ 1,890,623</b>	<b>\$ 1,102,557</b>	<b>\$ 866,696</b>	<b>\$ 16,521,784</b>	<b>\$ (744,941)</b>

**MOUNT HOLLY SCHOOL DISTRICT  
FUND BALANCES AND GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**  
*(Modified Accrual Basis of Accounting)*

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund:										
Restricted for:										
Capital Reserve	\$ 5,182,609	\$ 4,657,173	\$ 3,064,793	\$ 3,361,643	\$ 2,686,673	\$ 2,277,373	\$ 1,468,436	\$ 1,175,939	\$ 921,016	\$ 715,971
Emergency Reserve	250,000	250,000	250,000	250,000	250,000	250,000	250,000	200,000	100,000	100,000
Maintenance Reserve	965,782	965,782	865,782	978,607	1,013,607	443,607	440,924	250,000	150,000	150,000
Excess Surplus	975,000	825,000	720,000	720,000	1,576,195	519,616	420,968	411,655	407,471	344,505
Excess Surplus - Designated for Subsequent Year's Expenditures	825,000	720,000	720,000	630,593	503,987	420,968	411,655	407,471	344,505	713,200
Assigned to:										
Other Purposes Designated for Subsequent Year's Expenditures	-	-	-	-	-	-	-	7,590	132,645	-
Unassigned	(368,193)	(356,354)	(43,660)	(439,172)	(1,056,580)	107,269	(236,786)	(573,621)	(482,011)	56,696
<b>Total General Fund</b>	<b>\$ 7,830,198</b>	<b>\$ 7,061,601</b>	<b>\$ 5,576,915</b>	<b>\$ 5,501,671</b>	<b>\$ 4,973,883</b>	<b>\$ 4,018,833</b>	<b>\$ 2,755,197</b>	<b>\$ 1,879,034</b>	<b>\$ 1,573,626</b>	<b>\$ 2,044,353</b>
All Other Governmental Funds:										
Assigned, Reported in:										
Special Revenue Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (57,423)
Debt Service Fund	99,829	39,779	17,762	-	-	-	-	-	-	-
Capital Projects Fund	627,711	2,987,248	6,845,151	115,069	-	-	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ 727,540</b>	<b>\$ 3,027,027</b>	<b>\$ 6,862,913</b>	<b>\$ 115,069</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (57,423)</b>

**MOUNT HOLLY SCHOOL DISTRICT**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,**  
**LAST TEN FISCAL YEARS**  
*(Modified Accrual Basis of Accounting)*

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Revenues:</b>										
Local Tax Levy	\$ 8,126,448	\$ 7,835,278	\$ 7,400,372	\$ 7,350,372	\$ 7,300,372	\$ 7,157,227	\$ 7,016,889	\$ 6,889,889	\$ 6,814,889	\$ 6,814,889
Tuition Charges	243,834	141,226	162,954	314,831	272,924	86,665	283,447	222,341	-	62,987
Interest Earnings	26,500	14,785	23,608	5,800	3,585	8,938	36,787	4,924	83,683	17,089
Miscellaneous	128,480	140,479	45,105	269,844	73,944	54,167	76,145	135,235	115,065	547,890
State Sources	16,192,481	18,438,953	13,580,626	11,648,440	11,862,388	10,719,825	11,272,489	10,014,910	11,358,161	12,530,010
Federal Sources	1,453,796	1,366,224	1,065,102	1,143,492	1,076,200	1,306,874	1,319,101	2,880,955	1,035,713	1,094,709
<b>Total Revenue</b>	<b>26,171,539</b>	<b>27,936,945</b>	<b>22,277,767</b>	<b>20,732,779</b>	<b>20,589,413</b>	<b>19,333,696</b>	<b>20,004,858</b>	<b>20,148,254</b>	<b>19,407,511</b>	<b>21,067,574</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	5,682,083	5,559,807	5,387,538	5,487,411	5,213,542	5,214,002	5,519,336	5,793,118	6,152,373	6,106,360
Special Education Instruction	2,018,801	2,162,306	2,320,943	2,067,351	2,048,603	1,882,857	1,634,138	1,737,377	1,491,839	1,705,769
Other Special Instruction	467,110	506,400	439,399	447,418	450,180	426,607	415,335	482,674	496,843	475,831
<b>Support Services &amp; Undistributed Costs:</b>										
Tuition	1,233,689	890,496	844,523	870,391	1,365,089	1,644,007	1,906,476	1,386,051	1,342,821	1,011,353
Student & Instruction Related Services	2,087,780	1,989,139	1,963,948	1,958,042	1,878,373	1,693,995	1,897,554	2,397,490	2,213,242	2,518,182
School Administrative Services	690,529	721,377	693,063	687,619	590,906	665,447	710,874	707,299	669,699	641,571
General Administrative Services	885,747	806,547	788,842	769,153	790,659	723,272	791,274	919,083	717,533	735,125
Plant Operations & Maintenance	1,818,580	1,790,757	1,762,335	1,761,756	1,743,398	1,412,694	1,303,527	1,470,316	1,884,142	1,932,930
Pupil Transportation	422,531	376,631	339,534	325,450	317,491	302,699	407,000	404,517	382,978	429,060
Unallocated Benefits	5,135,710	4,974,852	4,478,534	4,262,067	4,148,816	3,908,934	4,511,837	4,397,603	4,427,037	5,041,790
Interest & Other Charges	241,582	322,898	-	-	-	-	-	-	-	-
Capital Outlay	6,832,049	10,194,167	3,236,240	1,737,435	1,087,306	195,546	326,124	147,318	42,308	33,950
Debt Service:										
Principal	240,000	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>27,756,191</b>	<b>30,295,377</b>	<b>22,254,899</b>	<b>20,374,093</b>	<b>19,634,363</b>	<b>18,070,060</b>	<b>19,423,475</b>	<b>19,842,846</b>	<b>19,820,815</b>	<b>20,631,921</b>
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>(1,584,652)</b>	<b>(2,358,432)</b>	<b>22,868</b>	<b>358,686</b>	<b>955,050</b>	<b>1,263,636</b>	<b>581,383</b>	<b>305,408</b>	<b>(413,304)</b>	<b>435,653</b>
<b>Other Financing Sources/(Uses):</b>										
Capital Leases	-	-	-	284,171	-	-	294,780	-	-	-
Bond Proceeds	-	-	6,800,220	-	-	-	-	-	-	-
Transfers In/(Out)	53,762	7,232	-	-	-	-	-	-	-	(24,036)
<b>Total Other Financing Sources/(Uses)</b>	<b>53,762</b>	<b>7,232</b>	<b>6,800,220</b>	<b>284,171</b>	<b>-</b>	<b>-</b>	<b>294,780</b>	<b>-</b>	<b>-</b>	<b>(24,036)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (1,530,890)</b>	<b>\$ (2,351,200)</b>	<b>\$ 6,823,088</b>	<b>\$ 642,857</b>	<b>\$ 955,050</b>	<b>\$ 1,263,636</b>	<b>\$ 876,163</b>	<b>\$ 305,408</b>	<b>\$ (413,304)</b>	<b>\$ 411,617</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>										
										1%

Source: District records  
 Note: Noncapital expenditures are total expenditures less capital outlay.

**MOUNT HOLLY SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	CAPITAL RESERVE INTEREST	TUITION	TRANSPORTATION	PRIOR YEAR REFUNDS	OTHER REFUNDS	SALE OF ASSETS	RENTALS	MISCELLANEOUS	TOTAL
2017	\$ -	\$ 2,450	\$ 243,834	\$ -	\$ -	\$ -	\$ -	\$ -	120,591	\$ 366,875
2016	-	-	141,226	-	-	-	-	-	135,336	276,562
2015	3,846	5,846	162,954	-	-	-	-	-	32,791	205,437
2014	3,800	5,800	314,831	-	-	-	-	-	114,020	438,451
2013	1,585	3,585	272,924	-	-	-	-	-	44,559	322,653
2012	6,938	8,938	86,665	-	-	-	-	-	42,046	144,587
2011	49,283	17,496	283,447	-	-	-	-	-	46,025	396,251
2010	22,274	4,924	-	-	-	41,311	-	-	293,991	362,500
2009	35,928	5,045	48,014	-	-	-	-	-	31,123	120,110
2008	130,480	17,089	62,987	-	-	-	400,000	-	17,410	627,966

Source: District records

**MOUNT HOLLY SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED TAXABLE	(a) PUBLIC UTILITIES	NET VALUATION TAXABLE	TAX EXEMPT PROPERTY	(b) TOTAL DIRECT SCHOOL RATE	COUNTY EQUALIZED VALUE
2017	\$ 11,546,600	\$ 505,288,700	N/A	\$ 7,100	\$ 94,484,700	8,136,400	\$ 19,432,300	\$ 638,895,800	\$ 5,875,968	\$ 644,771,768	\$ 311,370,800	1.279	\$ 604,526,993
2016	11,543,000	506,972,300	N/A	7,100	93,068,400	8,136,400	19,470,000	639,197,200	5,622,546	644,819,746	311,568,700	1.230	595,356,898
2015	11,853,500	508,003,300	N/A	7,100	93,835,500	8,136,400	19,445,000	641,280,800	5,439,973	646,720,773	296,032,400	1.167	595,346,901
2014	11,313,500	516,060,100	N/A	7,100	94,111,100	8,406,600	19,255,200	649,153,600	5,389,334	654,542,934	286,322,000	1.111	615,244,409
2013	11,457,000	515,910,300	N/A	7,100	93,711,000	8,406,600	20,180,500	649,672,500	7,547,722	657,220,222	287,734,300	1.092	633,441,106
2012	11,413,200	515,471,900	N/A	7,100	95,095,200	8,460,000	20,587,900	651,035,300	7,829,084	658,864,384	290,989,500	1.068	672,902,540
2011	5,876,700	248,952,700	N/A	8,300	45,352,200	4,370,300	9,748,500	314,308,700	3,565,377	317,874,077	148,335,600	2.171	681,301,653
2010	5,901,800	248,239,500	N/A	8,300	44,879,100	4,485,300	9,748,500	313,262,500	3,444,405	316,706,905	148,105,108	2.127	692,020,480
2009	6,044,900	247,721,300	142,700	14,200	45,706,700	4,485,300	11,250,700	315,365,800	3,156,029	318,521,829	149,398,300	2.135	709,679,409
2008	5,828,600	257,593,800	142,700	14,500	45,517,000	5,248,300	10,129,200	324,474,100	11,234,675	335,708,775	128,869,000	2.077	642,521,772

Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation

a Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Company

b Tax rates are per \$100

**MOUNT HOLLY SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(Rate per \$100 of Assessed Value)**

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES				TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICE	TOTAL DIRECT	TOWNSHIP OF MOUNT HOLLY	REGIONAL SCHOOL DISTRICT	FIRE DISTRICT	BURLINGTON COUNTY	
2017	1.279	-	1.279	0.746	0.361	0.096	0.314	2.796
2016	1.230	-	1.230	0.799	0.362	0.096	0.310	2.797
2015	1.130	-	1.130	0.718	0.349	0.091	0.306	2.594
2014	1.111	-	1.111	0.687	0.354	0.091	0.357	2.600
2013	1.092	-	1.092	0.638	0.372	0.090	0.366	2.558
2012	1.068	-	1.068	0.597	0.369	0.090	0.387	2.511
2011	2.171	-	2.171	1.154	0.747	0.179	0.860	5.111
2010	2.127	-	2.127	1.155	0.774	0.173	0.830	5.059
2016	2.135	-	2.135	1.076	0.797	0.172	0.867	5.047
2008	2.077	-	2.077	1.002	0.772	0.172	0.849	4.872

Source: Municipal Tax Collector



**MOUNT HOLLY SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS,  
CURRENT YEAR AND NINE YEARS AGO**

TAXPAYER	2017		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Levine Properties LLC	\$12,967,000	1	2.01%
Virtua Memorial Hospital	12,330,600	2	1.91%
Mount Holly Associates	10,576,100	3	1.64%
Verizon	8,042,868	4	1.25%
Mount Holly Equities	6,494,400	5	1.01%
Alaimo, Richard A	4,179,300	6	0.65%
Ancor Flexibles, Inc.	3,605,200	7	0.56%
Public Storage Inc	2,349,700	8	0.36%
FRIA Properties, LLC	2,054,500	9	0.32%
Mill Race, Inc	1,911,200	10	0.30%
Total	<u>\$64,510,868</u>		<u>10.01%</u>

TAXPAYER	2008		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE

NOT AVAILABLE

**Source:** Municipal Tax Assessor

**MOUNT HOLLY SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2017	\$8,126,448	\$8,126,448	100.00%	-
2016	7,835,278	7,835,278	100.00%	-
2015	7,400,372	7,400,372	100.00%	-
2014	7,350,372	7,350,372	100.00%	-
2013	7,300,372	7,300,372	100.00%	-
2012	7,157,227	7,157,227	100.00%	-
2011	7,016,889	7,016,889	100.00%	-
2010	6,889,889	6,889,889	100.00%	-
2009	6,814,889	6,814,889	100.00%	-
2008	6,814,889	6,814,889	100.00%	-

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

**MOUNT HOLLY SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES		TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME <sup>a</sup>	PER CAPITA <sup>b</sup>
	GENERAL OBLIGATION BONDS	CAPITAL LEASES			
2017	\$ 6,699,000	\$ 85,928	\$ 6,784,928	N/A	N/A
2016	6,939,000	143,932	6,842,932	N/A	N/A
2015	6,939,000	199,818	7,138,818	N/A	N/A
2014	-	253,670	253,670	N/A	N/A
2013	-	83,095	83,095	N/A	N/A
2012	-	-	-	-	-
2011	-	-	-	-	-
2010	-	-	-	-	-
2009	-	-	-	-	-
2008	-	-	-	-	-

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

- a. Based on Per Capita Income for Burlington County
- b. Based on School District Population as of July 1

**MOUNT HOLLY SCHOOL DISTRICT**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
*(Dollars in Thousands, Except per Capita)*

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE <sup>a</sup> OF PROPERTY	PER CAPITA <sup>o</sup>
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2017	\$ 6,699,000	\$ -	\$ 6,699,000	-	-
2016	6,939,000	-	6,939,000	-	-
2015	6,939,000	-	6,939,000	-	-
2014	-	-	-	-	-
2013	-	-	-	-	-
2012	-	-	-	-	-
2011	-	-	-	-	-
2010	-	-	-	-	-
2009	-	-	-	-	-
2008	-	-	-	-	-

- a. See Exhibit J-6 for property tax data.  
b. Population data can be found on Exhibit J-14

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2017**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE <sup>a</sup>	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Township of Mount Holly	\$ 17,208,605	100.000%	\$17,208,605
Rancocas Valley Regional High School	2,373,801	13.740%	326,160
Burlington County General Obligation Debt	303,356,410	1.299%	<u>3,940,600</u>
Subtotal, Overlapping Debt Mount Holly School District			<u>21,475,365</u> <u>6,699,000</u>
Total Direct & Overlapping Debt			<u><u>\$28,174,365</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Burlington County Board of Taxation.

- 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.

**MOUNT HOLLY SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt Limit	\$ 19,417,430	\$ 19,514,362	\$ 19,581,640	\$ 19,268,751	\$ 19,258,106	\$ 19,299,240	\$ 19,968,864	\$ 20,335,028	\$ 20,216,000	\$ 18,202,555
Total Net Debt Applicable to Limit	6,699,000	6,939,000	6,939,000	-	-	-	-	-	-	-
Legal Debt Margin	\$ 12,718,430	\$ 12,575,362	\$ 12,642,640	\$ 19,268,751	\$ 19,258,106	\$ 19,299,240	\$ 19,968,864	\$ 20,335,028	\$ 20,216,000	\$ 18,202,555
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	34.50%	35.56%	35.44%	-	-	-	-	-	-	-

**Legal Debt Margin Calculation for Fiscal Year 2016**

	Equalized Valuation Basis
2016	\$ 644,819,746
2015	646,720,573
2014	650,202,657
	<u>\$ 1,941,742,976</u>
Average Equalized Valuation of Taxable Property	<u>\$ 647,247,659</u>
Debt Limit ( 3.5% of Average Equalization Value )	\$ 19,417,430
Net Bonded School Debt	<u>6,699,000</u>
Legal Debt Margin	<u>\$ 12,718,430</u>

**Source:** Equalized valuation bases were obtained from the Annual Report of the State of New Jersey Department of Treasury, Division of Taxator

**MOUNT HOLLY SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

YEAR	POPULATION <sup>a</sup>	PERSONAL INCOME <sup>b</sup>	PER CAPITA PERSONAL INCOME <sup>c</sup>	UNEMPLOYMENT RATE <sup>d</sup>
2017	9,526	N/A	N/A	4.5%
2016	9,493	N/A	N/A	7.0%
2015	9,490	N/A	55,227	8.5%
2014	9,345	N/A	53,747	10.8%
2013	9,372	N/A	51,785	14.3%
2012	9,555	461,678,490	51,390	13.8%
2011	9,544	452,299,704	49,955	14.1%
2010	10,230	475,654,080	48,047	13.3%
2009	10,271	489,649,383	47,649	7.9%
2008	10,345	469,869,900	47,816	5.8%

## Source:

a Population information provided by the NJ Department of Labor &amp; Workforce Development

b Personal income calculated using population and per capita personal income

c Per Capita personal income provided by the NJ Dept of Labor and Workforce Development

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

**PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

No employers are currently located within the municipality that have in excess of 100 full time employees.

**MOUNT HOLLY SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEAR**

Function/Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Instruction:</b>										
Regular	52	54	55	69	66	72	72	76	92	91
Special Education	13	16	20	28	30	27	23	22	19	21
Other Special Education	11	11	11	16	15	14	14	14	11	26
Other Instruction	17	15	11	11	11	9	9	7	8	15
<b>Support Services:</b>										
Student & Instruction Related Services	14	13	9	9	8	8	8	8	5	7
School Administrative Services	13	14	14	13	13	10	11	11	11	11
General & Business Administrative Services	6	6	6	6	6	6	6	6	6	6
Plant Operations & Maintenance	12	16	13	16	15	14	13	14	15	17
<b>Total</b>	<b>138</b>	<b>145</b>	<b>139</b>	<b>168</b>	<b>164</b>	<b>160</b>	<b>156</b>	<b>158</b>	<b>167</b>	<b>194</b>

**Source:** District Personnel Records

**MOUNT HOLLY SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES <sup>a</sup>	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF <sup>b</sup>	PUPIL/TEACHER RATIO		AVERAGE DAILY ENROLLMENT (ADE) <sup>c</sup>	AVERAGE DAILY ATTENDANCE (ADA) <sup>c</sup>	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
						ELEMENTARY	MIDDLE SCHOOL				
2017	997	\$ 20,924,142	\$ 20,987	10.79%	93	1-11.3	1-9.8	997	942	1.30%	94.48%
2016	987	20,101,210	20,366	11.47%	98	1-10.4	1-10.6	984	934	-1.29%	94.92%
2015	1,004	19,018,659	18,943	6.22%	97	1-10.7	1-8.8	997	921	-0.86%	92.38%
2014	1,020	18,636,658	18,271	2.45%	93	1-10.8	1-10.0	1,006	949	-4.19%	94.33%
2013	1,040	18,547,057	17,834	-2.12%	103	1-10.2	1-9.9	1,047	977	7.00%	93.31%
2012	981	17,874,514	18,221	-5.26%	102	1-10.2	1-8.7	978	926	-0.79%	94.68%
2011	993	19,097,351	19,232	-2.55%	95	1-12.5	1-7.7	986	929	-2.32%	94.22%
2010	998	19,695,528	19,735	1.68%	98	1-12.1	1-7.6	1,009	949	1.92%	94.05%
2009	1,019	19,778,507	19,410	-1.81%	114	1-9.0	1-7.8	990	937	-0.51%	94.62%
2008	1,042	20,597,971	19,768	5.62%	108	1-9.6	1-8.9	995	934	-3.49%	93.87%

Sources: 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).



**MOUNT HOLLY SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEAR**

DISTRICT BUILDINGS	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Elementary Schools:										
Brainerd Elementary:										
Square Feet	37,123	37,123	37,123	37,123	37,123	37,123	37,123	37,123	37,123	37,123
Capacity (Students)	340	340	340	340	340	340	340	340	340	340
Enrollment	371	349	354	388	390	407	390	379	296	292
Followell Elementary (1950)										
Square Feet	50,435	50,435	50,435	50,435	50,435	50,435	50,435	50,435	50,435	50,435
Capacity (Students)	450	450	450	450	450	450	450	450	450	450
Enrollment	314	325	351	315	328	267	286	308	290	285
Holbein Elementary (1964):										
Square Feet	90,673	90,673	90,673	90,673	90,673	90,673	90,673	90,673	90,673	90,673
Capacity (Students)	650	650	650	650	650	650	650	650	650	650
Enrollment	312	310	272	317	322	318	317	310	433	425
Other:										
Central Administration:										
Square Feet	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000

Number of Schools at June 30, 2016:  
 Elementary = 2  
 Middle School = 1  
 Senior High School = 0  
 Other = 0

Source: District Facilities Office

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

**MOUNT HOLLY SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST TEN FISCAL YEARS**

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

* SCHOOL FACILITIES	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	
John Brainerd School	\$ 42,099	\$ 24,565	\$ 48,390	\$ 30,115	\$ 28,231	\$ 8,281	\$ 6,475	\$ 20,210	\$ 26,077	\$ 14,784	\$ 28,343
Gertrude Folwell School	33,639	34,063	75,722	56,359	46,045	20,707	17,388	27,219	19,901	39,030	32,542
Anna Heller School	-	-	-	-	-	-	-	-	-	28,504	11,547
F.W. Holbein Schools	51,608	60,880	62,437	63,460	47,284	89,308	29,596	55,760	59,507	22,139	32,541
Total School Facilities	\$ 127,346	\$ 186,549	\$ 186,549	\$ 149,934	\$ 121,560	\$ 118,296	\$ 53,459	\$ 103,189	\$ 105,485	\$ 104,457	\$ 104,973

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

Source: District records

**MOUNT HOLLY SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2017**

	COVERAGE	DEDUCTIBLE
<b>Commercial Package Policy (1):</b>		
Building & Contents (All Locations):		
Limits of Liability per Occurrence	\$150,000,000	\$ 500
Comprehensive General Liability	15,000,000	-
Comprehensive Automobile Liability	15,000,000	-
Boiler & Machinery Liability	125,000,000	1,000
Crime Coverage - Employee Dishonesty	500,000	500
 Educator's Legal Liability (1)	 15,000,000	 -
 Pollution Legal Liability (1)	 3,000,000	 -
 Workers' Compensation (1)	 Statutory	 -
 Supplemental Workers' Compensation (1)	 Statutory	 -
 Student Accident (2)	 1,000,000	 -
 Surety Bonds:		
Board Secretary (4)	250,000	-

(1) Burlington County Insurance Pool Joint Insurance Fund

(2) Standard Security Life Ins. Co.

(3) Selective Insurance Company.

(4) Ohio Casualty Insurance Company.

Source: District records.

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**SINGLE AUDIT SECTION**

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EXHIBIT K-1

**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  
Mount Holly School District  
County of Burlington  
Mount Holly, New Jersey

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 activities, the business-type activities, each major fund and the aggregate remaining fund information of the Mount Holly School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Mount Holly School District’s basic financial statements, and have issued our report thereon dated September 19, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Mount Holly 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 the School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Mount Holly 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 entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Mount Holly 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.

## **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 School 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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia  
Certified Public Accountant  
Public School Accountant, No.1011

Medford, New Jersey  
September 19, 2017





**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  
Mount Holly School District  
County of Burlington  
Mount Holly, New Jersey

**Report on Compliance for Each Major Federal and State Program**

We have audited the Mount Holly 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 School District’s major federal and state programs for the fiscal year ended June 30, 2017. The Mount Holly 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of the Mount Holly School District’s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. 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 the School District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on Each Major Federal and State Program**

In our opinion, the Mount Holly 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, 2017.

### **Report on Internal Control Over Compliance**

Management of the Mount Holly School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the 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 the 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.

Kevin P. Frenia  
Certified Public Accountant  
Public School Accountant, No. 1011

Medford, New Jersey  
September 19, 2017

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**MOUNT HOLLY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR FISCAL YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL AWARD IDENTIFICATION NUMBER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	CASH RECEIVED	BUDGETARY EXPENDITURES	SUB RECIPIENT EXPENDITURES	BALANCE AT JUNE 30, 2017 (ACCOUNTS RECEIVABLE)	UNEARNED REVENUE/	DUE TO GRANTOR
					BALANCE AT JUNE 30, 2016					
<b>U.S. Department of Agriculture</b>										
Pass Through New Jersey Department of Agriculture:										
Child Nutrition Cluster:										
Food Distribution Program (Noncash Assistance)	10.555	1717IN304N1099	\$ 30,694	7/1/16-6/30/17	\$ -	\$ 30,694	\$ -	\$ -	\$ 3,665	\$ -
National School Lunch Program	10.555	1717IN304N1099	257,151	7/1/16-6/30/17	-	(257,151)	-	(54,429)	-	-
National School Lunch Program	10.555	1616IN304N1099	258,382	7/1/15-6/30/16	(15,781)	-	-	-	-	-
Healthy Hungry Kids Act	10.555	1717IN304N1099	6,622	7/1/16-6/30/17	5,239	(6,622)	-	(1,383)	-	-
Healthy Hungry Kids Act	10.555	1616IN304N1099	6,753	7/1/15-6/30/16	(408)	-	-	-	-	-
After School Snack Program	10.555	1717IN304N1099	26,300	7/1/16-6/30/17	22,105	(26,300)	-	(4,195)	-	-
After School Snack Program	10.555	1717IN304N1099	14,599	7/1/15-6/30/16	(915)	-	-	-	-	-
Subtotal					(17,104)	(320,767)	-	(60,007)	3,665	-
National Breakfast Program	10.553	1717IN304N1099	80,405	7/1/16-6/30/17	-	(80,405)	-	(15,874)	-	-
National Breakfast Program	10.553	1616IN304N1099	77,305	7/1/15-6/30/16	(5,543)	-	-	-	-	-
Subtotal					(5,543)	(80,405)	-	(15,874)	-	-
Special Milk Program	10.556	1717IN304N1099	94	7/1/16-6/30/17	-	(94)	-	(21)	-	-
Special Milk Program	10.556	1616IN304N1099	365	7/1/15-6/30/16	(18)	-	-	-	-	-
Subtotal					(18)	(94)	-	(21)	-	-
Total Child Nutrition Cluster					(22,665)	(401,266)	-	(75,902)	3,665	-
<b>Total U.S. Department of Agriculture</b>					(22,665)	(401,266)	-	(75,902)	3,665	-
<b>U.S. Department of Education</b>										
Passed Through New Jersey Department of Education:										
Title I - Part A - Current Year	84.010	S010A160030	466,623	7/1/16-6/30/17	-	(437,656)	-	(66,635)	-	-
Title I - Part A - Prior Year	84.010	S010A150030	504,497	7/1/15-6/30/16	(116,769)	-	(28,967)	-	-	-
Subtotal					(116,769)	(466,623)	-	(66,635)	-	-
Title II - Part A - Current Year	84.367	S367A160029	105,182	7/1/16-6/30/17	-	(94,654)	-	(2,651)	-	-
Title II - Part A - Prior Year	84.367	S367A150029	117,844	7/1/15-6/30/16	(39,481)	-	(106,726)	-	-	-
Subtotal					(39,481)	(106,726)	-	(2,651)	-	-
Title III - Current Year	84.365	S365A160009	9,194	7/1/16-6/30/17	-	(18,590)	-	(5,864)	-	-
Title III - Prior Year	84.365	S365A150009	22,989	7/1/15-6/30/16	(2,939)	-	(5,206)	-	-	-
Subtotal					(2,939)	(23,796)	-	(5,864)	-	-
Race To The Top Preschool	84.419	B413A120008	403,759	9/1/16-6/30/17	-	(403,719)	-	(29,672)	-	-
Race To The Top Preschool	84.419	B413A120008	244,159	9/1/13-6/30/14	(54,632)	-	-	-	-	-
Subtotal					(54,632)	(403,719)	-	(29,672)	-	-
Race To The Top - IIS	84.413	B413A120008	7,728	9/1/16-6/30/17	-	(5,964)	-	-	-	-
I.D.E.A. Part B (Special Education Cluster)	84.027	H027A160100	395,507	7/1/16-6/30/17	-	(381,351)	-	(6,276)	-	-
Basic - Current Year	84.027	H027A150100	224,655	7/1/15-6/30/16	(3,232)	-	-	-	-	-
Subtotal					(3,232)	(381,351)	-	(6,276)	-	-
Preschool - Current Year	84.173	H173A150114	10,855	7/1/16-6/30/17	-	(10,855)	-	-	-	-
Preschool - Prior Year	84.173	H173A150114	10,780	7/1/15-6/30/16	(2,187)	-	-	-	-	-
Subtotal					(2,187)	(10,855)	-	-	-	-
Total Special Education Cluster					(5,419)	(392,206)	-	(6,276)	-	-
<b>Total Department of Education</b>					(219,240)	(1,399,034)	-	(111,098)	-	-
<b>U.S. Department of Health and Human Services</b>										
Passed Through New Jersey Department of Human Services:										
Medical Assistance Program (SEM) - ARRA	93.778	1705N5MAP	8,206	7/1/16-6/30/17	-	(8,206)	-	-	-	-
Medical Assistance Program (SEM)	93.778	1705N5MAP	46,556	7/1/16-6/30/17	-	(46,556)	-	-	-	-
Subtotal					-	(54,762)	-	-	-	-
<b>Total U.S. Department of Health and Human Services</b>						(54,762)	-	-	-	-
Total U.S. Department of Education					(219,240)	(1,453,796)	-	(111,098)	-	-
Total Federal Financial Assistance					\$ (241,905)	\$ 1,913,632	\$ -	\$ (187,000)	\$ 3,665	\$ -



**MOUNT HOLLY SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Note 1. Basis of Presentation**

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Mount Holly School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. 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 schedule of expenditures of federal awards and state financial assistance.

**Note 2. Summary of Significant Accounting Policies**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2017. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

**Note 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.

**MOUNT HOLLY SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments 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 one or more state aid June payments in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$23,220 for the general fund and \$(10,629) for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, 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 expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 54,762	\$ 12,411,913	\$ 12,466,675
Special Revenue Fund	1,399,034	53,664	1,452,698
Capital Projects Fund	-	3,726,904	3,726,904
Food Service Fund	<u>401,266</u>	<u>5,601</u>	<u>406,867</u>
Total Awards & Financial Assistance	<u>\$ 1,855,062</u>	<u>\$ 16,198,082</u>	<u>\$ 18,053,144</u>

**Note 4. Relationship to Federal and State Financial Reports**

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

**Note 5. Federal and State Loans Outstanding**

The Mount Holly School District had no loan balances outstanding at June 30, 2017.



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

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? \_\_\_\_\_ yes  X  no

2) Significant deficiency(ies) identified? \_\_\_\_\_ yes  X  none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes  X  no

**Federal Awards**

Internal control over major programs:

1) Material weakness(es) identified? \_\_\_\_\_ yes  X  no

2) Significant deficiency(ies) identified? \_\_\_\_\_ yes  X  none reported

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

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

Identification of major programs:

<b><u>CFDA Number(s)</u></b>	<b><u>FAIN Number(s)</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
84.027	H027A160100	Special Education Cluster (I.D.E.A. Basic & Preschool)
84.173	H173A160114	

Dollar threshold used to determine Type A programs \$750,000.00

Auditee qualified as low-risk auditee?  X  yes \_\_\_\_\_ no

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

**Section I - Summary of Auditor's Results (continued)**

**State Financial Assistance**

Dollar threshold used to determine Type A programs \$750,000.00

Auditee qualified as low-risk auditee?  X  yes      no

Internal control over major programs:

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

    2) Significant deficiency(ies) identified?      yes  X  no

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

Any audit findings disclosed that are required to be reported  
in accordance with New Jersey OMB's Circular 15-08?      yes  X  no

Identification of major programs:

<b><u>State Grant/Project Number(s)</u></b>	<b><u>Name of State Program</u></b>
495-034-5120-078	Equalization Aid
495-034-5120-085	Adjustment Aid
495-034-5120-084	Categorical Security Aid
495-034-5120-089	Categorical Special Education Aid
495-034-5120-098	PARCC Readiness Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-101	Professional Learning Community Aid

**MOUNT HOLLY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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.

None.

**THE MOUNT HOLLY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Section III – Federal Awards & State Financial Assistance Findings & Questioned Costs**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

**FEDERAL AWARDS**

None.

**STATE FINANCIAL ASSISTANCE**

None.

**THE MOUNT HOLLY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

Federal Awards

No Prior Year Findings.

State Financial Assistance

No Prior Year Findings.