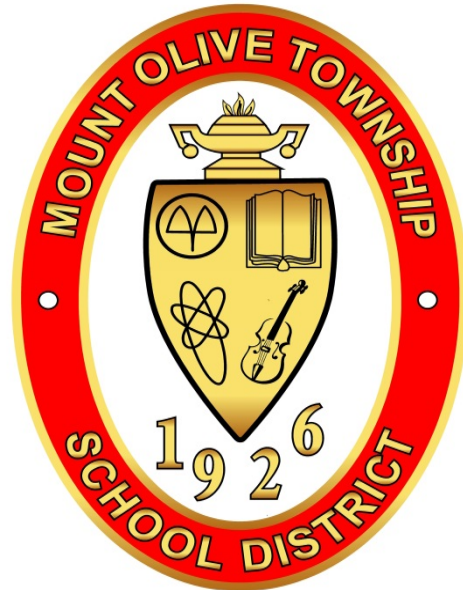


Mount Olive Township School District

“Students are our first priority”



“Home of the Marauders”

Mount Olive Board of Education
227 US Route 206
Flanders, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT

227 US HIGHWAY 206, SUITE 10

FLANDERS, NEW JERSEY, 07836

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

Prepared by: Lynn Jones, CPA
Board Secretary
Business Office

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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Letter of Transmittal For the Fiscal Year Ended June 30, 2019

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

We are pleased to present to you the Comprehensive Annual Financial Report ("CAFR") of the Mount Olive Township School District ("District") for the fiscal year ended June 30, 2019. State statutes require the issuance of a CAFR by every school district as the basis for the annual audit. This CAFR was prepared in accordance with Generally Accepted Accounting Principles ("GAAP") as applicable to governmental entities.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Mount Olive Township Board of Education ("Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. The Management's Discussion and Analysis (MD&A), which immediately follows the independent auditor's report, provides a narrative overview and analysis of the basic financial statements. The MD&A is intended to complement this letter of transmittal and should be read in conjunction with it.

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

- The *Introductory Section* contains the Transmittal Letter, the Organizational Chart of the School District, and a List of Principal Officials, Consultants, and Advisors.
- The *Financial Section* begins with the Independent Auditors' Report and includes the MD&A, the Basic Financial Statements and Notes, and Other Supplementary Information that is required by the State Department of Education.
- The *Statistical Section* includes select information on financial trends, revenue capacity and debt capacity, along with demographic and economic information and other select operating information in accordance with GASB Statement 44.
- The *Single Audit Section* – In addition to meeting the requirements set forth in state statutes, the District is required to undergo an annual single audit in conformity with the provisions of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal controls and compliance with applicable laws, regulations, contracts and grant requirements, along with findings and questioned costs, are included in the single audit section of this report.

Profile of the Mount Olive Township School District

Mount Olive Township is located in northwest New Jersey in Morris County, approximately 45 miles west of New York City. The Mount Olive community is primarily residential with support from varied commercial and retail property. Geographically, the Township is comprised of the Budd Lake and Flanders areas, which total approximately 32 square miles and has a population of just over 29,000 residents. The District currently stands as the fourth largest school district in Morris County with an enrollment of just over 4,600 students. The District is comprised of six schools: four elementary schools serving grades Pre-K through 5, one middle school serving grades 6 through 8, and one high school serving grades 9 through 12.

An elected nine-member Board of Education serves as the policy maker for the School District. The Board adopts an annual budget and directly approves all expenditures, which serve as the basis for control over, and authorization for, all expenditures of School District tax money.

The Superintendent is the chief executive officer of the School District, responsible to the Board for total educational and support operations. The Business Administrator is the chief financial officer, responsible for the overall financial and budgetary operations of the District. The Board Secretary is the District's accountant, responsible for producing the financial statements, maintaining the financial accounts, and reconciling the accounting records.

Reporting Entity

The District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Mount Olive Township Board of Education and its six schools constitute the District's reporting entity.

Educational Programs and Services

"The Mount Olive Township School District, a guiding and unifying partner in a dynamic community, educates, challenges and inspires all learners within a safe, nurturing environment to discover and develop their unique abilities as literate, ethical and contributing citizens of the world."

-- Mission Statement of the Mount Olive Township Board of Education

The Mount Olive Township School District provides a full range of educational programs appropriate to grade levels K through 12. These include regular, college preparatory, honors and vocational programs, as well as a wide variety of in-class support services, resource centers, and self-contained special education programs for students with special needs. In addition, the District offers a gifted and talented program for students in grades K-8 and dozens of advanced placement courses for high school students seeking a highly challenging and rigorous curriculum at the college level.

Extended learning summer and after school programs are also offered such as the extended school year program for disabled students, the K-Excel program for kindergarten students, the Mount Olive Success Academy for at-risk students seeking additional instruction, and the summer STEAM Camp for students in grades K through 9. Vocational course offerings include a wide variety of related arts and business/technology programs such as architecture, robotics, nutrition and culinary science, woodworking, engineering, industrial design, accounting, advertising and promotion, economics, fashion, finance, marketing, and television production.

The District had 7 students enrolled in charter schools for the 2018-19 school year. Charter school students who reside in the District are reported to the Department of Education through the District's Application for State School Aid ("ASSA") and are considered "resident students" for purposes of calculating the District's state aid. Pursuant to state statutes, the school district of residence must pay the charter school "an amount equal to 90% of the sum of the budget year equalization aid per pupil and the prebudget year general fund tax levy per pupil inflated by the CPI rate most recent to the calculation". In addition, the school district of residence shall pay directly to the charter school the security categorical aid attributable to the student and a percentage of the district's special education categorical aid equal to the percentage of the district's special education students enrolled in the charter school and, if applicable, 100% of preschool education aid.

In addition to its curricular offerings, the District offers an extensive extracurricular and athletic program. Extracurricular programs provide opportunities for students to participate in student government, various academic, social and vocational clubs, National Honor Societies, drama and musical performance productions. The District's athletic program features 26 male and female sports teams at the high school level and 12 male and female sports teams at the middle school level in addition to its renowned, award winning marching band program. In the 2018-19 school year, Mount Olive won 3 conference championships and 1 state sectional championship and 20 of the District's athletic programs qualified for state tournaments.

Internal Accounting Controls

The management of the District is responsible for establishing and maintaining internal controls, policies, and procedures to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States. The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by District management.

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

Accounting System and Reports

In accordance with state statutes, each District must maintain a uniform system of financial bookkeeping and reporting that is consistent with GAAP. The District's accounting records reflect the accounting principles generally accepted in the United States, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds, as described in the "Notes to the Basic Financial Statements," Note 1.

The District's accounting records are prepared in accordance with the *Uniform Minimum Chart of Accounts for New Jersey Public Schools* prepared by the State of New Jersey Department of Education. The District's accounting records include an expanded minimum chart of accounts using dimensions to define location and subject area for internal management purposes.

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

Budget Development and Controls

The District's budget is developed annually by the administration with input from all stakeholders in the District. The District utilizes zero-based budgeting practices as well as historical trend analysis to prepare its budget. In March of each year, a tentative budget is adopted by the Board, which is presented to the New Jersey Department of Education's Executive County Superintendent of Schools for approval. Upon approval by the Executive County Superintendent, the budget is then advertised for public input and a budget hearing is scheduled. Public commentary at the hearing may result in modifications to the budget. The final budget approved by the Board must be posted to the District's website forty-eight hours after the public hearing.

The District monitors actual vs. budgeted amounts on a monthly basis and provides monthly reports to the Board. Line-item transfers must be made whenever a budgeted line item is in danger of going into a deficit condition. All line-item transfers from an advertised appropriation account require a two-thirds affirmative vote of the Board. In addition, line-item transfers, which on a cumulative basis exceed 10% of the amount included in the original budget, and transfers to capital outlay require Executive County Superintendent approval.

The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education and the Executive County Superintendent. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section of this report.

Economic Condition and Financial Outlook

Like most school districts in New Jersey, the District's primary sources of funding are property tax revenue and state aid. State aid comprised 18% of the District's original 2019 operating budget while local property taxes accounted for 74% of budgeted revenue. As a result, the financial well being of the District is tied in large measure to the actions of the state legislature. Current legislation restricts the growth rate on local property taxes to 2%. However, the law does allow for an increase in the 2% limitation, if needed, provided that it is approved by the voters. Significant cuts in state funding and/or further restrictions on the growth rate of the local property tax levy could have a substantial impact on the District's programs and services.

Increased expenditures from inflationary pressures, the growing cost of employee health care, increases in contributions to the retirement system, and mandated special education costs present an enormous challenge for the District's administration. Thus far, the 2% increase in local tax revenue and modest increases in state aid, coupled with the District's stringent budgetary measures, have been sufficient to allow the District to maintain its existing programs and services. Nevertheless, the District's administration continues to closely monitor the cost of operations and to search for new funding sources in order to maintain the quality educational services that the Mount Olive School District is accustomed to providing.

District Facilities and Housing Trends

The District's three original elementary schools were built between 1969 and 1974. In 1997 Township voters approved a referendum to convert the middle school, which was built in 1966, into a fourth elementary school and construct a new middle school. The new middle school was completed and opened in 2001. The high school opened in 1972 as a regional high school and was operated by the West Morris Regional High School District until 1978, when Township voters elected to leave the regional district. The class of 1978 was the last graduating class under the regional administration. In the 1978-1979 school year, the high school building and associated faculty became part of the Mount Olive Township School District.

The 1997 building referendum, which converted the former middle school to the Chester M. Stephens Elementary School and constructed the new middle school, also expanded and upgraded the three original elementary schools. In 2004 Township voters approved a \$46.9 million building expansion project for Mount Olive High School, which included 10 new science labs, 21 new classrooms, an auxiliary gymnasium, a new Performing Arts Center, and an artificial turf field.

All of the District's buildings are exceptionally well maintained. The Board has an established capital reserve account to provide for the accumulation of funds for capital outlay expenditures. The Board has used capital reserve funds to replace roofs, boilers, and windows at all buildings, to purchase and install a turf field at Mount Olive High School, to upgrade the tennis courts at Mount Olive Middle School, to resurface the exterior walls at Mount Olive High School, to construct a maker space and recording studio at Mount Olive High School, to construct a grandstand at the Mt. Olive High School football field, to renovate the Mt. View Elementary School media center, to construct a maker space classroom at Mount Olive Middle School, to renovate the Tinc Road Elementary School, and to fund various classroom renovations at Mount Olive High School.

The following is a status report of new residential development in progress within the Township.

Morris Chase Development - The development is located between Mount Olive Road to the west, Dyrham Castle Road to the east, Gold Mine Road to the north and Flanders Road to the south. Phase I, which consisted of 281 single family dwellings and townhouses, has been built and is now occupied. Phase II would add 66 additional dwellings in a combination of single family dwellings and townhouses; however, the Planning Board denied the owner's request to extend zoning protection for this phase and the decision was recently upheld in Superior Court. Unless overturned on appeal, Phase II will be significantly modified to reduce the number of units, if it proceeds at all.

Marveland Crescent - Marveland Crescent is the affordable housing component of the age-restricted development known as Regency at Flanders. The 57 rental units (9 one-bedroom; 30 two-bedroom; 18 three-bedroom) for moderate income families are fully occupied.

Mountain Ridge Estates - Mountain Ridge Estates is located along the east-bound lanes of Route 46 bordered by Chamberlain Lane to the southwest, comprising lots 80, 83, and 84 in Block 4100. This development will provide 215 market townhouse units and 54 low and moderate family rental units. Site work is ongoing and at present there are approximately 30 occupied market units. Once the project reaches a threshold of 55 occupied market units, the first 10 affordable units must be ready for occupancy. The remaining affordable units will be phased in as the market unit count reaches 50 and 75 percent occupancy, respectively.

FTZ-4 Zoning Modification - In December 2017 the Township Council adopted an ordinance to modify the existing commercial zoning for the FTZ-4 district to permit residential use at a density of six units per acre. The Rockefeller Group recently submitted what is known as a General Development Plan (GDP) which is essentially a master plan for the entire build-out of the three tracts of land comprising a total of 124 acres. This GDP envisions a total of 712 residential units of which 160 are single family, 256 are townhouses, and 296 are garden apartment units. Included in the overall count are 143 units for low and moderate income households. As this project is in the early stages, this unit mix and total count may change to some extent. A more definite picture in terms of phasing and unit type/count will emerge in the months ahead as the Township's review process proceeds.

Village Green - The Township has had preliminary discussions with the new owners of Village Green who are interested in adding new buildings for an additional 75 to 90 units. They may move forward on this project in early 2020.

The District's enrollment reported on the Application for State School Aid ("ASSA") in October 2018 was 4,626 students compared to 4,598 students the previous year. Enrollment has been relatively stable with minor fluctuations for the past several years. At the present time, there is adequate capacity within the District to meet the general classroom enrollment projections, both now and in the near future. However, the Board is mindful of the potential impact these housing developments might have on class sizes within the District. As a result, the Board continually monitors the municipal population and housing trends to ensure that sufficient school facilities are available to meet the needs of its student population while keeping class sizes to a minimum.

Student and School District Performance

The Mount Olive Township School District places a high degree of emphasis on student performance as evidenced by the District's exemplary record of standardized test scores. The District uses a wide variety of internal assessment tools and data evaluation programs to determine whether a student exceeds, meets, or does not meet grade level standards. Such tools and programs have enabled students in the Mount Olive School District to score well on standardized test scores, regularly exceeding state and federal averages in nearly every measurable category.

In fact, the Mount Olive School District is one of the best K-12 school systems in the State of New Jersey according to Niche, a website that compiles data to determine the nation's best places to live, work, and learn. In the recently released report, Mount Olive earned an "A" rating and is ranked 38th in the state, ahead of many well-regarded neighboring districts. Nationally, Mount Olive High School was named one of the best high schools in the country by US News & World Report, earning a score of 92%.

Additionally, Mount Olive High School was named to the National AP Honor Roll for the second consecutive year. In the 2018-2019 school year, 657 AP examinations were administered to 306 students in 24 subject areas with seventy-eight percent earning scores of 3 or higher. The final AP scholar report yielded impressive results with a total of 42 AP scholars, 25 AP scholars with honors, 48 AP scholars with distinction, 5 national scholars, 7 AP Capstone diplomas, and 12 AP seminar research certificates.

Three hundred and three students from the class of 2019 took the Scholastic Aptitude Test (SAT), which represents 80% of the class. The District's combined average SAT score was 1157, which is 67 points higher than the state average and 98 points above the national average.

Ninety-two percent of the school's 2019 graduates will be pursuing post-secondary education, with sixty-one percent attending four-year colleges and universities. Seven seniors were recognized as "commended students" in the 2019 National Merit Scholarship Program, with scores ranking in the top 2% in the nation.

Educational Initiatives and Academic Accomplishments

During the 2018-2019 school year, the Board and administration undertook a number of challenging educational initiatives and received recognition for various academic accomplishments. The following is a summary of these initiatives and accomplishments.

Future Ready Schools Certification Program – All six Mount Olive schools were recently recognized for their commitment to instructional technology and were certified as “Future Ready” by Future Ready Schools-New Jersey. FRS-NJ is a partnership of the New Jersey Department of Education, the New Jersey School Boards Association, and the New Jersey Institute of Technology. The organization emphasizes active learning that involves technology and “real-world” problem-solving, school cultures dedicated to collaboration and innovation, and using assessment data to drive educational decisions.

CCM Articulation Agreement – The Mount Olive School District and the County College of Morris reached an agreement on the college’s first dual enrollment program, providing Mount Olive students with the opportunity to take CCM courses and earn college credit. Mount Olive High School teachers, working in close contact with CCM professors, will teach the courses at Mount Olive High School during the regular school day. The program will begin this fall with four courses offered initially: audio engineering, music theory, industrial design, and advanced art.

Rubicon Atlas Program – The District moved its curriculum to the Rubicon Atlas program, the leading curriculum management platform, which provides customized programs for curriculum updating and writing. The platform also facilitates cross-disciplinary collaboration, enabling teachers to collaborate in professional learning communities, and provides extensive reporting and analytics, which will allow teachers and parents to see the standards that their students are working on at any given time.

Blended Learning Programs – The District piloted two blended learning programs during the 2018-2019 school year, Station Temporal Math and Achieve 3000, which provide personalized instruction to students to keep them at the appropriate levels in both English-Language Arts and Math.

Response To Intervention (RTI) Program – In February 2019, the District implemented a Response To Intervention program to assist teachers in helping students who are struggling with a skill or lesson. RTI is a multi-tier approach to the early identification and support of students with learning and behavioral needs. Struggling learners are provided with interventions at increasing levels of intensity to accelerate their rate of learning.

Google for Education – In early 2019, the Mount Olive School District transitioned to Google web based applications. Google for Education gives teachers the freedom to spend more time personalizing the learning experience, and less time managing it. The centerpiece is Google Classroom, a free web service that aims to simplify creating, distributing, and grading assignments in a paperless way. The primary purpose of Google Classroom is to streamline the process of sharing files between teachers and students. Numerous professional development sessions have been conducted by Superintendent Zywicki to help teachers master Google for Education applications and encourage teachers to become certified Google educators.

Standards Based Report Cards – The District implemented a new standards based report card system for grades 1 through 5, beginning in December 2018. The new reporting system allows parents and students to understand more clearly what is expected at each grade level, enabling parents to better guide and support their child’s learning.

Advanced Placement (AP) Incentive Program – Mount Olive High School has dramatically expanded its Advanced Placement (AP) course offerings over the past several years. To further motivate students to enroll in AP courses and to take AP exams, the Board recently approved an AP incentive program. For students who register and pay the College Board fee for one AP exam, the District will pay the registration fee for all additional exams. The measure was largely successful as the number of students taking the exam increased from 288 to 306 and the number of exams administered during the 2018-2019 school year increased from 537 to 657.

Mount Olive Success Academy – The Mount Olive Success Academy is a new program at the elementary and middle school levels, providing students with extra instruction beyond the regular school day. The sessions reinforce skills and state standards in reading, writing, and math. The students receive small group and individualized standards-based instruction before and after school, based on their assessed needs. The sessions are taught by the teachers from student's home school.

WINN Program – A new program initiative at Mountain View Elementary School called WINN (What I Need Now) provides students with personalized instruction that is tailored to meet their individual academic needs. The program provides enrichment and reinforcement to third grade students based on their individual needs and strengths.

Bio-Technology Course – A new bio-technology course offered at Mount Olive High School enables students to learn a variety of laboratory techniques and documentation procedures, as well as how to perform diagnostic and biological processes such as DNA extraction.

Gifted and Talented Vertical Alignment Proposal – The District designed a Gifted and Talented vertical alignment proposal in response to the Department of Education's mandate requiring boards of education to make provisions for an ongoing K-12 identification process for gifted and talented students that includes multiple measures. The school-wide enrichment model matches identified gifted and talented students' individual needs, strengths, and interests from kindergarten through high school.

Education Foundation of the Mount Olive Township School District – In June of 2019, the Board officially approved the establishment of the Education Foundation of the Mount Olive Township School District effective July 1, 2019. The goal of the new education foundation is to support programs that benefit the professional development of educators as well as intervention and enrichment programs for all students.

Marine Advanced Technology Education Team (MATE) – The MATE competition is an annual event that challenges students to apply the physics, math, electronics, and engineering skills they are learning in the classroom to solving problems from the marine workplace. For 2019, the teams constructed vehicles that could inspect and make repairs to a hydroelectric dam, monitor water quality, and mark and recover sunken artifacts. The Mount Olive MATE Team received several recognitions at the 2019 Pennsylvania regional competition in sportsmanship, product demonstration, and engineering presentation. The team also received third place for product design, with an overall second place regional finish, which qualified the team to compete in the international competition in Kingsport, TN where they finished 15th overall. In addition, the team had the opportunity to travel to Bermuda to study the ocean and learn about Bermuda's biodiversity.

Technology Student Association (TSA) – Nineteen Mount Olive Middle School students participated in the school's Technology Student Association competition, receiving top honors while competing at the 2019 State Conference against almost two dozen other New Jersey middle schools. Student projects incorporated all aspects of the District's STEAM program, which showcased the students' knowledge, skills, and research in several fields. The student projects included designing and creating a programmable model of a smart home, used maker bot printers to produce 3-D components for mass produced products, researched advancements in medical technology topics, designed and created their own websites, apps, and video games, and built solar powered cars.

Mount Olive Robotics Team (MORT) – The Mount Olive Robotics Team was ranked #11 out of the 128 teams competing in the Mid-Atlantic robotics competition. The team also qualified for three finalist appearances, which enabled them to qualify for the national competition in Detroit.

Mount Olive Robotics BETA Team – The MORT Beta Team received recognition for winning the Spirit Award, the Imagery Award, and Best in Show for graphic design at the World competition.

Gifted and Talented Student Recognition – A team of Mount Olive Middle School students recently won first place and two other awards in the STEAM Machine competition sponsored by the New Jersey Consortium of Gifted and Talented Programs. The team also won awards for creativity and team work.

National Music Recognition – The Mount Olive School District was named one of the best communities in the nation for music education by the National Association of Music Merchants Foundation in association with the University of Kansas.

International Program – In the summer of 2018, a group of Mount Olive students and coaches participated in a two-week basketball program with Chinese students in China. The trip was completely organized by Edu-Link with minimal cost to the Mount Olive students and provided the students with an exceptional opportunity to experience Chinese culture and sports, to interact with their Chinese counterparts, and to learn about the history of the country.

Emerging Technology Next MIT Conference – Mount Olive School District teachers attended the EmTech Next MIT Technology Conference over the summer of 2018. The workshop focused on the impact that robotics and artificial intelligence has on the work place and on preparing students for the work place. In addition, several applications will be integrated into the middle school and high school curriculum, stressing the need for continuous learning and changing the way that students and educators think.

Other Initiatives/Accomplishments

District Reorganization – In March of 2019, the Board formally adopted a new reorganization plan, which was implemented in May 2019. Included in the plan were several new positions including an Executive Director of Innovation and Personnel Services, an Executive Director of Personalized Learning, a Director of Elementary Education, a Director of Secondary Education, a Director of Social-Emotional Learning and College and Career Readiness, a Director of Student Achievement and Reporting, and a PK-12 Supervisor of Special Education.

New Jersey Quality Single Accountability Continuum (QSAC) Monitoring – In its recent QSAC performance review, the District earned passing scores for instruction and programming, fiscal management, governance, and operations. However, the QSAC evaluation found some non-compliant indicators in the area of personnel, which resulted in a District Improvement Plan. In July, the Board voted to undergo a full QSAC monitoring in the 2019-2020 school year with the expectation that the corrective action taken in the District Improvement Plan will have resolved the personnel issues.

Technology Integration – The District continues to devote significant financial resources to technology integration to provide students with the necessary tools and technical skills to succeed in the future. During the 2018-2019 school year, several projects were completed to further improve the District's technological capabilities. The projects included an upgrade to switches for the Wireless Access points, a 10 GB fiber upgrade for the Chester M. Stephens and Mountain View Elementary Schools, new Smartboards for the art room at Mount Olive Middle School and the high school bio-tech lab, an upgrade to the network storage area, a district-wide internet bandwidth upgrade, an expansion of the disk storage space for the data center, and the replacement of several end-of-life workstations throughout the District. Beginning in the 2019-2020 school year, the District will provide every high school student with their own personal Chromebook to be used throughout their high school career.

Facility Upgrades – The District undertook and completed a number of capital improvements and facilities upgrades in the 2018-2019 school year. The projects included building renovations at Tinc Road Elementary School, the construction of a maker space classroom at Mount Olive Middle School, window replacement at Chester M. Stephens Elementary School, bathroom and corridor renovations at Sandshore Elementary School, the replacement of the ventilator system at Sandshore Elementary School, various classroom upgrades and renovations at Mount Olive High School, a building envelope insulation project at Mount Olive Middle School, and several paving projects at Mount Olive High School.

Security Upgrades – During the 2018-2019 school year, the Mount Olive School District purchased and installed a video surveillance system, a card access system, and an emergency lockdown system for each school building. In addition, the District constructed a security vestibule at Mount Olive High School and purchased a district-wide portable radio communication system that provides direct communication with the Mount Olive Police Department.

Reunification Agreement – The Mount Olive School District established a reunification agreement with the Roxbury Township School District whereby Mount Olive students would be transported to the Roxbury School District in the event of a security threat and the Roxbury School District would be responsible for reuniting the students with their families. The Mount Olive School District would provide reciprocity for the Roxbury School District in a similar circumstance.

Elimination of Schools as Polling Sites – As an additional security precaution, the District worked with Township and County officials to successfully eliminate the use of school buildings as election polling sites.

Improved Communications – In an effort to improve communication between the District and the Mount Olive community, the District launched four social media accounts (Twitter, Facebook, Instagram, and Linked In), introduced an updated and consistent visual identity and logo system, and published a newly integrated district website that includes dynamic multimedia and original content celebrating student and staff success. In addition, each school began publishing a weekly e-newsletter so that parents and parent organizations can be kept abreast of the various school activities.

District Newsletter Award - The District's newsletter "Education Update" recently won two awards from the National Public Relations Association in recognition of its quality writing, photography, and graphic design. The District's newsletter was the only publication in the state to be honored in the *Print Newsletter* category.

Relevant Financial Policies

The District recognizes the importance of sound financial policies and their importance in supporting the school program. The Board employs a policy consultant, Strauss Esmay Associates, LLP to develop customized policy and regulation manuals that are consistent with State and Federal laws and are in compliance with State and Federal monitoring standards. District administration works closely with the Business Committee and the Policy Committee, two subcommittees of the Board, to review and update the financial policies as needed.

Risk Management

The District purchases insurance for all identified risks from the School Alliance Insurance Fund, an insurance pool of New Jersey school districts, which provides property coverage, general liability insurance, auto insurance, workers' compensation, and legal liability insurance. The District is self-insured for medical and prescription insurance claims with supplemental stop-loss insurance limiting the District's total exposure.

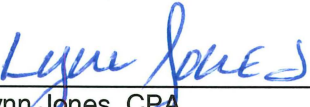
Independent Audit

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ferraioli, Wielkotz, Cerullo & Cuva, P.A. was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The Auditors' Report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The Auditors' Reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

Acknowledgments

We would like to express our appreciation to the members of the Mount Olive Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

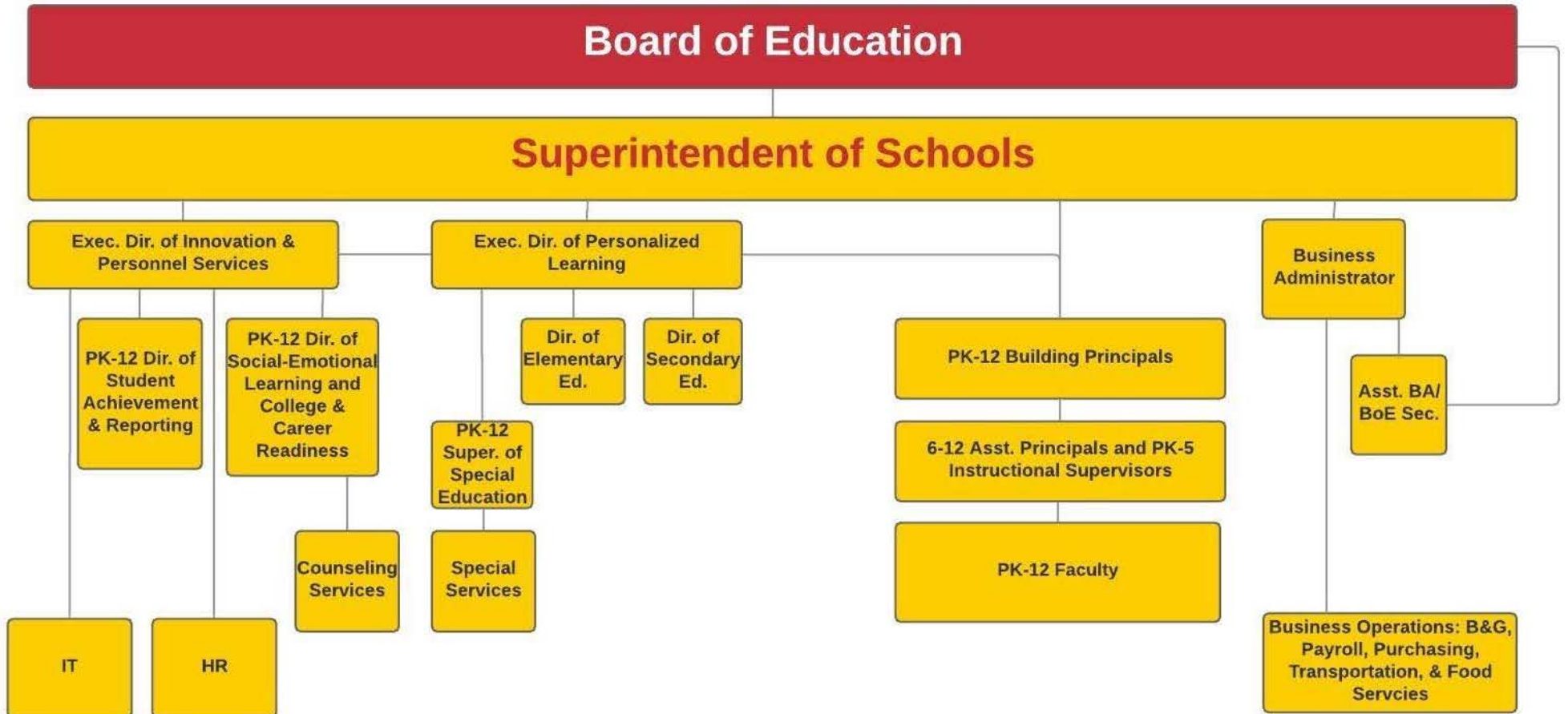


Lynn Jones, CPA
Board Secretary/Asst. Business Administrator



Gail Libby
Business Administrator

**MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
ORGANIZATIONAL CHART
JUNE 30, 2019**



**MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2019**

<u>Members of the Board of Education</u>	<u>Term Expires December 31,</u>
Elizabeth Ouimet, President	2021
Antoine Gayles, Vice-President	2020
Asunta Beardsley	2020
Anthony Giordano	2019
John Kehmna	2021
John Petrie	2020
William Robinson	2019
Brian Schaechter	2019
Anthony Strillacci	2021

Other Officials

Robert R. Zywicki, Ed.D. Superintendent
David Corso, Business Administrator (through June 30, 2019)
Gail Libby, Business Administrator (effective July 1, 2019)
Lynn Jones, CPA, Board Secretary/Assistant Business Administrator
Sherry Kolody, Treasurer of School Monies

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

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Roseland, NJ 07068

Architect/Engineer

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Chester, NJ 07930

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Bordentown, NJ 08505

Risk Management Consultants

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

Brown & Brown Benefit Advisors
7 Regent Street, Suite 708
Livingston, NJ 07039

Health Benefits Broker

Derek A. Daily
Hudson Shore Insurance Consulting Group
141 West Front Street
Red Bank, NJ 07701

Property Management Services

Fairclough Enterprises
265 Sparta Avenue
Sparta, NJ 07871

Official Depositories

Valley National Bank
342 Route 46 West
Budd Lake, NJ 07828

Sussex Bank
15 Trinity Street
Newton, NJ 07860

FINANCIAL SECTION

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Township of Mount Olive School District, in the County of Morris, State of New Jersey, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Honorable President and
Members of the Board of Education
Page 2.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Township of Mount Olive School District, in the County of Morris, State of New Jersey, as of June 30, 2019, 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 2 to the basic financial statements in 2019, the Board adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (an Amendment of GASB Statement No. 45). Our opinions are not modified to this matter.

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, Schedules Related to Accounting and Reporting for Pensions and Schedules Related to Accounting and Reporting for Other Post-Employment Benefits identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental

Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2019 on our consideration of the Township of Mount Olive Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Mount Olive Board of Education's internal control over financial reporting and compliance.



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

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

Newton, New Jersey

November 18, 2019

REQUIRED SUPPLEMENTARY INFORMATION – PART I

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED**

As management of the Mount Olive Township School District (District), we offer readers of the District's financial statements this narrative discussion and analysis (MD&A), which will provide a general overview of the District's financial performance and activities for the fiscal year ended June 30, 2019. While the intent of this MD&A is to examine the District's financial performance as a whole, we encourage readers to review it in conjunction with the transmittal letter and the basic financial statements and notes to enhance their understanding of the District's financial performance. Certain comparative information between the current fiscal year and the prior fiscal year is presented in this MD&A.

Financial Highlights

Key financial highlights for fiscal year 2019 are as follows:

- ❖ Net position at year-end totaled \$27,585,805, which represents an increase of \$4,115,515, or 17.5%, over the prior year net position balance of \$23,470,290.
- ❖ Assets increased by \$595,313. Current assets such as cash and cash equivalents, accounts receivable, and inventory decreased by \$1,891,193 while capital assets such as land, buildings, machinery and equipment increased by \$2,486,506.
- ❖ Liabilities decreased by \$8,072,155. Current liabilities such as accounts payable, unearned revenue, and accrued liabilities increased by \$520,645 while long-term liabilities such as bonds payable, capital leases payable, net pension liability payable, unamortized bond premium, and accrued compensated absences payable decreased by \$8,592,800. The increase in current liabilities is primarily due to the District's accrued liability for insurance claims, which increased by \$570,300 over the prior year. The increase was anticipated as the District completed its second year transition from a traditional health insurance plan to a self-insured plan. The decrease in long-term liabilities was primarily due to a decrease in the District's net pension liability for PERS employees totaling \$4,280,248 and the principal retirement of debt related to bonds and capital leases totaling \$4,543,994.
- ❖ Deferred outflows of resources decreased by \$2,164,617 while deferred inflows of resources increased by \$2,387,336. These fluctuations are attributable to differences between expected and actual experience, changes of assumptions, changes in proportion, and the net difference between projected and actual investment earnings on pension plan investments.
- ❖ General revenues such as property taxes, unrestricted federal and state aid, investment earnings, and miscellaneous income amounted to \$83,187,657, which represents 70.6% of total revenue. The largest source of revenue for the District continues to be locally assessed property taxes, which comprised 85% of general revenues and 60% of total revenues. Program specific revenues in the form of charges for services and grants and contributions totaled \$34,611,413, the remaining 29.4% of total revenue. Overall, total revenues decreased \$4,024,321, or 3.3% over the prior year. The decrease in revenues is attributable to a decrease in the amount of revenue allocated to the District by the State of New Jersey for TPAF pension and postemployment benefits.
- ❖ Expenses totaled \$113,683,387. Of this amount, only \$34,611,413 was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes, unrestricted state and federal aid, investment earnings, and miscellaneous income) of \$83,187,657 were sufficient to provide for the balance of governmental expenses. Overall, expenses decreased \$4,179,433, or 3.5% over the prior year. Again, the decrease in expenses is attributable to a decrease in the expense amount allocated to the District by the State of New Jersey for TPAF pension and postemployment benefits.

Overview of the Financial Statements

The Comprehensive Annual Financial Report (CAFR) consists of this MD&A, a series of basic financial statements, and required supplementary information. The CAFR is organized so that the reader can understand the Mount Olive Township School District as a financial whole, an entire operating entity. The District's basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. The required supplementary information contains data that further explains and supports the financial statements, including a comparison of the District's budget for the fiscal year.

1) District-wide financial statements

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

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

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

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

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

- **Governmental activities** – All of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- **Business-Type activities** – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The operations of the food service program, the District's summer programs, and the building rental account are reported as business-type activities.

2) Fund financial statements

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

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

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

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

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

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

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost of providing goods or services are financed or recovered primarily through user charges. The District uses enterprise funds to account for revenues and expenses pertaining to the District’s food service operations, the District’s summer programs, and the rental of Building #2 at the administrative complex. Enterprise funds are presented as business-type activities in the government-wide financial statements.

Internal service funds are used to account for goods or services that are provided to other funds of the District. The District operates an internal service fund for its self-insurance activities. The internal service fund has been included within governmental activities in the government-wide financial statements.

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

3) Notes to the Basic Financial Statements

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

District-wide Financial Analysis

The District’s financial position is the product of various financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. Table 1 provides a summary of the School District’s net position at June 30, 2019 and June 30, 2018.

**Table 1
Net Position**

	2019	2018
Assets		
Current and Other Assets	\$13,101,977	\$14,993,170
Capital Assets	82,394,432	79,907,926
Total Assets	95,496,409	94,901,096
Deferred Outflows of Resources	7,460,011	9,624,628
Liabilities		
Current Liabilities	4,898,267	4,377,622
Long-Term Liabilities	61,167,212	69,760,012
Total Liabilities	66,065,479	74,137,634
Deferred Inflows of Resources	9,305,136	6,917,800
Net Position		
Invested in Capital Assets, Net of Related Debt	50,433,043	43,863,867
Restricted	2,159,376	5,512,261
Unrestricted/(Deficit)	(25,006,614)	(25,905,838)
Total Net Position	\$27,585,805	\$23,470,290

A significant portion of the District's combined net position reflects the District's investment in capital assets (e.g., land, buildings and improvements, furniture and equipment) less any related outstanding debt that was used to acquire those assets. At June 30, 2019 the District's investment in capital assets, net of depreciation, amounted to \$82,394,432 while the District's outstanding debt and debt related charges amounted to \$31,961,389, resulting in a net investment in capital assets of \$50,433,043.

A portion of the District's combined net position represents resources that are subject to external restrictions. The restricted net position balance of \$2,159,376 has been earmarked for the following purposes:

- \$1,917,985 is restricted for capital projects. This amount represents funds set aside in the capital reserve account to fund future capital projects.
- \$244 is restricted to pay future debt service obligations.
- \$241,147 is restricted to finance subsequent year's expenditures. This figure represents current and prior year excess surplus amounts which must be appropriated and included as anticipated revenue in future budgets. The full amount has been appropriated and included as anticipated revenue in the General Fund budget for the fiscal year ending June 30, 2020.

The remaining unrestricted deficit balance of \$25,006,614 represents the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. It represents the residual product of various transactions, including the net results of activities. The deficit balance is due to transactions related to the net pension liability for PERS employees, which reduced net position by \$30,061,484 for the 2019 fiscal year. However, this does not indicate that the District is facing financial difficulties as evidenced by the District's increase in net position the past two years. Table 2 provides a summary of this increase for the fiscal years ended June 30, 2019 and June 30, 2018.

**Table 2
Changes in Net Position**

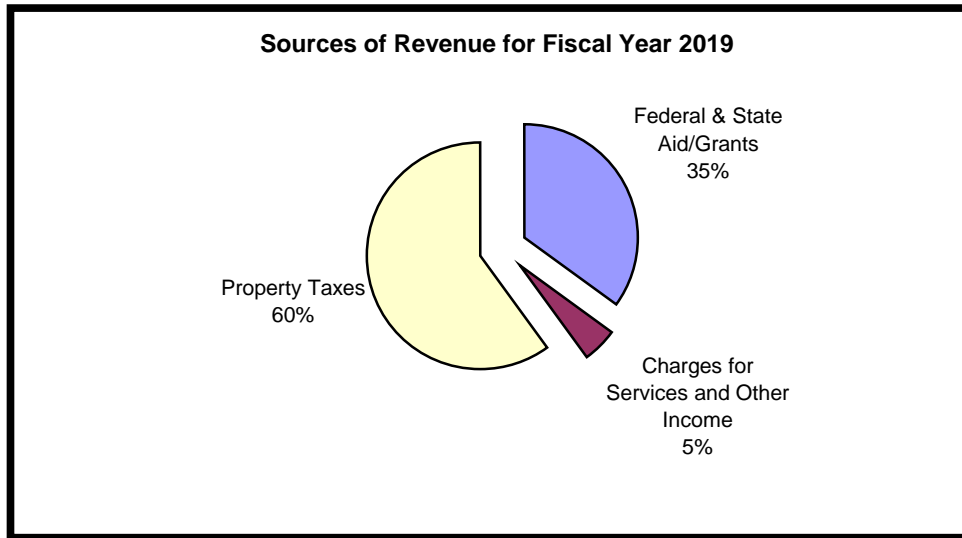
	2019	2018
Revenues		
Program Revenues:		
Charges for services	\$5,229,767	\$5,144,879
Grants and contributions	29,381,646	34,879,099
General revenues:		
Property taxes	70,825,401	69,509,061
Grants and entitlements	11,852,906	11,893,389
Other	509,350	396,963
Total Revenues	117,799,070	121,823,391
Program Expenses		
Instruction	58,995,265	61,923,271
Support Services:		
Pupils and instructional staff	18,487,996	18,614,679
General administration, school administration, business and other support services	10,440,194	10,881,300
Plant operations and maintenance	16,646,590	17,006,640
Pupil transportation	6,609,150	6,813,857
Interest and other debt related charges	1,004,189	1,101,186
Food service operations	1,056,425	1,058,506
Other	443,578	463,381
Total Program Expenses	113,683,387	117,862,820
Extraordinary and Special Items		
Net revaluation, sale and/or disposal of capital assets	(168)	37,239
Increase in Net Position	\$4,115,515	\$3,997,810

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

- The principal retirement of debt related to bonds and capital leases totaling \$4,543,994.
- Investments in capital assets exceeded depreciation on capital assets by \$2,486,674.
- The issuance of new debt in the form of a capital lease in the amount of \$698,127.

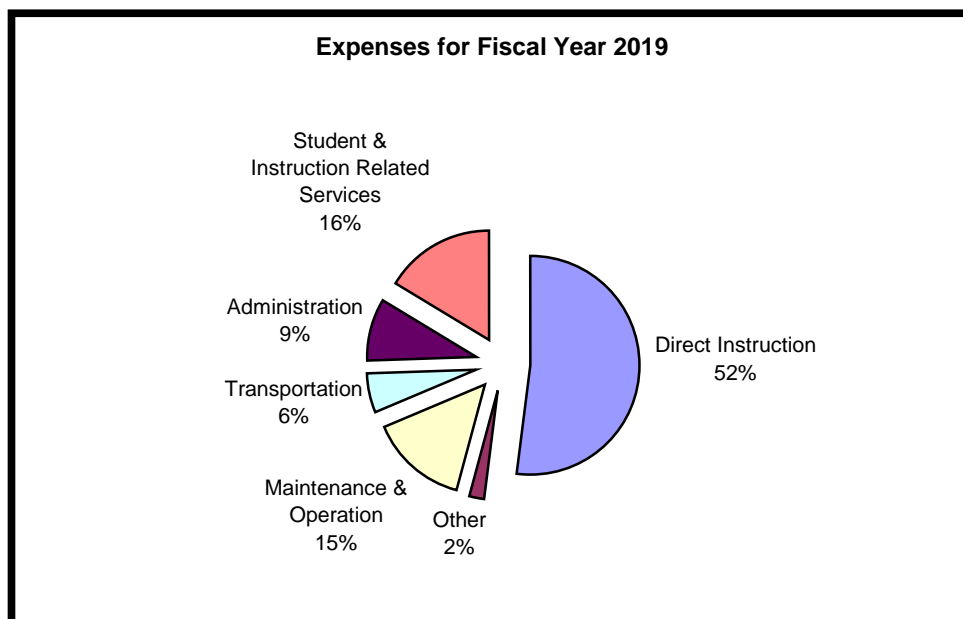
Revenues

Property taxes made up 60% of total revenue for the Mount Olive Township School District for the fiscal year 2019. Federal, state, and local aid and grants accounted for 35% of revenue. The remaining 5% of revenue was derived from charges for services and other revenue, such as tuition income, transportation fees, interest earnings, and miscellaneous income. The following chart illustrates the sources of revenue for the fiscal year 2019:



Expenses

The total cost of all programs and services was \$113,683,387. Direct instruction and instruction related services comprised 68% of the District's total expenses. The following chart illustrates the District's expenses for the fiscal year 2019:



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

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

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

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

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

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

Financial Analysis of the District's Funds

Governmental Funds

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

- ❖ In the General Fund, revenues and other financing sources totaled \$98,551,603 and expenditures and other financing uses totaled \$101,375,500, resulting in a net decrease in fund balance of \$2,823,897. The decrease in fund balance is primarily attributable to the District's large investment in capital outlay. During the 2019 fiscal year, the District transferred \$1,144,992 into the equipment account to fund unbudgeted equipment, machinery, and vehicle purchases and \$2,396,823 into the construction services account to fund unanticipated facility improvements and capital projects.
- ❖ In the General Fund, the year-end fund balance amounted to \$9,033,622. Of this amount, \$1,917,985 has been restricted for capital reserve, \$241,147 has been restricted as excess surplus, which has been appropriated and included as anticipated revenue in the 2019-2020 budget, \$2,119,074 is committed for specific purposes approved by the Board, \$3,028,402 is assigned for subsequent year's expenditures; and \$277,295 is assigned for year-end encumbrances. The remaining balance of \$1,449,719 is unassigned and is below the maximum undesignated/unreserved (2%) fund balance of \$1,875,079 (\$3,447,182 less the final state aid payment of \$1,572,103 which is not recognized for GAAP purposes.)
- ❖ In the Special Revenue Fund, both revenues and expenditures totaled \$1,345,930 resulting in a year-end fund balance of \$0. A zero fund balance is customary in the Special Revenue Fund as grant revenues are recognized only to the extent of grant expenditures.
- ❖ In the Capital Projects Fund, other financing sources totaled \$2,900,901 and expenditures and other financing uses totaled \$2,900,901, resulting in a year-end fund balance of \$0. All of the District's budgeted capital projects were completed within one year. A zero fund balance is customary when there are no uncompleted capital projects at year-end.
- ❖ In the Debt Service Fund, revenues totaled \$4,761,574 and expenditures totaled \$4,767,825, resulting in a net decrease in fund balance of \$6,251. The year-end fund balance amounted to \$244, which has been appropriated and included as anticipated revenue in the 2020 Debt Service budget.

Enterprise Funds

The District maintains five enterprise funds to account for all revenues and expenses pertaining to the District's food service operations, the District's summer programs, and the rental of Building #2 at the administrative complex. The following is a summary of the financial activities of the individual funds:

- ❖ In the Food Service Fund, revenues totaled \$1,121,764 and expenses totaled \$1,056,425, resulting in an increase in net position of \$65,339. Charges for services, which represent amounts paid by patrons for meals, amounted to 69% of total revenue. Non-operating revenues, which include state and federal subsidies, interest earnings, and miscellaneous income accounted for the remaining 31% of total revenue. Personnel costs, including payroll taxes and employee benefits, and cost of sales accounted for 86% of operating expenses. The ending net position at June 30, 2019 amounted to \$447,088. Of this amount, \$216,579 reflects the Fund's investment in capital assets and \$230,509 is unrestricted. The Board employs an outside food service management company to oversee its food service operations.
- ❖ Overall, revenues from summer programs totaled \$234,126 and expenses totaled \$169,715, resulting in a net income of \$64,411. The STEAM Camp and Capstone Summer Camp were both profitable; however, the Summer School program sustained a net loss of \$3,078 and had to be subsidized by the General Fund in order to maintain a positive net position. As a result, the District is exploring ways to make their Summer School program more profitable including, but not limited to, an increase in tuition.
- ❖ The property rental account is used to account for the revenues and expenses related to the rental of commercial office space in Building #2 of the administrative office complex located at 227 US Route 206 in Flanders NJ. Rental income and interest earnings amounted to \$375,687, representing 100% of total revenue. Operating expenses, such as building management fees, depreciation, real estate taxes, utilities, interest, and maintenance and repairs amounted to \$222,219, thereby resulting in an increase in net position of \$153,468 for the 2019 fiscal year. The ending net position at June 30, 2019 amounted to \$536,232. Of this amount, \$365,572 reflects the Fund's investment in capital assets and \$170,660 is unrestricted. The Board employs Fairclough Realtors of Sparta, NJ to oversee the property rental account.

Internal Service Fund

The District utilizes the internal service fund to account for its self-insurance activities. The following is a summary of the financial activities of the fund:

- ❖ Operating revenues, which are comprised of health benefit contributions from the General Fund and the District's employees, amounted to \$13,563,307 for the 2019 fiscal year. Expenses, which are comprised of insurance claims, excess liability insurance premiums, administrative fees, and state surcharges amounted to \$13,241,976, resulting in an operating income of \$321,331 and an ending net position of \$507,215.
- ❖ Based on budgeted premiums, the 2018-2019 plan year produced a net positive experience of \$1,538,734, resulting in a refund of \$285,289 to District employees.

Analysis of Governmental Fund Activity – Comparison to Prior Year

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the governmental fund revenues for the fiscal year ended June 30, 2019 and the amount and percentage of increase/(decrease) in relation to prior year revenues.

Revenue	Amount	Percent of Total	Increase (Decrease) from 2018	Percentage Increase (Decrease)
Local Sources	\$72,590,033	69.83%	\$1,499,808	2.11%
State Sources	29,943,014	28.81%	2,022,053	7.24%
Federal Sources	1,417,197	1.36%	483	0.03%
	<u>\$103,950,244</u>	<u>100.00%</u>	<u>\$3,522,344</u>	<u>3.51%</u>

The increase in *local sources* is largely attributable to an increase in the local tax levy. The local tax levy increased \$1,316,340, which represents a 2% rise over the prior year levy - the maximum growth rate permitted by current legislation without voter approval. Revenue from other local sources increased \$183,468.

The increase in *state sources* is primarily attributable to an increase in state on-behalf pension, post-retirement medical benefits, long term disability insurance premiums, and social security contributions. The District's contributions for these items are legally required to be funded by the State of New Jersey; however, the District is required to record an expense and corresponding revenue in the financial statements. The increase in state on-behalf payments totaled \$1,331,933, which accounted for nearly two-thirds of the increase in state sources.

The increase in *federal sources* is attributable to an increase in revenues recognized for federally funded grant programs.

The following schedule presents a summary of the governmental fund expenditures for the fiscal year ended June 30, 2019 and the amount and percentage of increase in relation to prior year expenditures.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2018</u>	<u>Percentage Increase (Decrease)</u>
Current:				
Distributed Expenditures-Instruction	\$33,973,673	31.61%	\$1,417,898	4.36%
Undistributed Expenditures	61,274,456	57.02%	3,195,145	5.50%
Capital Outlay	7,449,565	6.93%	(1,798,634)	-19.45%
Debt Service	4,767,825	4.44%	12,955	0.27%
	<u>\$107,465,519</u>	<u>100.00%</u>	<u>\$2,827,364</u>	<u>2.70%</u>

Distributed Expenditures-Instruction includes all activities associated with the instructional programs including regular and special education, basic skills and remedial instruction, bilingual education, before and after school programs, and school sponsored co-curricular and athletic programs. More than half of the increase in distributed expenditures is attributable to an increase in instructional salaries, which totaled \$758,907. Like most service entities, salaries comprise the vast majority of the District's expenses. Salary increases are the result of negotiated pay rates, coupled with the need for additional instructional staff to meet the demands of the educational program and students with special needs.

Undistributed Expenditures includes all support activities that facilitate and enhance the instructional programs including out-of-district tuition, attendance and social work services, health services, guidance services, educational media/library services, instructional staff training services, curriculum development services, and other student related and extraordinary services such as speech, physical therapy, occupational therapy, and services provided by child study team members. This category also includes all school and general administrative services, custodial and maintenance services, and pupil transportation services. The increase in undistributed expenditures is largely attributable to an increase in employee benefits, including payments made by the State of New Jersey on behalf of the Board. This increase, which totaled \$2,550,000 accounted for 80% of the total increase in undistributed expenditures.

Capital Outlay includes machinery and equipment purchases greater than \$2,000, facilities acquisition and construction services, and assets acquired under capital leases. During the 2019 fiscal year, machinery and equipment purchases increased \$1,333,671, facilities acquisition and construction services decreased \$1,430,432 and capital leases decreased \$1,701,873. Capital outlay expenditures can vary significantly from year to year based on the District's facility needs. While the overall total decreased from the prior year, the significant amount invested in capital outlay reflects the District's continued commitment to improve its facilities, to upgrade its fleet of vehicles, to replace obsolete machinery and equipment, and to provide enhanced technology to its students.

Debt Service includes all of the District's bonded debt and loan obligations. The District's debt service requirements are driven by the amount of annual maturities and the corresponding interest payments for each debt obligation. In the 2019 fiscal year, the District's principal payments increased by \$140,000 while associated interest payments decreased by \$127,045.

General Fund Budgeting Highlights

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

Statements showing the District's original and final budget compared with actual operating results are provided in this CAFR beginning on page 75 for the General Fund. The District's actual year-end results were significantly better than had been projected, as conservative budgetary practices are customary.

The following points highlight key areas of the 2018-2019 General Fund budget:

- On-behalf TPAF pension, post-retirement medical benefits, long term disability insurance premiums, and social security contributions ("on-behalf payments") are not required to be included in the original budget; however, these items are reflected as revenue and expenditures in the financial statements in accordance with GASB Statement No. 24 paragraphs 7 through 13.
- Excluding on-behalf payments, revenues exceeded budgeted estimates by \$2,223,947, or 2.6% of anticipated revenues. Nearly 74% of the excess is attributable to extraordinary aid, which exceeded the budgeted amount by \$1,643,582. Extraordinary aid is state aid for special education students whose individual program costs exceed certain monetary levels established by the state. This aid is not fully budgeted since the amount the state will fund is unknown at the time the budget is prepared. In recognition of this, the state allows extraordinary aid to be excluded from the excess surplus calculation and to be appropriated in the subsequent year's budget without prior approval from the Executive County Superintendent.
- Tuition income is derived from the K-Excel program, the international education partnership with Edu-Link, and tuition received from individuals and other school districts located within New Jersey for educating students that reside within the paying district. Tuition is budgeted based on the number of projected incoming students at the time the budget is prepared. In the 2019 fiscal year tuition income exceeded budgeted estimates by \$309,903.
- Interest income is budgeted based on historical cash balances and existing interest rates. For the 2019 fiscal year, rising interest rates produced interest income in excess of budgeted estimates by \$165,946.
- Transportation fees are derived from transportation jointures with surrounding school districts, fees paid by students for transportation on school field trips, and from fees charged to the Township Recreation Department and the Mount Olive Child Care and Learning Center for special transportation needs. In the 2019 fiscal year, budgeted estimates exceeded the amount of actual transportation fees collected by \$1,034.
- Miscellaneous income includes revenue collected for book fines, parking permit fees, facilities usage, prior year refunds, Sunset Academy fees, and other unanticipated revenues. Miscellaneous income can fluctuate dramatically from year to year, based on the uncertain nature of these receipts. In the 2019 fiscal year, actual revenues exceeded budgeted estimates by \$55,981.
- Excluding capital leases and state on-behalf payments, unexpended budget appropriations totaled \$3,509,269, or 3.9% of the final budget. Of this amount, \$2,119,074 has been reserved for encumbrances, which will be expended in the subsequent fiscal year. The percentage of unexpended budget appropriations falls to 1.6% when taking into account the amount reserved for encumbrances.
- The 2019 budget was adopted based on existing and known factors at the time the budget was prepared. Accordingly, the District amended its General Fund budget as needed, based on the actual results of operations. Throughout the course of the year, the Board approved line item transfers whenever a line item was in danger of falling into a deficit balance. Balances remaining in under-expended line items were sufficient to cover those line items requiring additional funds. Line item transfers, which on a cumulative basis exceed 10 percent of the amount included in the original budget, require the approval of the Executive County Superintendent as well as the Board. During the 2018-19 school year, the Board sought County authorization to exceed the 10 percent transfer limit six times. Two transfers were approved to reclassify expenses budgeted as equipment and maintenance to capital projects. Four transfers were approved to reallocate funds from the maintenance and health benefits accounts to the capital outlay budget to fund renovations to the life skills classroom at Mt. Olive High School, additional casework at Tinc Road Elementary School, the construction of a security vestibule at Mt. Olive High School, building envelope insulation at Mt. Olive Middle School, window replacement at Chester M. Stephens Elementary School, and bathroom, corridor, and ventilator system renovations at Sandshore Elementary School.

Capital Assets

The capitalization threshold used by school districts in the State of New Jersey is \$2,000. Acclaim Inventory LLC conducts an annual inventory of the District's capital assets. At June 30, 2019, the District had \$82,394,432 invested in land, site improvements, buildings, furniture, machinery and equipment. The following table illustrates the District's investment in capital assets, net of depreciation.

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

	2019	2018
Land	\$ 2,028,259	\$ 2,028,259
Site and site improvements	6,968,214	7,218,811
Building and building improvements	64,718,887	64,254,391
Furniture, equipment and machinery	8,679,072	6,406,465
Total Capital Assets	\$ 82,394,432	\$ 79,907,926

Overall, the District invested \$7,490,823 in capital assets for the fiscal year 2019. Of this amount, \$223,277 was invested in site and site improvements, \$3,983,182 was invested in building and building improvements, and \$3,284,364 was invested in furniture, equipment, and machinery. Depreciation expense for the current fiscal year totaled \$5,004,149. The physical inventory performed by Acclaim Inventory LLC resulted in a net revaluation adjustment of \$168.

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

Debt Administration

At June 30, 2019, the District had \$61,167,212 in long-term outstanding debt, of which \$6,528,352 is due within one year. The following table illustrates the District's outstanding debt at June 30, 2019 and June 30, 2018.

**Table 4
Outstanding Debt**

	2019	2018
Outstanding Bonds, Loans and Notes		
2011 Refunding Bonds - ERIP Liability	\$ 410,000	\$ 605,000
2012 Refunding Bonds - High School Additions and Renovations	1,225,000	2,490,000
2014 Refunding Bonds - Mt. Olive Middle School/District Expansion	9,060,000	11,085,000
2016 Refunding Bonds - High School Additions and Renovations	7,430,000	7,430,000
2016 Refunding Bonds - High School Additions and Renovations	7,985,000	7,985,000
Other Noncurrent Liabilities		
Capital Leases Payable	2,999,462	3,209,081
Building Lease Payable	1,237,500	1,388,748
Net Pension Liability	25,992,349	30,272,597
Unamortized Bond Issuance Premium	2,933,313	3,542,737
Accrued Compensated Absences Payable	1,894,588	1,751,849
Total Long-term Outstanding Debt	\$ 61,167,212	\$ 69,760,012

State statutes limit the amount of bonded debt a school district may issue. As a result, the Mount Olive School District's debt is limited to 4% of the average equalized valuation of taxable property. The current debt limitation for the Mount Olive School District is \$108,422,909, resulting in an available borrowing margin of \$82,312,909 at June 30, 2019.

At June 30, 2019 the District had no authorized but unissued debt.

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

Factors Bearing on the District's Future

Like most school districts in New Jersey, the District's primary sources of funding are property tax revenue and state aid. State aid comprised 18% of the District's original 2019 operating budget while local property taxes accounted for 74% of budgeted revenue. As a result, the financial well-being of the District is tied in large measure to the actions of the state legislature. Current legislation restricts the growth rate on local property taxes to 2%. However, the law does allow for an increase in the 2% limitation, if needed, provided that it is approved by the voters. Significant cuts in state funding and/or further restrictions on the growth rate of the local property tax levy could have a substantial impact on the District's programs and services.

The School District resides in a primarily residential community with support from varied commercial and retail property. The Township's population has steadily increased over the past 10 years, while student enrollment has remained relatively stable. However, there are several major housing developments at various stages of completion that could impact student enrollment. At the present time, there is adequate capacity within the District to meet the general classroom enrollment projections, both now and in the near future. However, the Board is mindful of the potential impact these housing developments might have on the enrollment of individual schools within the District. As a result, the Board continually monitors the municipal population and housing trends to ensure that sufficient school facilities are available to meet the needs of its student population while keeping class sizes to a minimum.

Increased expenditures from inflationary pressures, the growing cost of employee health care, increases in contributions to the retirement system, and mandated special education costs present an enormous challenge for the District's administration. Thus far, the 2% increase in local tax revenue and modest increases in state aid, coupled with the District's stringent budgetary measures, have been sufficient to allow the District to maintain its existing programs and services. Nevertheless, the District's administration continues to closely monitor the cost of operations and to search for new funding sources in order to maintain the quality educational services that the Mount Olive School District is accustomed to providing.

The District employs three separate bargaining units: the Education Association of Mt. Olive ("EAMO"), the International Brotherhood of Teamsters Local 97 ("Teamsters"), and the Mt. Olive Administrators and Supervisors Association. All labor agreements are currently settled through 2020. Each bargaining unit agreement has a significant impact on the District's future operating budgets as salaries and benefits comprise more than three-quarters of the District's operating budget.

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

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. Two statements make up the district-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide information about the financial activities of the whole District, except for fiduciary activities, and present both an aggregate view and a longer-term view of the school district's finances. The statements include all assets and liabilities using the accrual basis of accounting, which takes into account all of the current year's revenues and expenses regardless of when cash is received or paid. Eliminations have been made to minimize the double-counting of internal activities. The statements distinguish between the governmental and business-type activities of the District.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 6,588,397	\$ 556,043	\$ 7,144,440
Receivables, net	3,889,516	133,310	4,022,826
Internal balances	(29,202)	29,202	-
Inventory	-	11,538	11,538
Restricted assets:			
Cash and cash equivalents	244	4,944	5,188
Capital reserve account - cash	1,917,985	-	1,917,985
Capital assets, non-depreciable	1,377,059	651,200	2,028,259
Capital assets, depreciable, net	79,197,722	1,168,451	80,366,173
Total Assets	<u>92,941,721</u>	<u>2,554,688</u>	<u>95,496,409</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on defeasance of debt	937,068	-	937,068
Deferred amounts related to PERS pension liability	6,522,943	-	6,522,943
Total Deferred Outflows of Resources	<u>7,460,011</u>	<u>-</u>	<u>7,460,011</u>
LIABILITIES			
Current liabilities:			
Accounts payable	2,663,933	59,110	2,723,043
Unearned revenue	39,300	111,048	150,348
Escrow deposits payable	-	4,944	4,944
Accrued interest payable	547,685	62,679	610,364
Accrued liability for insurance claims	1,409,568	-	1,409,568
Noncurrent liabilities:			
Due within one year	6,434,366	93,986	6,528,352
Due beyond one year	53,495,346	1,143,514	54,638,860
Total Liabilities	<u>64,590,198</u>	<u>1,475,281</u>	<u>66,065,479</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to PERS pension liability	9,305,136	-	9,305,136
Total Deferred Inflows of Resources	<u>9,305,136</u>	<u>-</u>	<u>9,305,136</u>
NET POSITION			
Net investment in capital assets	49,850,892	582,151	50,433,043
Restricted for:			
Capital projects	1,917,985	-	1,917,985
Debt service	244	-	244
Excess surplus	241,147	-	241,147
Unrestricted/(Deficit)	(25,503,870)	497,256	(25,006,614)
Total Net Position	<u>\$ 26,506,398</u>	<u>\$ 1,079,407</u>	<u>\$ 27,585,805</u>

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
Instruction:							
Regular programs	\$ 41,862,042	\$ 1,237,545	\$ 11,591,516	\$ -	\$ (29,032,981)	\$ -	\$ (29,032,981)
Special education programs	12,331,915	801,226	6,545,568	-	(4,985,121)	-	(4,985,121)
Other instructional programs	2,158,086	50,989	836,399	-	(1,270,698)	-	(1,270,698)
School sponsored programs	2,643,222	347,111	190,979	-	(2,105,132)	-	(2,105,132)
Support services:							
Tuition	2,675,303	-	1,847,082	-	(828,221)	-	(828,221)
Student & instruction related services	15,812,693	391,082	3,871,521	-	(11,550,090)	-	(11,550,090)
School administrative services	6,309,349	171,823	1,562,519	-	(4,575,007)	-	(4,575,007)
Other administrative services	4,130,845	81,543	331,229	-	(3,718,073)	-	(3,718,073)
Plant operations and maintenance	16,646,590	603,763	484,065	-	(15,558,762)	-	(15,558,762)
Pupil transportation	6,609,150	168,485	1,268,860	-	(5,171,805)	-	(5,171,805)
Unallocated depreciation	51,644	-	-	-	(51,644)	-	(51,644)
Interest and other debt related charges	1,004,189	-	516,671	-	(487,518)	-	(487,518)
Total governmental activities	112,235,028	3,853,567	29,046,409	-	(79,335,052)	-	(79,335,052)
Business-type activities:							
Food service	1,056,425	771,618	335,237	-	-	50,430	50,430
Summer programs	169,715	230,897	-	-	-	61,182	61,182
Property rentals	222,219	373,685	-	-	-	151,466	151,466
Total business-type activities	1,448,359	1,376,200	335,237	-	-	263,078	263,078
Total primary government	\$ 113,683,387	\$ 5,229,767	\$ 29,381,646	\$ -	\$ (79,335,052)	\$ 263,078	\$ (79,071,974)
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					\$ 66,580,498	\$ -	\$ 66,580,498
Taxes levied for debt service					4,244,903	-	4,244,903
Federal and State aid not restricted					11,852,906	-	11,852,906
Investment earnings					363,145	10,991	374,136
Miscellaneous income					126,065	9,149	135,214
Extraordinary item - appraisor adjustment to capital assets					(168)	-	(168)
Transfers					(13,000)	13,000	-
Total general revenues, special items, extraordinary items and transfers					83,154,349	33,140	83,187,489
Change in Net Position					3,819,297	296,218	4,115,515
Net Position - Beginning					22,687,101	783,189	23,470,290
Net Position - Ending					\$ 26,506,398	\$ 1,079,407	\$ 27,585,805

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

FUND FINANCIAL STATEMENTS

The fund financial statements and schedules present more detailed information for the individual funds in a format that segregates information by fund type.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
ASSETS					
Cash and cash equivalents	\$5,283,296	\$ -	\$ -	\$ -	\$ 5,283,296
Restricted cash and cash equivalents	1,917,985	-	-	244	1,918,229
Due from other funds	207,432	-	-	-	207,432
Receivables from other governments	2,200,876	326,019	-	-	2,526,895
Other accounts receivable	87,743	-	-	-	87,743
Total assets	<u>\$9,697,332</u>	<u>\$ 326,019</u>	<u>\$ -</u>	<u>\$ 244</u>	<u>\$10,023,595</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 595,208	\$ 131,638	\$ -	\$ -	\$ 726,846
Due to other funds	29,202	194,381	-	-	223,583
Unearned revenue	39,300	-	-	-	39,300
Total liabilities	<u>663,710</u>	<u>326,019</u>	<u>-</u>	<u>-</u>	<u>989,729</u>
Fund balances:					
Restricted for:					
Capital reserve	1,917,985	-	-	-	1,917,985
Excess surplus - subsequent year expenditures	241,147	-	-	-	241,147
Debt service	-	-	-	244	244
Committed to:					
Other purposes	2,119,074	-	-	-	2,119,074
Assigned to:					
Unreserved - subsequent year expenditures	3,028,402	-	-	-	3,028,402
Other purposes	277,295	-	-	-	277,295
Unassigned	1,449,719	-	-	-	1,449,719
Total fund balances	<u>9,033,622</u>	<u>-</u>	<u>-</u>	<u>244</u>	<u>9,033,866</u>
Total liabilities and fund balances	<u>\$9,697,332</u>	<u>\$ 326,019</u>	<u>\$ -</u>	<u>\$ 244</u>	<u>\$10,023,595</u>

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
WITH THE STATEMENT OF NET POSITION
JUNE 30, 2019

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

Total fund balances - governmental funds	\$ 9,033,866	
The activities of the District's self-insurance fund are reported in the internal service fund. In the statement of net position the assets and liabilities of the internal service fund are included with governmental activities.		
		507,215
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.		
Cost of capital assets	\$ 148,687,018	
Accumulated depreciation	<u>(68,112,237)</u>	
		80,574,781
Bond premiums are reported in the governmental funds as other financing sources in the year the bonds are issued, but are capitalized in the statement of net position.		
Bond premium	(5,543,443)	
Accumulated amortization	<u>2,610,130</u>	
		(2,933,313)
Refunding bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balances. In the government-wide statements, refunding bond proceeds are reduced by the principal defeased and the balance is recorded as deferred interest, which is amortized over the life of the bonds.		
Deferred loss on defeasance of debt	1,793,009	
Accumulated amortization	<u>(855,941)</u>	
		937,068
Amounts related to the net pension liability for PERS employees are not reported in the governmental funds. However, in the government-wide statements, the net pension liability is reported as a noncurrent liability due beyond one year and the related inflows and outflows are deferred and amortized in the statement of net position.		
Net pension liability	(25,992,349)	
Deferred outflows of resources related to PERS pension liability	6,522,943	
Deferred inflows of resources related to PERS pension liability	<u>(9,305,136)</u>	
		(28,774,542)
The subsequent pension contribution is reported in the governmental funds as an expenditure in the year paid. In the government-wide statements, the subsequent pension contribution is recorded as an accounts payable.		
		(1,286,942)
Long-term liabilities and the corresponding interest accruals are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. (See Note 9) Liabilities at year end consist of:		
Bonds payable	(26,110,000)	
Capital leases payable	(2,999,462)	
Accrued interest on bonds, notes, and capital leases	(547,685)	
Accrued compensated absences	<u>(1,894,588)</u>	
		(31,551,735)
Net position of governmental activities		<u><u>\$ 26,506,398</u></u>

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
REVENUES					
Local sources:					
Local tax levy	\$ 66,580,498	\$ -	\$ -	\$ 4,244,903	\$ 70,825,401
Tuition charges	903,878	-	-	-	903,878
Transportation fees	21,466	-	-	-	21,466
Interest on investments	308,993	-	-	-	308,993
Interest earned on capital reserve funds	36,953	-	-	-	36,953
Miscellaneous	490,981	2,361	-	-	493,342
Total - Local Sources	68,342,769	2,361	-	4,244,903	72,590,033
State sources	29,426,343	-	-	516,671	29,943,014
Federal sources	73,628	1,343,569	-	-	1,417,197
Total revenues	97,842,740	1,345,930	-	4,761,574	103,950,244
EXPENDITURES					
Current:					
Regular instruction	23,417,259	13,379	-	-	23,430,638
Special education instruction	6,491,410	554,375	-	-	7,045,785
Other instructional programs	1,017,819	205,583	-	-	1,223,402
School sponsored programs	2,273,848	-	-	-	2,273,848
Support services and undistributed costs:					
Tuition and transfers to charter schools	2,675,303	-	-	-	2,675,303
Student & instruction related services	9,069,415	434,879	-	-	9,504,294
School administrative services	3,562,762	-	-	-	3,562,762
Other administrative services	2,973,865	-	-	-	2,973,865
Plant operations and maintenance	9,975,241	500	-	-	9,975,741
Pupil transportation	4,993,707	-	-	-	4,993,707
Unallocated employee benefits	27,455,806	132,978	-	-	27,588,784
Capital outlay	4,555,164	4,236	2,890,165	-	7,449,565
Debt service:					
Principal	-	-	-	3,485,000	3,485,000
Interest and other charges	-	-	-	1,282,825	1,282,825
Total expenditures	98,461,599	1,345,930	2,890,165	4,767,825	107,465,519
Excess (Deficiency) of revenues over (under) expenditures	(618,859)	-	(2,890,165)	(6,251)	(3,515,275)
OTHER FINANCING SOURCES (USES)					
Capital Leases (non-budgeted)	698,127	-	-	-	698,127
Operating Transfers:					
Transfers in	10,736	-	2,900,901	-	2,911,637
Transfers out	(2,913,901)	-	(10,736)	-	(2,924,637)
Total other financing sources and uses	(2,205,038)	-	2,890,165	-	685,127
Net change in fund balances	(2,823,897)	-	-	(6,251)	(2,830,148)
Fund balance—July 1	11,857,519	-	-	6,495	11,864,014
Fund balance—June 30	\$ 9,033,622	\$ -	\$ -	\$ 244	\$ 9,033,866

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

Total net change in fund balances - governmental funds (from B-2)		\$ (2,830,148)
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The activities of the District's self-insurance fund are reported in the internal service fund. In the statement of activities the revenues and expenses of the internal service fund are included with governmental activities.		338,530
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Capital outlays are reported in the governmental funds as expenditures in the year purchased. However, in the statement of activities, the cost of capital assets is capitalized and allocated over their estimated useful lives as depreciation expense.

Capital outlays	\$ 7,321,324	
Depreciation expense	(4,975,987)	
(Net) Appraiser adjustment to capital assets	<u>(168)</u>	
		2,345,169

In the governmental funds, capital leases are reported as other financing sources and lease payments are reported as expenditures in the year paid. In the district-wide statements, capital leases are reported as noncurrent liabilities and lease payments are recorded as a reduction to the liability.

Capital leases	(698,127)	
Lease payments	<u>907,746</u>	
		209,619

Repayment of debt service principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		3,485,000
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Bond premiums are reported in the governmental funds as other financing sources in the year the bonds are issued. However, in the district-wide statements, bond premiums are amortized and expensed over the life of the bonds.		609,424
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Refunding bond proceeds are reported as other financing sources in the governmental funds and thus contribute to the change in fund balances. In the district-wide statements, refunding bond proceeds are reduced by the principal defeased and the balance is recorded as deferred interest, which is amortized over the life of the bonds.		(194,530)
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In the governmental funds, interest on long term debt and capital leases is reported when due. In the statement of activities, interest is accrued, regardless of when due.		44,926
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The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

Change in net pension liability	4,280,248	
Change in deferred outflows of resources related to PERS pension liability	(1,938,866)	
Change in deferred inflows of resources related to PERS pension liability	<u>(2,387,336)</u>	(45,954)

Per GASB Statement No. 68 non-employer contributing entities are required to record a revenue and a corresponding expense for on-behalf TPAF pension payments paid by the State of New Jersey on the statement of activities that are in excess of those amounts reported in the fund financial statements.

Increase in state revenues for on-behalf TPAF pension payments	5,507,979	
Increase in on-behalf TPAF pension expense	<u>(5,507,979)</u>	-

Per GASB Statement No. 75 non-employer contributing entities are required to record a revenue and a corresponding expense for on-behalf other post-employment benefits (OPEB) paid by the State of New Jersey on the statement of activities that are in excess of those amounts reported in the fund financial statements.

Increase in state revenues for on-behalf OPEB payments	4,028,764	
Increase in on-behalf OPEB expense	<u>(4,028,764)</u>	-

In the governmental funds, compensated absences are reported as expenditures in the year paid. In the statement of activities, compensated absences are measured by the amounts earned during the year. When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

		<u>(142,739)</u>
Change in net position of governmental activities		<u><u>\$ 3,819,297</u></u>

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2019

	Business-type Activities - Enterprise Funds			Major Fund Internal Service Fund
	Non-Major Funds	Major Fund	Total Enterprise Funds	Self Insurance Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 315,918	\$ 240,125	\$ 556,043	\$ 1,305,101
Restricted cash and cash equivalents	-	4,944	4,944	-
Due from other funds	29,202	-	29,202	-
Intergovernmental accounts receivable	56,215	-	56,215	-
Other accounts receivable	76,875	220	77,095	1,261,827
Inventories	11,538	-	11,538	-
Total current assets	<u>489,748</u>	<u>245,289</u>	<u>735,037</u>	<u>2,566,928</u>
Noncurrent assets:				
Capital assets	617,793	1,700,000	2,317,793	-
Less accumulated depreciation	401,214	96,928	498,142	-
Total noncurrent assets	<u>216,579</u>	<u>1,603,072</u>	<u>1,819,651</u>	<u>-</u>
Total assets	<u>706,327</u>	<u>1,848,361</u>	<u>2,554,688</u>	<u>2,566,928</u>
LIABILITIES				
Current liabilities:				
Accounts payable	59,110	-	59,110	650,145
Unearned revenue	104,042	7,006	111,048	-
Escrow deposits payable	-	4,944	4,944	-
Accrued interest payable	-	62,679	62,679	-
Interfund payable	-	-	-	-
Accrued liability for insurance claims	-	-	-	1,409,568
Noncurrent liabilities:				
Due within one year	-	93,986	93,986	-
Due beyond one year	-	1,143,514	1,143,514	-
Total liabilities	<u>163,152</u>	<u>1,312,129</u>	<u>1,475,281</u>	<u>2,059,713</u>
NET POSITION				
Invested in capital assets, net of related debt	216,579	365,572	582,151	-
Unrestricted	326,596	170,660	497,256	507,215
Total net position	<u>\$ 543,175</u>	<u>\$ 536,232</u>	<u>\$ 1,079,407</u>	<u>\$ 507,215</u>

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-type Activities - Enterprise Funds			Internal Service Fund
	Non-Major Funds	Major Fund	Total Enterprise Funds	Self Insurance Fund
OPERATING REVENUES:				
Daily sales - reimbursable programs	\$ 418,602	\$ -	\$ 418,602	\$ -
Daily sales - non-reimbursable programs	353,016	-	353,016	-
Rental income	-	373,685	373,685	-
Tuition	230,897	-	230,897	-
Charges for services	-	-	-	13,563,307
Total operating revenues	<u>1,002,515</u>	<u>373,685</u>	<u>1,376,200</u>	<u>13,563,307</u>
OPERATING EXPENSES:				
Salaries and other personnel costs	488,366	-	488,366	-
Payroll taxes and employee benefits	98,840	-	98,840	-
Management fees	46,800	12,000	58,800	-
Cost of sales - reimbursable programs	298,364	-	298,364	-
Cost of sales - non-reimbursable programs	143,258	-	143,258	-
Supplies and materials	95,837	-	95,837	-
Depreciation	7,186	20,976	28,162	-
Maintenance and repairs	17,979	33,422	51,401	-
Real estate taxes	-	51,296	51,296	-
Utilities	-	40,877	40,877	-
Interest expense	5,755	62,679	68,434	-
Other objects	23,755	969	24,724	-
Insurance claims	-	-	-	11,248,687
Excess liability insurance premiums	-	-	-	1,438,225
Administrative fees	-	-	-	518,651
State surcharge	-	-	-	36,413
Total operating expenses	<u>1,226,140</u>	<u>222,219</u>	<u>1,448,359</u>	<u>13,241,976</u>
OPERATING INCOME (LOSS)	<u>(223,625)</u>	<u>151,466</u>	<u>(72,159)</u>	<u>321,331</u>
NON-OPERATING REVENUES:				
State sources:				
State school lunch program	8,882	-	8,882	-
Federal sources:				
School breakfast program	27,328	-	27,328	-
National school lunch program	236,437	-	236,437	-
After school snack program	451	-	451	-
Special milk program	1,009	-	1,009	-
Food donation program	61,130	-	61,130	-
Interest income	10,991	-	10,991	17,199
Other Income	7,147	2,002	9,149	-
Total nonoperating revenues	<u>353,375</u>	<u>2,002</u>	<u>355,377</u>	<u>17,199</u>
NET INCOME (LOSS)	129,750	153,468	283,218	338,530
OTHER FINANCING SOURCES:				
Transfer from General Fund	13,000	-	13,000	-
Change in net position	142,750	153,468	296,218	338,530
Total net position - beginning	<u>400,425</u>	<u>382,764</u>	<u>783,189</u>	<u>168,685</u>
Total net position - ending	<u>\$ 543,175</u>	<u>\$ 536,232</u>	<u>\$ 1,079,407</u>	<u>\$ 507,215</u>

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-type Activities - Enterprise Funds			Major Fund Internal Service Fund
	Non-Major Funds	Major Fund	Total Enterprise Funds	Self Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 941,821	\$ 393,057	\$ 1,334,878	\$ 13,338,304
Payments for employees and employee benefits	(593,773)	-	(593,773)	(11,845,880)
Payments to suppliers for goods and services	(563,741)	(153,472)	(717,213)	(1,747,843)
Net cash used in operating activities	<u>(215,693)</u>	<u>239,585</u>	<u>23,892</u>	<u>(255,419)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
State sources	6,879	-	6,879	-
Federal sources	203,828	-	203,828	-
Operating subsidies and transfers to/from other funds	13,000	-	13,000	-
Other non-operating income	1,670	2,002	3,672	-
Net cash provided by non-capital financing activities	<u>225,377</u>	<u>2,002</u>	<u>227,379</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	-	(217,845)	(217,845)	-
Purchase of capital assets	(169,499)	-	(169,499)	-
Net cash used for capital and related financing activities	<u>(169,499)</u>	<u>(217,845)</u>	<u>(387,344)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	11,720	-	11,720	17,199
Net increase (decrease) in cash and cash equivalents	(148,095)	23,742	(124,353)	(238,220)
Cash and cash equivalents - beginning of year	464,013	216,383	680,396	1,543,321
Cash and cash equivalents - end of year	<u>\$ 315,918</u>	<u>\$ 240,125</u>	<u>\$ 556,043</u>	<u>\$ 1,305,101</u>
Reconciliation of operating loss to net cash used in operating activities:				
Operating loss	\$ (223,625)	\$ 151,466	\$ (72,159)	\$ 321,331
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation and interest expense	7,186	83,655	90,841	-
Food donation program	61,130	-	61,130	-
(Increase) decrease in accounts receivable, net	(67,724)	8,780	(58,944)	(1,167,493)
(Increase) decrease in inventories	1,577	-	1,577	-
Increase (decrease) in accounts payable, net	(1,267)	-	(1,267)	95,248
Increase (decrease) in interfund payable, net	-	-	-	(74,805)
Increase (decrease) in accrued liability	-	-	-	570,300
Increase (decrease) in deferred revenue	7,030	(4,316)	2,714	-
Total adjustments	<u>7,932</u>	<u>88,119</u>	<u>96,051</u>	<u>(576,750)</u>
Net cash used in operating activities	<u>\$ (215,693)</u>	<u>\$ 239,585</u>	<u>\$ 23,892</u>	<u>\$ (255,419)</u>

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	Unemployment Compensation Insurance Trust	Flexible Spending Account Trust	Agency Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 369,697	\$ 33,130	\$ 907,405
Interfund receivable	-	-	-
Accounts receivable	-	-	37,672
Total assets	<u>369,697</u>	<u>33,130</u>	<u>945,077</u>
LIABILITIES			
Accounts payable	20,953	-	11,657
Payroll deductions and withholdings	-	-	501,482
Interfund payable	-	-	13,051
Due to student groups	-	-	418,887
Total liabilities	<u>20,953</u>	<u>-</u>	<u>945,077</u>
NET POSITION			
Held in trust for unemployment claims	348,744	-	-
Held in trust for medical and dependent care claims	-	33,130	-
TOTAL NET POSITION	<u>\$ 348,744</u>	<u>\$ 33,130</u>	<u>\$ -</u>

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Unemployment Compensation Insurance Trust	Flexible Spending Account Trust
ADDITIONS:		
Contributions:		
Plan members	\$ 144,405	\$ 89,178
Total contributions	<u>144,405</u>	<u>89,178</u>
Investment earnings:		
Interest	8,646	598
Total investment earnings	<u>8,646</u>	<u>598</u>
Total additions	<u>153,051</u>	<u>89,776</u>
DEDUCTIONS:		
Quarterly contribution reports	60,806	-
Unemployment claims	81,228	-
Qualified medical and dependent care claims	-	84,539
Service charges	-	2,814
Total deductions	<u>142,034</u>	<u>87,353</u>
Change in net position	11,017	2,423
Net position-beginning of the year	<u>337,727</u>	<u>30,707</u>
Net position-end of the year	<u>\$ 348,744</u>	<u>\$ 33,130</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Basis of Presentation:

The Board's basic financial statements consist of District-wide Financial Statements, including a statement of net position and a statement of activities, and Fund Financial Statements which provide a more detailed level of financial information.

District-Wide Financial Statements:

The *statement of net position* and the *statement of activities* present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

A. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey school districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

Governmental Fund Types

The focus of Governmental Fund measurement is upon determination of financial position and changes in financial position, (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the Governmental Funds of the District:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by the NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expenses by Board resolution.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

A. Basis of Presentation: (Cont'd)

Governmental Fund Types (Cont'd)

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus the Special Revenue Fund is used to account for the proceeds of specific revenue from state and federal governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Proprietary Fund Types

Proprietary Funds are used to account for activities that are similar to business operations in the private sector. There are two categories of Proprietary Funds -- Enterprise Funds and Internal Service Funds. The following is a description of the Proprietary Funds of the District:

Enterprise Fund: The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services on a continuing basis are financed or recovered primarily through user charges. The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's food service operations, its summer programs, and building rentals. The building rental account is considered a major fund of the District.

Internal Service Fund: The Internal Service Fund is utilized to finance, administer and account for activities that provide goods and/or services to other departments or agencies on a cost-reimbursement basis. GASB Statement No. 10 permits school districts to use an Internal Service Fund to account for risk financing activities, such as self-insurance funds. Accordingly, the District uses the Internal Service Fund to account for its self-insurance activities and is considered a major fund of the District.

Fiduciary Funds

The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, the Payroll Agency Fund, the Flexible Spending Account Trust Fund, and the Unemployment Compensation Insurance Trust Fund.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

B. Measurement Focus and Basis of Accounting:

Measurement focus and basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized when measurable and available and expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and capital leases and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. With this measurement focus, only current assets and current liabilities are included on the balance sheet. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year.

Like the district-wide financial statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus and the accrual basis of accounting in which revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as revenue. All assets and liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net position presents increases and decreases in total net position. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

Due to the differences in the measurement focus and basis of accounting used on the district-wide statements and the governmental fund financial statements, the basic financial statements contain a full reconciliation of these items on Schedules B-1a and B-3.

C. Budgets/Budgetary Control:

An annual appropriated budget is prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budget is submitted to the County Office for approval by the Executive County Superintendent before it is formally adopted by the Board of Education. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund, as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments and transfers must be approved by the Board of Education. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget, which have been adjusted for legally authorized revisions of the annual budget during the fiscal year.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of those instances described in the succeeding paragraphs. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

The General Fund budgetary revenue differs from GAAP revenue due to the difference in revenue recognition of the final two state aid payments. These payments, which are recognized as revenue for budgeting purposes, must be excluded from revenue on the GAAP financial statements since the State records the payments in the subsequent fiscal year. N.J.S.A. 18A:22-44.2 provides that, in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year.

However, for intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the final two state aid payments in the subsequent fiscal year, school districts cannot recognize this revenue on the GAAP financial statements until the year the State records the payable.

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

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to the difference in revenue recognition of grant funds awarded by the New Jersey Schools Development Authority (SDA). On the budgetary basis, SDA grants are recognized in full when the grant is awarded. On the GAAP financial statements, SDA funds are recognized as they are expended and requested for reimbursement.

GASB 34 requires a reconciliation of inflows and outflows from the budgetary comparison schedules to the GAAP basis funds statements. The reconciliation between budgetary inflows and outflows and GAAP revenues and expenditures is detailed on Schedule C-3 in the required supplementary information section of this report.

D. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

D. Cash and Cash Equivalents and Investments: (Cont'd)

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

N.J.S.A. 17:9-41 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 depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Government Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

E. Interfund Transactions:

On the fund financial statements, receivables and payables resulting from interfund transactions are classified as "Due to/from Other Funds" when there is an expectation of repayment. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in the governmental funds and after non-operating revenue/expenses in the Enterprise Fund.

On the district-wide financial statements, interfund balances between governmental funds are eliminated in the statement of net position and the net residual amounts due between governmental and business-type activities is presented as internal balances.

F. Encumbrances:

Under encumbrance accounting, purchase orders, contracts and/or other commitments that are issued in the current year that will be honored in the subsequent year are considered reservations of fund balance in order to reserve a portion of the applicable appropriation. Open encumbrances do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, other than the Special Revenue Fund, are reported as restricted, committed, and/or assigned fund balances at fiscal year-end, depending on their level of restriction. The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount at the end of the current fiscal year.

Open encumbrances in the Special Revenue Fund for which the district has received advances are reflected in the balance sheet as unearned revenue at fiscal year-end.

G. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed over the twelve-month fiscal year; however, salaries may be accrued at year-end for unsettled employment contracts. At June 30, 2019 the District had no unsettled employment contracts.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (Continued)

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

H. Capital Assets:

The capitalization threshold used by school districts in the State of New Jersey is \$2,000. In the district-wide financial statements, all capital assets, with the exception of land, are recorded at original cost and are depreciated over the estimated useful life of the asset. Land has been recorded at the estimated historical cost at the time the land was acquired and is not depreciated. Donated capital assets are valued at their estimated fair market value on the date received. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the asset's currently capitalized cost.

Depreciation is computed using the straight-line method in accordance with the following schedule of useful lives:

	Estimated Useful Life
Buildings and building improvements	25-50 years
Tools and machinery	10-15 years
Vehicles	10 years
Public safety and security related equipment	10-20 years
Recreational and fine arts equipment	12-15 years
Office equipment	7-10 years
Furnishings	10-20 years
Computer hardware	5 years
Kitchen equipment	12 years
Laboratory, scientific and medical apparatus	10 years
Audiovisual and communications equipment	7-10 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental funds upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

I. Long Term Liabilities:

In the district-wide and enterprise fund statements of net position, long-term debt and other long-term obligations, such as accrued compensated absences and net pension liability, are reported as liabilities in the applicable governmental or business-type activities. Bond discounts and deferred interest on refunding bonds are reported as deferred charges and are amortized over the term of the related debt using the straight-line method of amortization. Premiums received on debt issuances are reported as current liabilities and are expensed over the term of the related debt using the straight-line method of amortization. In the fund financial statements, transactions related to new bond issues are reported as other financing sources or uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures in the year incurred.

J. Unearned Revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Unearned revenue in the general and enterprise funds represents cash which has been received but not yet earned, such as tuition and facility rental fees. Unearned revenue in the special revenue fund represents grants and entitlement funds received before the eligibility requirements have been met.

K. Allowance for Uncollectible Accounts:

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

L. Inventories:

Inventories are presented at cost, which approximates market, using the first-in, first-out ("FIFO") method and are expensed when used. Inventories of proprietary funds consist of food and goods held for resale, including supplies, and are expensed when used.

M. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted personal days and vacation and sick leave in varying amounts in accordance with the District's employment contracts. Upon termination, resignation or retirement employees are paid for accrued vacation. Unused sick leave benefits begin vesting after 15 years of continuous service with the District for employees covered under the EAMO contract and 10 years of service for employees covered by the Administrators' contract. Accumulated sick leave is paid out at fixed maximum amounts in accordance with the appropriate employment contract.

In the district-wide Statement of Net Position, compensated absences are reported as liabilities and are broken down between those that are due within one year and those payable beyond one year.

N. Revenue - Exchange and Nonexchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified-accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes, tuition, unrestricted grants, and interest.

O. Prepaid Items:

Payments made to vendors for services that will benefit future periods are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which the services are consumed.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (Continued)

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

P. Fund Balance Restrictions, Commitments, and Assignments:

The District reports its fund balance classifications in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The *restricted* fund balance category includes amounts constrained for specific purposes as stipulated by external parties, constitutional provision, or enabling legislation. At June 30, 2019 the District had restricted fund balances of \$1,917,985 for capital projects, \$244 for future debt service payments, and \$241,147 for excess surplus, which will be appropriated and included as anticipated revenue in future operating budgets.

The *committed* fund balance classification includes amounts that can be used only for specific purposes as determined by formal action of the District's highest level of decision-making authority. The Board of Education has the authority to formally commit resources for specific purposes through a formal motion or resolution that is passed by a majority of the members of the Board of Education at a public meeting. Such process must also be used to remove or change the commitment of resources. At June 30, 2019 the District had committed resources totaling \$2,119,074 for the following purposes:

<u>Purpose</u>	<u>Amount</u>
Window Replacement – Chester M. Stephens Elementary School	\$328,500
Bathroom Renovations – Sandshore Elementary School	402,500
Corridor Renovations – Sandshore Elementary School	383,750
Ventilator System – Sandshore Elementary School	513,692
Security Cameras – All Schools	100,782
Security Card Access System – All Schools	210,792
Lockdown Emergency System – All Schools	179,058
	<u>\$2,119,074</u>

Amounts in the *assigned* fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. At June 30, 2019 the District had assigned resources for outstanding encumbrances totaling \$277,295 and for amounts designated for subsequent year's expenditures totaling \$3,028,402.

Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. At June 30, 2019 the District had unassigned resources totaling \$1,449,719. In funds other than the General Fund, the unassigned classification would be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

Q. Calculation of Excess Surplus:

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C. 73 (S1701), the designation for Restricted Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). The law limits the maximum unassigned fund balance which regular districts may have at year end to 2 percent of adjusted General Fund expenditures. The amount in excess of the 2 percent limitation must be restricted and appropriated and included as anticipated revenue in a subsequent year's budget. At June 30, 2019 the District had fund balance restricted for excess surplus in the amount of \$241,147. This amount has been appropriated and included as anticipated revenue in the 2019-2020 budget. The excess surplus calculation is included in the Auditor's Management Report (AMR).

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

R. Net Position:

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* defines net position as the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. At June 30, 2019, the District had \$937,068 in deferred outflows of resources for deferred loss on defeasance of debt arising from the issuance of refunding bonds and \$6,522,943 for deferred amounts related to the PERS pension liability. A deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period. At June 30, 2019, the District had \$9,305,136 in deferred inflows of resources for the deferred amounts related to the PERS pension liability.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

S. Operating Revenue and Expenses:

Operating revenue are those revenue that are generated directly from the primary activity of the Enterprise Fund. For the District, these revenue are sales from food service operations and tuition for the community school and summer school programs. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

T. Extraordinary and Special Items:

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence.

U. Allocation of Indirect Expenses:

Expenses that can be directly attributable to a specific function are reported by function in the Statement of Activities. Indirect expenses, which are not clearly identifiable with a function, are allocated to functions where practicable. Employee benefits and depreciation expense are two examples of indirect expenses. Employee benefits that cannot be directly attributable to a specific function, such as social security, pension contributions, workers compensation, and medical and dental benefits are allocated based on the salaries of that function. Depreciation expense on capital assets purchased after July 1, 2002 is allocated by function. However, depreciation expense on capital assets purchased prior to July 1, 2002 is unallocated and is reported as unallocated depreciation on the Statement of Activities.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

V. Accounting and Financial Reporting for Pensions:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires state or local government employers (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. Deferred outflows and inflows of resources are recognized for differences between expected and actual experience, changes of assumptions, the net difference between projected and actual investment earnings on pension plan investments, changes in proportion, and differences between employer contributions and proportionate share of contributions.

Note 12 provides a full description of the pension plans offered by the District along with the related accounting and financial data.

W. Recent Accounting Pronouncements:

During fiscal year 2019, the District adopted the following GASB Statements:

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement*. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities.

GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

W. Recent Accounting Pronouncements: (Cont'd)

GASB Statement No. 89, Accounting for Interest Cost Incurred Before the end of a Construction. The objectives of this Statement is to (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 31, 2018.

GASB Statement No. 91, Conduit Debt Obligations. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement is effective for reporting periods beginning after December 15, 2020.

X. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Y. Deficit Net Position:

At June 30, 2019, the District has a deficit in unrestricted net position of \$25,503,870 in governmental activities. The deficit is directly attributable to the District's allocated share of the net pension liability for PERS employees, which totaled \$25,992,349 at year-end. The deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit, and

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

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

Permissible Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (7) Agreements for the repurchase of fully collateralized securities, provided they meet the following criteria detailed in the statute:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

As of June 30, 2019, cash and cash equivalents of the District consisted entirely of amounts deposited in interest bearing checking, savings, and money market accounts as follows:

	Carrying Amount	Bank Balance
Governmental Funds - Unrestricted	\$5,283,296	\$5,855,736
Governmental Funds - Restricted	1,918,229	1,918,229
Proprietary Funds - Unrestricted	1,861,144	1,859,301
Proprietary Funds - Restricted	4,944	4,944
Agency Funds	907,405	1,024,739
Trust Funds	402,827	408,216
	\$10,377,845	\$11,071,165

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by resolution of the Board of Education during the 1998-99 fiscal year to provide for the accumulation of funds for capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual General Fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve account for the 2019 fiscal year is as follows:

Beginning balance, July 1, 2018		\$4,249,136
Increased by:		
Additional increase authorized by Board resolution	\$500,000	
Funds returned from unexpended project balance	10,736	
Interest earnings	36,953	
		547,689
		4,796,825
Decreased by:		
Budgeted withdrawal from capital reserve		2,878,840
Ending balance, June 30, 2019		\$1,917,985

The LRFP balance of local support costs of uncompleted capital projects at June 30, 2019 is \$14,639,000.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (Continued)

NOTE 5. RECEIVABLES

Receivables at June 30, 2019 consisted of state and federal aid receivable, intergovernmental accounts receivable, interfund accounts receivable, and other accounts receivable. No allowance for uncollectible accounts has been recorded as all receivables are considered collectible in full. The following is a summary of the principal receivable items.

State aid receivable	\$ 2,014,420
Federal grants receivable	380,420
Intergovernmental accounts receivable	188,270
Interfund accounts receivable	13,051
Other accounts receivable	<u>1,426,665</u>
Total receivables	<u>\$ 4,022,826</u>

A detailed schedule of state aid and federal grants receivable can be found on Schedules K-3 and K-4 of this report.

NOTE 6. INTERFUND BALANCES AND TRANSFERS

The District had the following interfund balances on the various balance sheets at June 30, 2019:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$207,432	\$29,202
Special Revenue Fund		194,381
Enterprise Fund	29,202	
Fiduciary Fund		<u>13,051</u>
	<u>\$236,634</u>	<u>\$236,634</u>

The interfund balance between the General Fund and the Special Revenue Fund is comprised of funds advanced to cover deficit cash balances while awaiting the collection of federal grant reimbursements. The interfund balance between the General Fund and the Enterprise Fund is comprised of state and federal subsidies not yet transferred at year-end. The interfund balance between the General Fund and the Fiduciary Fund is comprised of interest earnings and COBRA administration fees not yet transferred at year-end. All interfund transfers are expected to be repaid within one year.

During the fiscal year, the District made the following interfund transfers to and from the General Fund:

Transfer from Capital Reserve to Capital Projects Fund for local share of capital projects	(\$2,878,840)
Transfer from Capital Outlay to Capital Projects Fund for local share of capital projects	(22,061)
Transfer from General Fund to Enterprise Fund for deficit account balances	(13,000)
Transfer from Capital Projects Fund to Capital Reserve for unexpended project balances	<u>10,736</u>
Net Transfers to/(from) General Fund	<u>(\$2,903,165)</u>

NOTE 7. INVENTORIES

Inventory in the Food Service Fund at June 30, 2019 consisted of the following:

Food	\$ 7,009
Non-Food Items	<u>4,529</u>
	<u>\$ 11,538</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Act of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(continued)

NOTE 8. CAPITAL ASSETS

The District appointed Acclaim Inventory LLC to conduct a physical inventory of its capital assets as of June 30, 2019. The following schedule details the district's capital asset activity for the year ended June 30, 2019:

	Beginning Balance	Additions	Adjustments	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,377,059	\$ -	\$ -	\$ 1,377,059
Total capital assets not being depreciated	<u>1,377,059</u>	<u>-</u>	<u>-</u>	<u>1,377,059</u>
Capital assets being depreciated:				
Site and site improvements	10,999,867	223,277	-	11,223,144
Building and building improvements	115,805,330	3,983,182	-	119,788,512
Machinery and equipment	13,194,778	3,114,865	(11,340)	16,298,303
Total capital assets being depreciated	<u>139,999,975</u>	<u>7,321,324</u>	<u>(11,340)</u>	<u>147,309,959</u>
Governmental activities capital assets	<u>141,377,034</u>	<u>7,321,324</u>	<u>(11,340)</u>	<u>148,687,018</u>
Less accumulated depreciation for:				
Site and site improvements	(3,781,056)	(473,874)	-	(4,254,930)
Building and improvements	(52,523,787)	(3,497,710)	-	(56,021,497)
Machinery and equipment	(6,842,579)	(1,004,403)	11,172	(7,835,810)
Total accumulated depreciation	<u>(63,147,422)</u>	<u>(4,975,987)</u>	<u>11,172</u>	<u>(68,112,237)</u>
Government activities capital assets, net	<u>\$ 78,229,612</u>	<u>\$ 2,345,337</u>	<u>\$ (168)</u>	<u>\$ 80,574,781</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 651,200	\$ -	\$ -	\$ 651,200
Total capital assets not being depreciated	<u>651,200</u>	<u>-</u>	<u>-</u>	<u>651,200</u>
Capital assets being depreciated:				
Building and building improvements	1,048,800	-	-	1,048,800
Machinery and equipment	448,294	169,499	-	617,793
Total capital assets being depreciated	<u>1,497,094</u>	<u>169,499</u>	<u>-</u>	<u>1,666,593</u>
Business-type activities capital assets	<u>2,148,294</u>	<u>169,499</u>	<u>-</u>	<u>2,317,793</u>
Less accumulated depreciation for:				
Building and improvements	(75,952)	(20,976)	-	(96,928)
Machinery and equipment	(394,028)	(7,186)	-	(401,214)
Total accumulated depreciation	<u>(469,980)</u>	<u>(28,162)</u>	<u>-</u>	<u>(498,142)</u>
Business-type activities capital assets, net	<u>\$ 1,678,314</u>	<u>\$ 141,337</u>	<u>\$ -</u>	<u>\$ 1,819,651</u>

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(continued)

NOTE 8. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular programs – instruction	\$ 134,398
Student and instruction related services	229,604
School administrative services	4,870
Other administrative services	98,266
Plant operations and maintenance	4,143,858
Pupil transportation	305,558
School sponsored co-curricular activities	7,789
Unallocated depreciation	<u>51,644</u>
 Total depreciation expense	 <u>\$ 4,975,987</u>

NOTE 9. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2019 the following changes occurred in long-term obligations reported in the district-wide financial statements:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Serial bonds payable	\$ 29,595,000	\$ -	\$ 3,485,000	\$ 26,110,000
Capital leases payable	3,209,081	698,127	907,746	2,999,462
Unamortized bond issuance premium	3,542,737	-	609,424	2,933,313
Net pension liability	30,272,597		4,280,248	25,992,349
Compensated absences payable	1,751,849	259,611	116,872	1,894,588
Total governmental activities	<u>68,371,264</u>	<u>957,738</u>	<u>9,399,290</u>	<u>59,929,712</u>
Business-type activities:				
Building lease payable	<u>1,388,748</u>	<u>-</u>	<u>151,248</u>	<u>1,237,500</u>
Total long-term liabilities	<u>\$ 69,760,012</u>	<u>\$ 957,738</u>	<u>\$ 9,550,538</u>	<u>\$ 61,167,212</u>

	Amounts Due Within One Year	Amounts Due Beyond One Year	Total
Governmental activities:			
Serial bonds payable	\$ 3,540,000	\$ 22,570,000	\$ 26,110,000
Capital leases payable	952,905	2,046,557	2,999,462
Unamortized bond issuance premium	528,516	2,404,797	2,933,313
Net pension liability	1,286,942	24,705,407	25,992,349
Compensated absences payable	126,003	1,768,585	1,894,588
Total governmental activities	<u>6,434,366</u>	<u>53,495,346</u>	<u>59,929,712</u>
Business-type activities:			
Building lease payable	<u>93,986</u>	<u>1,143,514</u>	<u>1,237,500</u>
Total long-term liabilities	<u>\$ 6,528,352</u>	<u>\$ 54,638,860</u>	<u>\$ 61,167,212</u>

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(continued)

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

Serial Bonds Payable:

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

Bonds payable at June 30, 2019 are comprised of the following issues:

<u>Purpose</u>	<u>Issue Date</u>	<u>Original Amount Issued</u>	<u>Interest Rates</u>	<u>Date of Maturity</u>	<u>Principal Balance at June 30, 2019</u>
Middle School Construction	10/29/2014	\$16,740,000	3.00-5.00%	1/15/2023	\$9,060,000
Early Retirement Incentive	12/20/2011	1,535,000	2.61-3.48%	2/01/2021	410,000
High School Addition	05/31/2012	6,175,000	3.00-4.00%	7/15/2019	1,225,000
High School Addition	04/20/2016	7,540,000	3.00-5.00%	7/15/2029	7,430,000
High School Addition	04/20/2016	8,095,000	3.00-5.00%	7/15/2025	7,985,000
					<u>\$26,110,000</u>

Bond Obligations:

Debt service requirements on serial bonds payable at June 30, 2019 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
		\$	
2020	\$ 3,540,000	1,146,068	\$ 4,686,068
2021	3,720,000	1,004,208	4,724,208
2022	3,660,000	855,400	4,515,400
2023	3,835,000	684,950	4,519,950
2024	1,455,000	506,250	1,961,250
2025	1,515,000	439,275	1,954,275
2026	1,395,000	366,525	1,761,525
2027	1,640,000	290,650	1,930,650
2028	1,710,000	206,900	1,916,900
2029	1,785,000	128,450	1,913,450
2030	1,855,000	46,375	1,901,375
	<u>\$ 26,110,000</u>	<u>\$ 5,675,051</u>	<u>\$ 31,785,051</u>

Capital Leases Payable:

The District has outstanding leases for school buses, LED lighting upgrades, and the air dome at Mount Olive High School. All capital leases are for terms of three to five years. The following is a schedule of the future minimum lease payments under capital leases:

<u>Fiscal Year Ending June 30,</u>	<u>Future Minimum Lease Payments</u>
2020	\$ 952,905
2021	804,491
2022	681,977
2023	416,438
2024	143,651
	<u>\$ 2,999,462</u>

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(continued)

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

Unamortized Bond Issuance Premium:

At June 30, 2019, the District had unamortized premiums on four refunding bond issues totaling \$3,542,737 as follows:

Issue Date	Unamortized Premium
05/31/2012	\$ 3,517
10/29/2014	917,761
04/20/2016	1,177,896
04/20/2016	834,139
	\$ 2,933,313

Amortization expense for the fiscal year ended June 30, 2019 amounted to \$609,424. Bond premiums are amortized using the straight-line method over the life of the specific bonds as follows:

Fiscal Year Ending June 30,	Amortization Expense
2020	\$ 528,516
2021	524,999
2022	524,999
2023	393,890
2024	262,781
2025	238,949
2026	119,786
2027	119,786
2028	119,786
2029	99,821
	\$ 2,933,313

Net Pension Liability:

At June 30, 2019, the District reported a liability of \$25,992,349 for its proportionate share of the Public Employees' Retirement System's (PERS) net pension liability. Of this amount, \$1,286,942 is due within one year and \$24,705,407 is due beyond one year.

See Note 12 for further information on the PERS pension plan.

Compensated Absences Payable:

The liability for compensated absences reported in the District-wide financial statements consists of unpaid accumulated vacation and sick leave balances as of June 30, 2019. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The entire compensated absence liability is reported on the District-wide financial statements.

The total liability for compensated absences amounted to \$1,894,588 at June 30, 2019. Of this amount, \$126,003 is due within one year and \$1,768,585 is due beyond one year. Compensated absences will be liquidated by the General Fund.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (continued)

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

Building Lease Payable:

In July 2015, the District entered into an agreement to purchase property located at 227 US Route 206 in Flanders NJ. The property is comprised of two, nearly identical three-story buildings – one of which is being used as the new administration building, while the other (known as “Building 2”) is being rented as commercial office space. The new administration building was purchased outright for cash at a cost of \$1,700,000. The Board of Education entered into a lease agreement to purchase the second building, which entitles the former owner to earn \$2,350,000 (the “earnout amount”) from the net rents collected from the operation of Building 2. The term of the Building 2 lease is the period of time required for the former owner to receive the entire earnout amount, but shall not exceed 15 years. The difference between the earnout amount of \$2,350,000 and the \$1,700,000 capitalized cost is considered interest, imputed at the rate of 4.35%, which will be expensed over the earnout period, or 15 years, whichever comes first.

During the 2019 fiscal year, the District made a payment of \$217,846. Of this amount, \$66,597 was considered interest and the remaining balance of \$151,248 was applied as principal, bringing the outstanding principal balance to \$1,237,500.

NOTE 10. DEFERRED LOSS ON DEFEASANCE OF DEBT

Deferred loss on defeasance of debt arising from the issuance of refunding bonds is recorded as a deferred outflow of resources. The amount is amortized using the straight-line method over the life of the related debt as a component of interest expense. As of June 30, 2019, the District has recorded an unamortized balance of \$937,068 as a deferred outflow of resources. Amortization expense for the year ended June 30, 2019 was \$194,530.

NOTE 11. NET POSITION – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. The net investment in capital assets is calculated as follows:

Governmental activities:	
Capital assets, net of depreciation	\$ 80,574,781
Outstanding bond obligations used to build or acquire capital assets	(25,700,000)
Capital leases payable	(2,999,462)
Deferred loss on defeasance of debt used to build or acquire capital assets	908,886
Unamortized deferred premium	<u>(2,933,313)</u>
 Total governmental activities	 <u>\$ 49,850,892</u>
Business-type activities:	
Capital assets, net of depreciation	\$ 1,819,651
Outstanding lease obligations used to build or acquire capital assets	<u>(1,237,500)</u>
 Total business-type activities	 <u>\$ 582,151</u>

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 12. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Vesting and Benefit Provisions

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

The following represents the membership tiers for PERS:

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 12. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. The District's contribution to PERS amounted to \$1,318,163 for fiscal year 2019. The employee contribution rate as of July 1, 2018 was 7.5% of base salary.

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

At June 30, 2019, the District reported a liability of \$25,992,349 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the District's proportion was 0.1320112063%, which was a decrease of 0.0019653469% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2018, the District recognized pension expense of \$1,374,058. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience – 2015	\$ 257,621	
Difference between expected and actual experience – 2016	95,558	
Difference between expected and actual experience – 2017	142,499	
Difference between expected and actual experience – 2018		\$ 134,025
Changes in assumptions – 2014	205,731	
Changes in assumptions – 2015	928,546	
Changes in assumptions – 2016	3,148,831	
Changes in assumptions – 2017		4,791,493
Changes in assumptions – 2018		3,519,478
Difference between projected and actual investment earnings – 2015		(157,063)
Difference between projected and actual investment earnings – 2016		(878,061)
Difference between projected and actual investment earnings – 2017		790,298
Difference between projected and actual investment earnings - 2018		488,635
	4,778,786	8,688,805
Changes in proportion	457,215	616,331
District contributions subsequent to the measurement date	1,286,942	
	\$ 6,522,943	\$ 9,305,136

District contributions subsequent to the measurement date (\$1,286,942) will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 12. PENSION PLANS (Cont'd)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Fiscal Year Ending June 30,	Pension Expense
2019	\$ 180,400
2020	(249,767)
2021	(1,791,030)
2022	(1,552,493)
2023	(497,129)
	\$ (3,910,019)

Changes in Proportion

The previous amounts do not include deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts are recognized (amortized) over the average of the expected remaining service lives of all plan members, which is 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2018, 2017, 2016, 2015 and 2014, respectively.

Actuarial Assumptions

The pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation rate	2.25%
Salary Increases:	
Through 2026	1.65 - 4.15% (based on age)
Thereafter	2.65 - 5.15% (based on age)
Investment Rate of Return	7.00%

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 12. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 50% 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2018 calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease (4.66%)</u>	<u>Current Discount Rate (5.66%)</u>	<u>1% Increase (6.66%)</u>
District's proportionate share of net pension liability	\$32,682,383	\$25,992,349	\$20,379,837

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (Continued)

NOTE 12. PENSION PLANS (Cont'd)

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

Pension Plan Fiduciary Net Position

At June 30, 2018, the plan fiduciary net position as a percentage of the total pension liability was 53.60%, which represents an increase of 11.43% over the prior year. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Vesting and Benefit Provisions

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

The following represents the membership tiers for TPAF:

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

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (Continued)

NOTE 12. PENSION PLANS (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which 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 2018, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements must disclose the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2019, the State of New Jersey contributed \$6,269,781 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$11,777,760. The employee contribution rate was 7.5% of base salary for the 2019 fiscal year.

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

At June 30, 2019, the State's proportionate share of the net pension liability associated with the District was \$202,032,014. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the District's proportion was 0.3175712594%, which was a decrease of 0.007% from its proportion measured as of June 30, 2017.

District's proportionate share of the net pension liability	\$	-0-
State's proportionate share of the net pension liability associated with the district		202,032,014
Total	\$	202,032,014

For the fiscal year ended June 30, 2019, the State recognized pension expense on behalf of the District in the amount of \$11,777,760. In accordance with GASB Statement No. 24 paragraphs 7 through 13, the District recognized pension expense and revenue in the same amount in the June 30, 2019 financial statements.

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 12. PENSION PLANS (Cont'd)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

	<u>Amortization Period (Yrs)</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Changes in assumptions - 2014	8.50	\$1,076,424,469	
Changes in assumptions - 2015	8.30	3,063,649,492	
Changes in assumptions - 2016	8.30	6,913,685,892	
Changes in assumptions - 2017	8.30		\$10,084,192,916
Changes in assumptions – 2018	8.29		5,994,557,085
Difference between expected and actual experience - 2014	8.50		10,252,211
Difference between expected and actual experience – 2015	8.30	189,214,650	
Difference between expected and actual experience – 2016	8.30		85,977,601
Difference between expected and actual experience – 2017	8.30	179,419,108	
Difference between expected and actual experience – 2018	8.29	1,051,605,259	
Difference between projected and actual investment earnings on pension plan investments - 2015	5.00		(192,642,062)
Difference between projected and actual investment earnings on pension plan investments - 2016	5.00		(863,710,381)
Difference between projected and actual investment earnings on pension plan investments – 2017	5.00		678,024,787
Difference between projected and actual investment earnings on pension plan investments – 2018	5.00		384,121,486
		<u>\$12,473,998,870</u>	<u>\$16,180,773,643</u>

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Pension Expense</u>
2019	\$ 401,574,312
2020	208,932,249
2021	(222,922,941)
2022	(149,225,008)
2023	(735,040,983)
Thereafter	<u>(3,210,092,402)</u>
	<u>\$ (3,706,774,773)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55 – 4.55%
Thereafter	2.00 – 5.45%
Investment Rate of Return	7.00%

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 12. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60-year average improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Health Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Disability mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 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 (7.00% at June 30, 2018) 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (Continued)

NOTE 12. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 50% 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2018 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (3.86%)	At Current Discount Rate (4.86%)	At 1% Increase (5.86%)
State's proportionate share of the net pension liability associated with the District	\$239,505,557	\$202,032,014	\$172,062,215

Pension Plan Fiduciary Net Position

At June 30, 2018, the plan fiduciary net position as a percentage of the total pension liability was 26.49%, which represents an increase of 1.08% over the prior year. Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the Deferred Compensation Retirement Plan (DCRP). The DCRP was established effective July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and was later expanded under the provisions of Chapter 89, P.L. 2008. The DCRP provides eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment. Employees enrolled in the DCRP contribute 5.5% of their annual compensation, as defined by the plan, which is matched by a 3% employer contribution. Prudential Financial jointly administers the DCRP investments with the New Jersey Division of Pensions and Benefits.

For the fiscal year ended June 30, 2019, the District recognized DCRP pension expense of \$110,534.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (“OPEB”)

Plan Description and Benefits Provided:

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2018, the State paid PRM benefits for 148,401 State and local retirees.

The State funds post-retirement medical benefits on a “pay-as-you-go” basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2018, the State contributed \$1.909 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The increase in the State’s pay-as-you-go contribution between Fiscal Year 2017 and Fiscal Year 2018 is attributed to rising health care costs, an increase in the number of participants qualifying for State-paid PRM benefits at retirement and larger fund balance utilization in Fiscal Year 2017 than in Fiscal Year 2018. The Fiscal Year 2019 Appropriations Act includes \$1.921 billion as the State’s contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. As such, the Fiscal Year 2017 total State OPEB liability to provide these benefits has been re-measured to \$97.1 billion, an increase of \$60.6 billion or 166 percent from the previous year’s \$36.5 billion liability booked in accordance with GASB Statement No. 45. For Fiscal Year 2018, the total OPEB liability for the State is \$90.5 billion, a decrease of \$6.6 billion or 7 percent from the remeasured total OPEB liability in Fiscal Year 2017.

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.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

OPEB Liability Associated with the District:

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District’s proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective OPEB liability on the Statement of Net Position. The following information is reported in the audited Schedule of State of New Jersey’s Total Nonemployer OPEB Liability for the State Health Benefit Local Education Retired Employee’s Plan, which can be found at <https://www.nj.gov/treasury/pensions/documents/financial/gasb/gasb75-sehbp-audit-2019.pdf>.

The portion of the OPEB liability that was associated with the District recognized at June 30, 2019 was as follows:

District’s proportionate share of OPEB liability	\$	-0-
State’s proportionate share of OPEB liability associated with the District		158,119,320
Total OPEB liability associated with the District	\$	158,119,320

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS ("OPEB") (Cont'd)

Changes in the District's Proportionate Share of the State OPEB Liability:

District's proportionate share of OPEB liability - beginning	\$ 181,332,808
Changes for the year:	
Service cost	\$ 6,106,145
Interest cost	6,637,891
Difference between expected and actual experience	(13,730,615)
Changes in assumptions	(18,144,983)
Member contributions	146,128
Gross benefit payments	<u>(4,228,054)</u>
Net changes	<u>(23,213,488)</u>
District's proportionate share of OPEB liability - ending	<u>\$ 158,119,320</u>

For the fiscal year ended June 30, 2019, the State recognized OPEB expense on behalf of the District in the amount of \$6,872,727. In accordance with GASB Statement No. 24 paragraphs 7 through 13, the District recognized OPEB expense and revenue in the same amount in the June 30, 2019 district-wide financial statements.

Actuarial Assumptions and Other Imputes:

The total OPEB liability in the June 30, 2018 actuarial valuation reported by the State in the State's Report of Total Nonemployer OPEB Liability for the State Health Benefit Local Education Retired Employee's Plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.5%	
	<u>TPAF/APB</u>	<u>PERS</u>
Salary increases through 2026	1.55 - 4.55% based on years of service	2.15 - 4.15% based on age
Salary increases thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012- June 30, 2015, July 1, 2011 -June 30, 2014, and July 1,2010- June 30, 2013 for TPAF and PERS, respectively.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS ("OPEB") (Cont'd)

Actuarial Assumptions and Other Imputes: (Cont'd)

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Health Care Trend Assumptions:

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate:

The discount rate for June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AAiAa or higher.

Sensitivity of the Total Nonemployer OPEB Liability to Changes in the Discount Rate:

The total nonemployer OPEB liability as of June 30, 2018 reported by the State in the State's Report of Total Nonemployer OPEB Liability for the State Health Benefit Local Education Retired Employee's Plan was \$46,110,832,982. The following presents the total nonemployer OPEB liability as of June 30, 2018, calculated using the discount rate disclosed above, as well as what the total nonemployer OPEB 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 discount rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Total Nonemployer OPEB Liability	\$54,512,391,175	\$46,110,832,982	\$39,432,461,816

Because the District's proportionate share of the OPEB liability is zero, potential changes in the discount rate have no bearing on the District.

Sensitivity of the Total Nonemployer OPEB Liability to Changes in the Healthcare Cost Trend Rates:

The following presents the total nonemployer OPEB liability as of June 30, 2018, calculated using the healthcare trend rate disclosed above, as well as what the total nonemployer OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total Nonemployer OPEB Liability	\$38,113,289,045	\$46,110,832,982	\$56,687,891,003

Because the District's proportionate share of the OPEB liability is zero, potential changes in the healthcare cost trend rate have no bearing on the District.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS ("OPEB") (Cont'd)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Total Nonemployer OPEB:

The following table illustrates the deferred outflows of resources and deferred inflows of resources as of June 30, 2018 related to retired school employee's OPEB as reported by the State:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$4,476,086,167
Changes of assumptions or other inputs		10,335,978,867
Contributions made after the measurement date	\$1,190,373,242	TBD
Total	\$1,190,373,242	\$14,812,065,034

In accordance with GASB Statement No. 75, the District's proportionate share of the OPEB liability is zero; therefore, the proportionate share of deferred outflows of resources and deferred inflows of resources is not reported on the district-wide financial statements.

NOTE 14. ON-BEHALF TPAF SOCIAL SECURITY CONTRIBUTIONS

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

Funding Year June 30,	Annual Reimbursement
2019	\$ 2,494,801
2018	2,390,917
2017	2,356,123

On-behalf TPAF social security contributions have been included in the district-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24 paragraphs 7 through 13.

NOTE 15. DEFERRED COMPENSATION

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

Deferred compensation plans are available from the following providers:

- Ameriprise Financial
- AXA Equitable Financial
- Brighthouse Financial
- Sun America Mutual Funds
- Valic
- Vanguard
- National Education Association (NEA)
- National Life Group

The District's Business Administrator acts as the plan administrator for the District's deferred compensation plans.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 16. RISK MANAGEMENT

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

Commercial Insurance – The District maintains commercial insurance coverage for property, general liability, auto, worker’s compensation, student accident and surety bonds and does not retain risk of loss. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

Self-Insurance – In July 2017 the District entered into a self-funded insurance plan with Horizon Blue Cross/Blue Shield for medical and prescription coverage and an internal service fund was established to account for its self-insurance activities. To mitigate any potential losses, the District purchased stop loss insurance for claims in excess of \$100,000. An accrued liability in the amount of \$1,409,568 has been recorded in the internal service fund financial statements for incurred but not reported claims (IBNR). The IBNR liability for medical and prescription claims has been calculated by the District based on actual claims reported through September 1. At June 30, 2019, the District had an unrestricted net position of \$507,215 available for future medical and prescription claims.

NOTE 17. NEW JERSEY UNEMPLOYMENT COMPENSATION INSURANCE

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method.” Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of the District’s contributions, member contributions, interest earnings, quarterly billings, and reimbursements to the State for benefits paid and the ending balance of the District’s unemployment trust fund for the current and previous two years:

Fiscal Year	Plan Member Contributions	Board Contributions	Interest Earnings	Quarterly Billings	Reimbursed to State	Ending Balance
2018-2019	\$144,405	\$-0-	\$8,646	\$60,806	\$81,228	\$348,744
2017-2018	\$145,011	\$-0-	\$4,781	\$62,671	\$13,692	\$337,727
2016-2017	\$138,779	\$-0-	\$1,360	\$58,971	\$43,370	\$264,298

NOTE 18. FUND BALANCE APPROPRIATED

General Fund - Of the \$9,033,622 General Fund balance at June 30, 2019, \$2,396,369 is committed or assigned for outstanding encumbrances, \$3,028,402 has been designated for subsequent year expenditures, \$241,147 has been restricted as excess surplus to be appropriated and included as anticipated revenue in the 2019-20 school district budget, \$1,917,985 has been restricted as capital reserve, and \$1,449,719 is unassigned.

Debt Service Fund – The restricted Debt Service Fund balance of \$244 at June 30, 2019 will be appropriated and included as anticipated revenue in the 2020-21 school district budget.

NOTE 19. TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. 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.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 19. TAX ABATEMENTS (Cont'd)

The Township of Mount Olive recognized revenue in the amount of \$442,310 from three payment in lieu of taxes ("PILOT") agreements. The taxes that would have been paid on these properties for 2018 without the abatement would have been \$916,017.

The tax abatement agreements entered into by the Township of Mount Olive do not affect the school district's local tax revenue because N.J.S.A. 54:4-76 requires the school district's proportionate share of property taxes to be paid when due in accordance with the payment schedule established by N.J.S.A. 54:4-75. Should there not be sufficient funds in the treasury available for such payments, the governing body shall immediately borrow sufficient money and pay such taxes when due.

NOTE 20. ECONOMIC DEPENDENCY

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

NOTE 21. CONTINGENT LIABILITIES

Grant Programs:

The District participates in several state and federal grant programs, which are governed by various rules and regulations of the grantor agencies and are subject to program compliance audits by grantors or their representatives. To the extent that the District has not complied with the rules and regulations governing the grants, the school district is potentially liable for expenditures which may be disallowed pursuant to the terms of the grant agreements. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Pending Litigation:

The Board's attorney is unaware of any potential claims or lawsuits, unasserted or otherwise, against the District that would materially affect the financial position of the District.

NOTE 22. SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 18, 2019 the date which the financial statements were available to be issued, and no other items were noted for disclosure.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 66,580,498	\$ -	\$ 66,580,498	\$ 66,580,498	\$ -
Tuition charges	593,975	-	593,975	903,878	309,903
Transportation fees	22,500	-	22,500	21,466	(1,034)
Interest on investments	140,000	-	140,000	308,993	168,993
Interest earned on capital reserve funds	40,000	-	40,000	36,953	(3,047)
Miscellaneous	435,000	-	435,000	490,981	55,981
Total - Local Sources	67,811,973	-	67,811,973	68,342,769	530,796
State sources:					
Categorical special education aid	2,959,145	-	2,959,145	2,959,145	-
Equalization aid	11,850,036	-	11,850,036	11,850,036	-
Categorical security aid	106,585	-	106,585	106,585	-
Transportation aid	1,067,482	-	1,067,482	1,067,482	-
Extraordinary aid	203,500	-	203,500	1,847,082	1,643,582
Nonpublic transportation aid	-	-	-	22,620	22,620
Homeless tuition aid	-	-	-	7,486	7,486
TPAF on-behalf pension contribution (Non-Budgeted)	-	-	-	6,269,781	6,269,781
TPAF on-behalf post-retirement medical contribution (Non-Budgeted)	-	-	-	2,843,963	2,843,963
TPAF on-behalf long term disability insurance premium (Non-Budgeted)	-	-	-	6,805	6,805
TPAF social security contributions (Reimbursed - Non-Budgeted)	-	-	-	2,494,801	2,494,801
Total - State Sources	16,186,748	-	16,186,748	29,475,786	13,289,038
Federal sources:					
Medicaid Reimbursement	54,165	-	54,165	72,045	17,880
Other Federal Aid	-	-	-	1,583	1,583
Total - Federal Sources	54,165	-	54,165	73,628	19,463
TOTAL REVENUES	84,052,886	-	84,052,886	97,892,183	13,839,297

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 UNAUDITED

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT:					
Regular programs - distributed instruction:					
Salaries of teachers:					
Preschool	\$ 40,757	\$ -	\$ 40,757	\$ 40,757	\$ -
Kindergarten	574,932	(34,400)	540,532	537,497	3,035
Grades 1 - 5	7,885,100	(325,980)	7,559,120	7,558,665	455
Grades 6 - 8	5,478,568	(163,054)	5,315,514	5,313,079	2,435
Grades 9 - 12	8,053,693	(104,079)	7,949,614	7,949,476	138
Regular programs - home instruction:					
Salaries of teachers	23,000	2,450	25,450	25,279	171
Purchased professional - educational services	30,000	21,700	51,700	49,298	2,402
Regular programs - undistributed instruction:					
Other salaries for instruction	204,238	(15,100)	189,138	188,801	337
Purchased professional - educational services	38,000	-	38,000	37,575	425
Other purchased services	238,100	210,670	448,770	428,343	20,427
General supplies	1,397,710	(41,241)	1,356,469	1,222,992	133,477
Textbooks	222,702	(155,325)	67,377	57,372	10,005
Other objects	14,058	(1,625)	12,433	8,125	4,308
Total Regular Programs - Instruction	24,200,858	(605,984)	23,594,874	23,417,259	177,615
Special education - instruction:					
Learning and/or language disabilities:					
Salaries of teachers	628,006	1,325	629,331	596,441	32,890
Other salaries for instruction	141,310	(44,219)	97,091	88,738	8,353
Total Learning and/or Language Disabilities	769,316	(42,894)	726,422	685,179	41,243
Behavioral disabilities:					
Salaries of teachers	295,756	4,700	300,456	289,119	11,337
Other salaries for instruction	148,322	6,454	154,776	154,449	327
Total Behavioral Disabilities	444,078	11,154	455,232	443,568	11,664

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Multiple disabilities:					
Salaries of teachers	\$ 415,457	\$ -	\$ 415,457	\$ 394,396	\$ 21,061
Other salaries for instruction	98,013	37,825	135,838	112,119	23,719
Other objects	2,200	-	2,200	650	1,550
Total Multiple Disabilities	515,670	37,825	553,495	507,165	46,330
Resource room/resource center:					
Salaries of teachers	3,668,552	(17,350)	3,651,202	3,637,748	13,454
Other salaries for instruction	533,968	50,900	584,868	581,251	3,617
Total Resource Room/Resource Center	4,202,520	33,550	4,236,070	4,218,999	17,071
Autism:					
Salaries of teachers	124,994	8,550	133,544	133,537	7
Other salaries for instruction	134,818	2,340	137,158	125,660	11,498
Total Autism	259,812	10,890	270,702	259,197	11,505
Preschool disabilities - Part-Time:					
Salaries of teachers	216,030	28,150	244,180	241,516	2,664
Other salaries for instruction	69,432	16,000	85,432	84,079	1,353
General supplies	-	4,000	4,000	3,435	565
Total Preschool Disabilities - Part-Time	285,462	48,150	333,612	329,030	4,582
Home instruction:					
Salaries of teachers	20,000	-	20,000	19,828	172
Purchased professional - educational services	16,800	10,835	27,635	27,076	559
Other purchased services	1,600	-	1,600	1,368	232
Total Home Instruction	38,400	10,835	49,235	48,272	963
Total Special Education - Instruction	6,515,258	109,510	6,624,768	6,491,410	133,358

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other instructional programs:					
Basic skills/remedial - instruction:					
Salaries of teachers	\$ 654,945	\$ (45,625)	\$ 609,320	\$ 605,543	\$ 3,777
Purchased services	-	5,000	5,000	1,190	3,810
General supplies	23,910	(15,000)	8,910	2,105	6,805
Total Basic Skills/Remedial - Instruction	<u>678,855</u>	<u>(55,625)</u>	<u>623,230</u>	<u>608,838</u>	<u>14,392</u>
Bilingual education - instruction:					
Salaries of teachers	409,376	-	409,376	408,981	395
General supplies	3,672	-	3,672	-	3,672
Total Bilingual Education - Instruction	<u>413,048</u>	<u>-</u>	<u>413,048</u>	<u>408,981</u>	<u>4,067</u>
Total Other Instructional Programs	<u>1,091,903</u>	<u>(55,625)</u>	<u>1,036,278</u>	<u>1,017,819</u>	<u>18,459</u>
School sponsored other instructional programs:					
School sponsored co/extra curricular activities - instruction:					
Salaries	270,854	72,500	343,354	343,179	175
Purchased services	44,500	55,747	100,247	97,962	2,285
Supplies and materials	38,000	(11,400)	26,600	16,992	9,608
Other objects	21,360	-	21,360	20,031	1,329
Total School Sponsored Co/Extra Curricular Activities - Instruction	<u>374,714</u>	<u>116,847</u>	<u>491,561</u>	<u>478,164</u>	<u>13,397</u>
School sponsored athletics - instruction:					
Salaries	759,997	30,325	790,322	779,742	10,580
Purchased services	141,560	146,244	287,804	286,061	1,743
Supplies and materials	98,000	42,285	140,285	106,323	33,962
Other objects	46,500	(13,100)	33,400	32,753	647
Total School Sponsored Athletics - instruction	<u>1,046,057</u>	<u>205,754</u>	<u>1,251,811</u>	<u>1,204,879</u>	<u>46,932</u>
School sponsored before/after school programs - instruction:					
Salaries of teachers	10,000	(3,080)	6,920	6,250	670
Other salaries for instruction	20,000	-	20,000	9,770	10,230
Salaries of teacher tutors	74,000	(36,825)	37,175	32,912	4,263
Supplies and materials	12,500	(1,000)	11,500	10,140	1,360
Other objects	1,650	2,625	4,275	4,134	141
Total School Sponsored Before/After School Programs - Instruction	<u>118,150</u>	<u>(38,280)</u>	<u>79,870</u>	<u>63,206</u>	<u>16,664</u>

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School sponsored before/after school programs - support services:					
Salaries	\$ -	\$ 30,380	\$ 30,380	\$ 30,380	\$ -
Total School Sponsored Before/After School Programs - Support Services	-	30,380	30,380	30,380	-
Other instructional programs - instruction:					
Salaries	242,594	-	242,594	212,662	29,932
Purchased services	2,000	-	2,000	557	1,443
Supplies and materials	10,000	-	10,000	5,266	4,734
Total Other Instructional Programs - Instruction	254,594	-	254,594	218,485	36,109
Community services programs:					
Purchased services	3,500	278,734	282,234	278,734	3,500
Total Community Services Programs	3,500	278,734	282,234	278,734	3,500
Total School Sponsored Other Instructional Programs	1,797,015	593,435	2,390,450	2,273,848	116,602
TOTAL DISTRIBUTED EXPENDITURES	33,605,034	41,336	33,646,370	33,200,336	446,034
UNDISTRIBUTED EXPENDITURES:					
Instruction:					
Tuition to other LEAs within the state - regular	-	48,550	48,550	48,146	404
Tuition to other LEAs within the state - special	105,828	(59,342)	46,486	46,374	112
Tuition to county vocational school districts - regular	650,000	(2,350)	647,650	647,633	17
Tuition to county vocational school districts - special	50,000	(29,635)	20,365	19,148	1,217
Tuition to CSSSD and regional day schools	304,492	(1,822)	302,670	302,588	82
Tuition to private schools for the disabled - within state	1,560,000	(214,070)	1,345,930	1,338,638	7,292
Tuition - state facilities	36,247	-	36,247	36,247	-
Tuition - other	13,862	89,450	103,312	100,061	3,251
Total Undistributed Expenditures - Instruction	2,720,429	(169,219)	2,551,210	2,538,835	12,375

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Health services:					
Salaries	\$ 683,739	\$ 42,950	\$ 726,689	\$ 726,580	\$ 109
Purchased professional and technical services	56,000	600	56,600	56,218	382
Other purchased services	3,235	-	3,235	2,150	1,085
Supplies and materials	35,000	8,860	43,860	39,308	4,552
Total Health Services	777,974	52,410	830,384	824,256	6,128
Other support services - students - related services:					
Salaries	1,141,962	(181,258)	960,704	957,850	2,854
Purchased professional - educational services	419,910	34,126	454,036	414,592	39,444
Supplies and materials	30,000	(20,525)	9,475	8,662	813
Other objects	460	-	460	-	460
Total Other Support Services - Students - Related Services	1,592,332	(167,657)	1,424,675	1,381,104	43,571
Other support services - students - extraordinary services:					
Salaries	1,310,506	35,611	1,346,117	1,332,977	13,140
Purchased professional - educational services	278,502	(18,481)	260,021	254,566	5,455
Total Other Support Services - Students - Extra. Serv.	1,589,008	17,130	1,606,138	1,587,543	18,595
Other support services - students - regular:					
Salaries of other professional staff	1,365,798	24,979	1,390,777	1,389,614	1,163
Salaries of secretarial and clerical assistants	89,462	-	89,462	89,462	-
Purchased professional - educational services	-	8,550	8,550	8,550	-
Other purchased professional and technical services	17,500	2,400	19,900	12,875	7,025
Other purchased services	87,650	36,250	123,900	119,360	4,540
Supplies and materials	16,750	-	16,750	8,509	8,241
Other objects	3,000	-	3,000	2,753	247
Total Other Support Services - Students - Regular	1,580,160	72,179	1,652,339	1,631,123	21,216

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other support services - students - special:					
Salaries of other professional staff	\$ 1,551,055	\$ (4,200)	\$ 1,546,855	\$ 1,542,334	\$ 4,521
Salaries of secretarial and clerical assistants	252,711	175	252,886	252,877	9
Purchased professional - educational services	55,000	-	55,000	54,370	630
Other purchased professional and technical services	31,941	-	31,941	29,260	2,681
Miscellaneous purchased services	11,100	(4,000)	7,100	2,147	4,953
Supplies and materials	9,000	-	9,000	5,752	3,248
Total Other Support Services - Students - Special	1,910,807	(8,025)	1,902,782	1,886,740	16,042
Improvement of instructional services:					
Salaries of supervisors of instruction	723,536	12,818	736,354	736,345	9
Salaries of other professional staff	106,786	(26,005)	80,781	80,781	-
Salaries of secretarial and clerical assistants	245,503	(2,920)	242,583	241,713	870
Other purchased professional and technical services	-	21,375	21,375	21,375	-
Other purchased services	18,000	14,700	32,700	31,945	755
Supplies and materials	8,500	3,500	12,000	11,781	219
Other objects	6,000	(1,000)	5,000	4,810	190
Total Improvement of Instruction Services	1,108,325	22,468	1,130,793	1,128,750	2,043
Educational media services/school library:					
Salaries	367,316	4,300	371,616	371,388	228
Other purchased services	60,185	(9,000)	51,185	49,388	1,797
Supplies and materials	100,415	(26,675)	73,740	72,229	1,511
Total Educational Media Services/School Library	527,916	(31,375)	496,541	493,005	3,536
Instructional staff training services:					
Salaries of other professional staff	10,000	49,491	59,491	59,404	87
Purchased professional - educational services	18,875	29,660	48,535	47,500	1,035
Other purchased services	24,691	4,000	28,691	22,322	6,369
Supplies and materials	11,200	(1,000)	10,200	6,328	3,872
Other objects	1,000	340	1,340	1,340	-
Total Instructional Staff Training Services	65,766	82,491	148,257	136,894	11,363

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support services - general administration:					
Salaries	\$ 531,734	\$ (14,375)	\$ 517,359	\$ 515,799	\$ 1,560
Legal services	150,000	-	150,000	142,050	7,950
Audit fees	33,150	-	33,150	33,150	-
Other purchased professional services	26,600	-	26,600	11,428	15,172
Communications/telephone	263,100	-	263,100	258,024	5,076
BOE other purchased services	5,700	5,900	11,600	11,558	42
Other purchased services	423,031	(57,702)	365,329	363,832	1,497
General supplies	9,314	1,000	10,314	9,759	555
Miscellaneous expenditures	12,500	4,220	16,720	15,369	1,351
BOE membership dues and fees	27,500	-	27,500	26,752	748
Total Support Services - General Administration	1,482,629	(60,957)	1,421,672	1,387,721	33,951
Support services - school administration:					
Salaries of principals/assistant principals	1,600,367	(11,255)	1,589,112	1,589,048	64
Salaries of other professional staff	1,018,144	59,154	1,077,298	1,074,486	2,812
Salaries of secretarial and clerical assistants	724,948	16,655	741,603	740,456	1,147
Unused vacation payments to terminated/retired staff	-	14,755	14,755	14,754	1
Other purchased services	14,776	6,650	21,426	20,487	939
Supplies and materials	90,978	8,350	99,328	92,942	6,386
Other objects	36,050	-	36,050	30,589	5,461
Total Support Services - School Administration	3,485,263	94,309	3,579,572	3,562,762	16,810
Central services:					
Salaries	553,877	19,825	573,702	573,630	72
Miscellaneous purchased services	114,300	19,250	133,550	132,749	801
Supplies and materials	13,515	-	13,515	10,511	3,004
Miscellaneous expenditures	1,600	-	1,600	1,545	55
Total Central Services	683,292	39,075	722,367	718,435	3,932

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Administrative information technology:					
Salaries	\$ 589,162	\$ (55,900)	\$ 533,262	\$ 529,604	\$ 3,658
Unused vacation payments to terminated/retired staff	-	3,404	3,404	3,403	1
Purchased professional and technical services	9,240	-	9,240	-	9,240
Other purchased services	295,150	17,000	312,150	299,533	12,617
Supplies and materials	52,700	(15,000)	37,700	34,594	3,106
Other objects	2,100	-	2,100	575	1,525
Total Administrative Information Technology	948,352	(50,496)	897,856	867,709	30,147
Required maintenance for school facilities:					
Salaries	269,663	630,074	899,737	898,413	1,324
Cleaning, repair and maintenance services	1,053,407	85,737	1,139,144	1,104,297	34,847
General supplies	292,220	(91,700)	200,520	167,280	33,240
Other objects	6,840	5,000	11,840	11,169	671
Total Required Maintenance for School Facilities	1,622,130	629,111	2,251,241	2,181,159	70,082
Custodial services:					
Salaries	3,379,647	(564,799)	2,814,848	2,813,515	1,333
Salaries of non-instructional aides	340,465	62,925	403,390	403,177	213
Unused vacation payments to terminated/retired staff	-	14,980	14,980	14,980	-
Purchased professional and technical services	190,000	57,600	247,600	243,308	4,292
Cleaning, repair and maintenance services	256,900	(14,310)	242,590	238,873	3,717
Lease purchase payments - energy savings improvement programs	77,874	-	77,874	77,873	1
Other purchased property services	435,850	(8,201)	427,649	424,900	2,749
Insurance	224,981	29,582	254,563	254,563	-
Miscellaneous purchased services	57,600	74,530	132,130	130,415	1,715
General supplies	695,432	101,552	796,984	770,220	26,764
Energy (natural gas)	465,000	(25,000)	440,000	426,770	13,230
Energy (electricity)	987,000	(160,000)	827,000	771,924	55,076
Energy (oil)	10,000	-	10,000	4,870	5,130
Energy (gasoline)	50,000	-	50,000	41,849	8,151
Other objects	3,725	-	3,725	2,310	1,415
Total Custodial Services	7,174,474	(431,141)	6,743,333	6,619,547	123,786

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Care and upkeep of grounds:					
Salaries	\$ 318,144	\$ (14,525)	\$ 303,619	\$ 302,692	\$ 927
Cleaning, repair and maintenance services	706,500	(243,300)	463,200	375,597	87,603
General supplies	218,460	(52,600)	165,860	114,642	51,218
Total Care and Upkeep of Grounds	1,243,104	(310,425)	932,679	792,931	139,748
Security:					
Salaries	315,761	5,250	321,011	319,541	1,470
Purchased professional and technical services	46,000	(15,800)	30,200	24,440	5,760
Cleaning, repair and maintenance services	20,000	(4,000)	16,000	11,025	4,975
General supplies	15,000	13,025	28,025	26,598	1,427
Other objects	200	-	200	-	200
Total Security	396,961	(1,525)	395,436	381,604	13,832
Total Operation and Maintenance of Plant Services	10,436,669	(113,980)	10,322,689	9,975,241	347,448
Student transportation services:					
Salaries of non-instructional aides	171,423	31,000	202,423	202,376	47
Salaries for pupil trans. (between home & school) - regular	1,921,105	263,550	2,184,655	2,184,434	221
Salaries for pupil trans. (between home & school) - special ed.	362,497	23,000	385,497	384,565	932
Salaries for pupil trans. (other than between home & school)	154,350	(83,575)	70,775	70,750	25
Salaries for pupil trans. (between home & school) - nonpublic	98,267	(1,975)	96,292	83,101	13,191
Management fees - ESC & CTSA transportation programs	29,962	5,400	35,362	35,333	29
Cleaning, repair and maintenance services	80,000	(5,400)	74,600	48,035	26,565
Lease purchase payments - school buses	325,348	-	325,348	325,348	-
Contracted services - aid in lieu payments - nonpublic schools	78,000	3,600	81,600	80,761	839
Contracted services - aid in lieu payments - charter schools	12,000	(3,600)	8,400	6,000	2,400
Contracted services - aid in lieu payments - choice schools	15,000	-	15,000	11,306	3,694
Contracted services (other than bet. home & school) - vendors	45,000	(3,000)	42,000	9,178	32,822
Contracted services (between home & school) - joint agreements	8,900	3,000	11,900	11,791	109
Contracted services (special ed. students) - vendors	90,000	-	90,000	52,667	37,333
Contracted services (regular students) - ESCs & CTSA	159,059	235,000	394,059	389,920	4,139
Contracted services (special ed. students) - ESCs & CTSA	698,098	(190,000)	508,098	488,396	19,702
Miscellaneous purchased services	141,717	-	141,717	132,942	8,775
Fuel and general supplies	252,000	(25,000)	227,000	226,495	505
Transportation supplies	457,995	(196,780)	261,215	248,810	12,405
Miscellaneous expenditures	2,000	-	2,000	1,499	501
Total Student Transportation Services	5,102,721	55,220	5,157,941	4,993,707	164,234

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Unallocated employee benefits:					
Social security contributions	\$ 1,320,164	\$ -	\$ 1,320,164	\$ 1,290,807	\$ 29,357
Other retirement contributions - PERS	1,355,231	(34,200)	1,321,031	1,312,794	8,237
Other retirement contributions - regular	135,000	-	135,000	110,534	24,466
Workers compensation	856,099	(48,553)	807,546	807,546	-
Health benefits	14,003,030	(2,493,000)	11,510,030	11,465,949	44,081
Tuition reimbursement	300,000	(41,600)	258,400	251,381	7,019
Other employee benefits	520,000	-	520,000	517,709	2,291
Unused sick payments to terminated/retired staff	250,000	(137,939)	112,061	83,736	28,325
Total Unallocated Benefits - Employee Benefits	18,739,524	(2,755,292)	15,984,232	15,840,456	143,776
On-behalf payments:					
TPAF on-behalf pension contribution (Non-Budgeted)	-	-	-	6,269,781	(6,269,781)
TPAF on-behalf post-retirement medical contribution (Non-Budgeted)	-	-	-	2,843,963	(2,843,963)
TPAF on-behalf long term disability insurance premium (Non-Budgeted)	-	-	-	6,805	(6,805)
TPAF social security contributions (Reimbursed - Non-Budgeted)	-	-	-	2,494,801	(2,494,801)
Total On-behalf Payments	-	-	-	11,615,350	(11,615,350)
TOTAL UNDISTRIBUTED EXPENDITURES	52,751,167	(2,921,719)	49,829,448	60,569,631	(10,740,183)
TOTAL EXPENDITURES - CURRENT	86,356,201	(2,880,383)	83,475,818	93,769,967	(10,294,149)
CAPITAL OUTLAY:					
Equipment:					
Regular programs - instruction:					
Grades 1 - 5	34,175	3,275	37,450	35,011	2,439
Grades 6 - 8	20,000	14,055	34,055	30,688	3,367
Grades 9 - 12	36,000	1,588	37,588	37,279	309
Special education - instruction:					
Autism	-	13,175	13,175	10,675	2,500
Other instructional programs:					
Basic skills/remedial	-	6,000	6,000	5,801	199
School sponsored co/extra curricular activities	-	2,400	2,400	2,395	5

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed expenditures:					
Speech, OT, PT and related services	\$ -	\$ 5,525	\$ 5,525	\$ 5,518	\$ 7
Improvement of instructional services	-	2,836	2,836	-	2,836
Educational media services/school library	-	12,175	12,175	12,154	21
Instructional staff training services	-	3,700	3,700	3,684	16
General administration	-	2,525	2,525	2,508	17
Information technology services	191,000	63,643	254,643	254,021	622
Required maintenance for school facilities	30,000	300,500	330,500	330,482	18
Custodial services	5,469	260,357	265,826	260,355	5,471
Care and upkeep of grounds	84,000	(63,768)	20,232	19,763	469
Security services	-	1,025,261	1,025,261	527,991	497,270
Student transportation services - non-instructional equipment	30,000	5,900	35,900	34,369	1,531
School buses - regular	-	921,223	921,223	921,223	-
School buses - special	-	236,878	236,878	236,878	-
Non-instructional services	18,363	23,625	41,988	36,473	5,515
Total Equipment	449,007	2,840,873	3,289,880	2,767,268	522,612
Facilities acquisition and construction services:					
Architectural and engineering services	-	143,200	143,200	107,828	35,372
Other purchased professional and technical services	25,000	(11,505)	13,495	13,495	-
Construction services	225,000	2,245,267	2,470,267	840,205	1,630,062
Assessment for debt service on SDA funding	128,241	-	128,241	128,241	-
Total Facilities Acquisition and Construction Services:	378,241	2,376,962	2,755,203	1,089,769	1,665,434
Assets acquired under capital leases (non-budgeted):					
Purchase of Buses	-	-	-	698,127	(698,127)
Total Assets Acquired Under Capital Leases (non-budgeted)	-	-	-	698,127	(698,127)
TOTAL CAPITAL OUTLAY	827,248	5,217,835	6,045,083	4,555,164	1,489,919

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CHARTER SCHOOL:					
Allocation of funds to charter school	\$ 98,986	\$ 37,504	\$ 136,490	\$ 136,468	\$ 22
Total Charter School	98,986	37,504	136,490	136,468	22
TOTAL EXPENDITURES	87,282,435	2,374,956	89,657,391	98,461,599	(8,804,208)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,229,549)	(2,374,956)	(5,604,505)	(569,416)	(5,035,089)
OTHER FINANCING SOURCES (USES):					
Capital Leases (Non-budgeted)	-	-	-	698,127	(698,127)
Transfers In:					
Capital Reserve - Transfer from Capital Projects	-	-	-	10,736	(10,736)
Transfers Out:					
Capital Reserve - Transfer to Capital Projects	(2,878,840)	-	(2,878,840)	(2,878,840)	-
Capital Outlay - Transfer to Capital Projects	-	(22,061)	(22,061)	(22,061)	-
Transfer to Enterprise Fund	-	(13,000)	(13,000)	(13,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,878,840)	(35,061)	(2,913,901)	(2,205,038)	(708,863)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(6,108,389)	(2,410,017)	(8,518,406)	(2,774,454)	(5,743,952)
FUND BALANCE, July 1	13,380,179	-	13,380,179	13,380,179	-
FUND BALANCE, June 30	\$ 7,271,790	\$ (2,410,017)	\$ 4,861,773	\$ 10,605,725	\$ (5,743,952)
Recapitulation of excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures:					
Adjustment for prior year encumbrances	\$ -	\$ (2,410,017)	\$ (2,410,017)	\$ (2,410,017)	\$ -
Budgeted fund balance	(3,269,549)	-	(3,269,549)	1,977,450	(5,246,999)
Budgeted withdrawal from capital reserve	(2,878,840)	-	(2,878,840)	(2,878,840)	-
Increase in capital reserve:					
Principal	-	-	-	500,000	(500,000)
Interest	40,000	-	40,000	36,953	3,047
	\$ (6,108,389)	\$ (2,410,017)	\$ (8,518,406)	\$ (2,774,454)	\$ (5,743,952)

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 UNAUDITED

Recapitulation of Balances:

Restricted Fund Balance:		
Capital reserve	\$	1,917,985
Excess surplus - designated for subsequent year's expenditures		241,147
Committed Fund Balance:		
Year-end encumbrances		2,119,074
Assigned Fund Balance:		
Year-end encumbrances		277,295
Unreserved - designated for subsequent year's expenditures - fund balance appropriated		3,028,402
Unassigned Fund Balance		3,021,822
		<u>10,605,725</u>
Reconciliation to Governmental Funds Statements (GAAP):		
Last state aid payment not recognized on GAAP basis		<u>(1,572,103)</u>
Fund Balance per Governmental Funds (GAAP)	\$	<u><u>9,033,622</u></u>

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	\$ 1,066,520	\$ 404,479	\$ 1,470,999	\$ 1,335,392	\$ 135,607
Local sources	-	4,000	4,000	2,361	1,639
TOTAL REVENUES	\$ 1,066,520	\$ 408,479	\$ 1,474,999	\$ 1,337,753	\$ 137,246
EXPENDITURES:					
Instruction:					
Personal services - salaries	\$ 623,000	\$ 79,976	\$ 702,976	\$ 661,831	\$ 41,145
Other purchased services	5,000	10,125	15,125	11,173	3,952
General supplies	69,578	57,374	126,952	94,723	32,229
Other objects	-	1,350	1,350	219	1,131
Total Instruction	697,578	148,825	846,403	767,946	78,457
Support Services:					
Personal services - salaries	42,750	676	43,426	43,426	-
Personal services - employee benefits	108,198	24,828	133,026	132,978	48
Purchased professional - educational services	165,000	165,855	330,855	315,469	15,386
Other purchased services	31,994	49,659	81,653	49,796	31,857
Supplies and materials	21,000	11,400	32,400	23,902	8,498
Total Support Services	368,942	252,418	621,360	565,571	55,789
Equipment:					
Instructional equipment	-	7,236	7,236	4,236	3,000
Total Equipment	-	7,236	7,236	4,236	3,000
TOTAL EXPENDITURES	\$ 1,066,520	\$ 408,479	\$ 1,474,999	\$ 1,337,753	\$ 137,246

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART II

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGET-TO-GAAP RECONCILIATION
 NOTE TO RSI
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 UNAUDITED

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 97,892,183	\$ 1,337,753
Differences - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized:		
Outstanding encumbrances at June 30, 2018	-	10,456
Outstanding encumbrances at June 30, 2019	-	(2,279)
State aid payment recognized for budgetary purposes, not recognized for GAAP statements		
State aid receivable at June 30, 2018	1,522,660	-
State aid receivable at June 30, 2019	<u>(1,572,103)</u>	<u>-</u>
 Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	 <u>\$ 97,842,740</u>	 <u>\$ 1,345,930</u>
 Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 98,461,599	\$ 1,337,753
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding encumbrances at June 30, 2018	-	10,456
Outstanding encumbrances at June 30, 2019	<u>-</u>	<u>(2,279)</u>
 Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	 <u>\$ 98,461,599</u>	 <u>\$ 1,345,930</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING
FOR PENSIONS (GASB STATEMENT NO. 68)**

The following schedules are provided to report the District's proportionate share of the net pension liability for employees covered under the Public Employees Retirement System (PERS) and the Teachers' Pension and Annuity Fund (TPAF) under the provisions of GASB Statement No. 68 "Accounting and Financial Reporting for Pensions".

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
District's proportion of the net pension liability	0.1362101705%	0.1355951931%	0.1315875501%	0.1300458594%	0.1320112063%
District's proportionate share of the net pension liability	\$ 25,502,269	\$ 30,438,404	\$ 38,972,458	\$ 30,272,597	\$ 25,992,349
District's covered employee payroll	\$ 8,887,622	\$ 9,003,821	\$ 9,124,395	\$ 9,247,275	\$ 9,465,296
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	286.94%	338.06%	427.12%	327.37%	274.61%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%

* GASB requires that ten years of information be presented. However, this schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS *
 UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
District's contractually required contribution	\$ 1,122,897	\$ 1,165,755	\$ 1,175,092	\$ 1,217,903	\$ 1,318,163
District's contributions in relation to the contractually required contribution	<u>(1,122,897)</u>	<u>(1,165,755)</u>	<u>(1,175,092)</u>	<u>(1,217,903)</u>	<u>(1,318,163)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 8,887,622	\$ 9,003,821	\$ 9,124,395	\$ 9,247,275	\$ 9,465,296
Contributions as a percentage of covered employee payroll	12.63%	12.95%	12.88%	13.17%	13.93%

* GASB requires that ten years of information be presented. However, this schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHERS' PENSION AND ANNUITY FUND
 LAST TEN FISCAL YEARS *
 UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
State's proportion of the net pension liability attributable to the District	0.3049831893%	0.3090236578%	0.3120044643%	0.3102842692%	0.3175712594%
State's proportionate share of the net pension liability attributable to the District	\$ 163,003,589	\$ 195,316,148	\$ 245,442,577	\$ 209,204,843	\$ 202,032,014
District's covered employee payroll	\$ 31,174,125	\$ 32,178,744	\$ 32,708,076	\$ 33,333,476	\$ 34,508,207
State's proportionate share of the net pension liability as a percentage of the District's covered employee payroll	522.88%	606.97%	750.40%	627.61%	585.46%
District's proportionate share of the net pension liability **	-0-	-0-	-0-	-0-	-0-
District's proportionate share of the net pension liability as a percentage of the District's covered employee payroll **	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%

* GASB requires that ten years of information be presented. However, this schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

** The net pension liability for employees of the Teachers' Pension and Annuity Fund is considered a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the pension fund. The District (employer) does not contribute to the fund and the District's proportionate share of the net pension liability is zero.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 TEACHERS' PENSION AND ANNUITY FUND
 LAST TEN FISCAL YEARS *
 UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
State's contractually required contribution	\$ 8,771,123	\$ 11,925,809	\$ 18,441,594	\$ 14,492,652	\$ 11,777,760
State's contributions in relation to the contractually required contribution	<u>(1,670,695)</u>	<u>(2,498,029)</u>	<u>(3,490,087)</u>	<u>(4,790,196)</u>	<u>(6,269,781)</u>
Contribution deficiency/(excess)	<u>\$ 7,100,428</u>	<u>\$ 9,427,780</u>	<u>\$ 14,951,507</u>	<u>\$ 9,702,456</u>	<u>\$ 5,507,979</u>
District's covered employee payroll	\$ 31,174,125	\$ 32,178,744	\$ 32,708,076	\$ 33,333,476	\$ 34,508,207
Contributions as a percentage of covered employee payroll	28.14%	37.06%	56.38%	43.48%	34.13%

* GASB requires that ten years of information be presented. However, this schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return and the municipal bond index rate. The discount rate changed from 5.00% as of the prior measurement date (June 30, 2017) to 5.66% as of the current measurement date (June 30, 2018). The municipal bond rate changed from 3.58% to 3.87% and the long-term expected rate of return on pension plan investments remained the same at 7.00%.

The inflation rate also remained the same at 2.25% as of June 30, 2017 and June 30, 2018.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return and the municipal bond index rate. The discount rate changed from 4.25% as of the prior measurement date (June 30, 2017) to 4.86% as of the current measurement date (June 30, 2018). The municipal bond rate changed from 3.58% to 3.87% and the long-term expected rate of return on pension plan investments remained the same at 7.00%.

The inflation rate also remained the same at 2.25% as of June 30, 2017 and June 30, 2018.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR OTHER
POST EMPLOYMENT BENEFITS (GASB STATEMENT NO. 75)**

The following schedules are provided to report the District's proportionate share of the State post-retirement medical benefits liability under the provisions of GASB Statement No. 75 "Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions".

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE STATE OPEB LIABILITY
 LAST TEN FISCAL YEARS *
 UNAUDITED

	2018	2019
Service cost	\$ 7,347,823	\$ 6,106,145
Interest cost	5,735,411	6,637,891
Difference between expected and actual experience	-	(13,730,615)
Changes in assumptions	(23,608,197)	(18,144,983)
Member contributions	154,656	146,128
Gross benefit payments	(4,200,053)	(4,228,054)
Net Change in Total Share of OPEB Liability	(14,570,360)	(23,213,488)
Total OPEB Liability - Beginning	195,903,168	181,332,808
Total OPEB Liability - Ending	\$ 181,332,808	\$ 158,119,320
District's Proportionate Share of OPEB Liability **	\$ -	\$ -
State's Proportionate Share of OPEB Liability **	181,332,808	158,119,320
Total OPEB Liability - Ending	\$ 181,332,808	\$ 158,119,320
District's Covered Employee Payroll	\$ 42,580,751	\$ 43,973,503
District's Proportionate Share of the Total OPEB Liability as a Percentage of Covered Payroll	0%	0%

* GASB requires that ten years of information be presented. However, this schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

** Other Post Employment Benefits (OPEB) for employees of the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System (PERS) is considered a special funding situation as defined by GASB Statement No. 75 in which the State of New Jersey is 100% responsible for contributions to the health insurance plan. The District (employer) does not contribute to the plan and the District's OPEB liability is zero.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

The mortality rates in the valuation as of June 30, 2017 were based on the following:

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

The health care trend rates in the valuation as of June 30, 2017 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after eight years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Elementary and Secondary Education Act (ESEA)				Individuals with Disabilities Education Act (IDEA)		Mount Olive Municipal Alliance Comm. (MOMAC) Grant	Clean Communities Grant for Public Schools	Carl D. Perkins Career and Technical Education Grant	Total
	Title I	Title II	Title III	Title IV	Part B	Part B				
	Part A	Part A			Basic	Preschool				
REVENUES:										
Federal sources	\$ 232,610	\$ 111,338	\$ 32,425	\$ 4,475	\$ 892,151	\$ 42,894	\$ -	\$ -	\$ 19,499	\$ 1,335,392
Local sources	-	-	-	-	-	-	1,861	500	-	2,361
TOTAL REVENUES	\$ 232,610	\$ 111,338	\$ 32,425	\$ 4,475	\$ 892,151	\$ 42,894	\$ 1,861	\$ 500	\$ 19,499	\$ 1,337,753
EXPENDITURES:										
Instruction:										
Personal services - salaries	\$ 174,226	\$ -	\$ -	\$ -	\$ 464,027	\$ 23,578	\$ -	\$ -	\$ -	\$ 661,831
Other purchased services	-	-	-	-	11,173	-	-	-	-	11,173
General supplies	-	-	29,906	-	35,926	15,512	-	-	13,379	94,723
Other objects	-	-	-	-	219	-	-	-	-	219
Total Instruction	174,226	-	29,906	-	511,345	39,090	-	-	13,379	767,946
Support Services:										
Personal services - salaries	-	-	-	-	41,676	-	-	-	1,750	43,426
Personal services - employee benefits	58,384	-	-	-	72,656	1,804	-	-	134	132,978
Purchased professional - educational services	-	72,891	-	680	239,898	2,000	-	-	-	315,469
Other purchased services	-	37,781	2,519	-	9,496	-	-	-	-	49,796
Supplies and materials	-	666	-	3,795	17,080	-	1,861	500	-	23,902
Total Support Services	58,384	111,338	2,519	4,475	380,806	3,804	1,861	500	1,884	565,571
Equipment:										
Instructional equipment	-	-	-	-	-	-	-	-	4,236	4,236
Total Equipment	-	-	-	-	-	-	-	-	4,236	4,236
TOTAL EXPENDITURES	\$ 232,610	\$ 111,338	\$ 32,425	\$ 4,475	\$ 892,151	\$ 42,894	\$ 1,861	\$ 500	\$ 19,499	\$ 1,337,753

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Year	Project Title	Appropriation	GAAP Expenditures to Date		Unexpended Balance
			Prior Years	Current Year	
2019	Renovations to Tinc Road Elementary School	\$ 1,847,225	\$ -	\$ 1,847,225	\$ -
2019	Tinc Road Elementary School Bathroom Renovations	436,488	-	436,488	-
2019	Mount Olive Middle School Maker Space	341,416	-	341,416	-
2019	Mount Olive High School Bio-Tech Lab	122,524	-	122,524	-
2019	Mount Olive High School Classroom Renovations	142,512	-	142,512	-
		<u>\$ 2,890,165</u>	<u>\$ -</u>	<u>\$ 2,890,165</u>	<u>\$ -</u>

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

REVENUES AND OTHER FINANCING SOURCES:

Transfer from capital reserve	\$ 2,878,840
Transfer from capital outlay	22,061

TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 2,900,901
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EXPENDITURES AND OTHER FINANCING USES:

Architectural/engineering services	\$ 181,340
Construction services	2,708,825
Transfer to General Fund	10,736

TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 2,900,901
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MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES,
 PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
 RENOVATIONS TO TINC ROAD ELEMENTARY SCHOOL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	Prior Periods	Current Period	Total	Revised Authorized Cost
REVENUES AND OTHER FINANCING SOURCES:				
Transfer from capital reserve	\$ -	\$ 1,826,380	\$ 1,826,380	\$ 1,826,380
Transfer from capital outlay	-	20,845	20,845	20,845
TOTAL REVENUES AND OTHER FINANCING SOURCES	-	1,847,225	1,847,225	1,847,225
EXPENDITURES AND OTHER FINANCING USES:				
Architectural/engineering services	-	103,380	103,380	103,380
Construction services	-	1,743,845	1,743,845	1,743,845
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ 1,847,225	\$ 1,847,225	\$ 1,847,225

ADDITIONAL PROJECT INFORMATION:

Project number	not applicable
Grant date	not applicable
Bond authorization date	not applicable
Bonds authorized	not applicable
Bonds issued	not applicable
Original authorized cost	\$ 1,826,380
Additional authorized cost	20,845
Revised authorized cost	\$ 1,847,225
Percentage increase over original authorized cost	1.14%
Percentage completion	100.00%
Original target completion date	Sep-18
Revised target completion date	Sep-18

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES,
 PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
 TINC ROAD ELEMENTARY SCHOOL BATHROOM RENOVATIONS
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	Prior Periods	Current Period	Total	Revised Authorized Cost
REVENUES AND OTHER FINANCING SOURCES:				
Transfer from capital reserve	\$ -	\$ 436,488	\$ 436,488	\$ 436,488
TOTAL REVENUES AND OTHER FINANCING SOURCES	-	436,488	436,488	436,488
EXPENDITURES AND OTHER FINANCING USES:				
Architectural/engineering services	-	31,888	31,888	31,888
Construction services	-	404,600	404,600	404,600
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ 436,488	\$ 436,488	\$ 436,488

ADDITIONAL PROJECT INFORMATION:

Project number	not applicable
Grant date	not applicable
Bond authorization date	not applicable
Bonds authorized	not applicable
Bonds issued	not applicable
Original authorized cost	\$ 430,488
Additional authorized cost	6,000
Revised authorized cost	\$ 436,488
Percentage increase over original authorized cost	1.39%
Percentage completion	100.00%
Original target completion date	Sep-18
Revised target completion date	Sep-18

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES,
 PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
 MOUNT OLIVE MIDDLE SCHOOL MAKER SPACE
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	Prior Periods	Current Period	Total	Revised Authorized Cost
REVENUES AND OTHER FINANCING SOURCES:				
Transfer from capital reserve	\$ -	\$ 340,200	\$ 340,200	\$ 340,200
Transfer from capital outlay	-	1,216	1,216	1,216
TOTAL REVENUES AND OTHER FINANCING SOURCES	-	341,416	341,416	341,416
EXPENDITURES AND OTHER FINANCING USES:				
Architectural/engineering services	-	25,200	25,200	25,200
Construction services	-	316,216	316,216	316,216
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ 341,416	\$ 341,416	\$ 341,416

ADDITIONAL PROJECT INFORMATION:

Project number	not applicable
Grant date	not applicable
Bond authorization date	not applicable
Bonds authorized	not applicable
Bonds issued	not applicable
Original authorized cost	\$ 340,200
Additional authorized cost	1,216
Revised authorized cost	\$ 341,416
Percentage increase over original authorized cost	0.36%
Percentage completion	100.00%
Original target completion date	Sep-18
Revised target completion date	Sep-18

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES,
 PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
 MOUNT OLIVE HIGH SCHOOL BIO-TECH LAB
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	Prior Periods	Current Period	Total	Revised Authorized Cost
REVENUES AND OTHER FINANCING SOURCES:				
Transfer from capital reserve	\$ -	\$ 131,760	\$ 131,760	\$ 131,760
TOTAL REVENUES AND OTHER FINANCING SOURCES	-	131,760	131,760	131,760
EXPENDITURES AND OTHER FINANCING USES:				
Architectural/engineering services	-	9,760	9,760	9,760
Construction services	-	112,764	112,764	112,764
Transfer to General Fund	-	9,236	9,236	9,236
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ 131,760	\$ 131,760	\$ 131,760

ADDITIONAL PROJECT INFORMATION:

Project number	not applicable
Grant date	not applicable
Bond authorization date	not applicable
Bonds authorized	not applicable
Bonds issued	not applicable
Original authorized cost	\$ 131,760
Additional authorized cost	-
Revised authorized cost	\$ 131,760
Percentage increase over original authorized cost	0.00%
Percentage completion	100.00%
Original target completion date	Sep-18
Revised target completion date	Sep-18

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES,
 PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
 MOUNT OLIVE HIGH SCHOOL CLASSROOM RENOVATIONS
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	Prior Periods	Current Period	Total	Revised Authorized Cost
REVENUES AND OTHER FINANCING SOURCES:				
Transfer from capital reserve	\$ -	\$ 144,012	\$ 144,012	\$ 144,012
TOTAL REVENUES AND OTHER FINANCING SOURCES	-	144,012	144,012	144,012
EXPENDITURES AND OTHER FINANCING USES:				
Architectural/engineering services	-	11,112	11,112	11,112
Construction services	-	131,400	131,400	131,400
Transfer to General Fund	-	1,500	1,500	1,500
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ 144,012	\$ 144,012	\$ 144,012

ADDITIONAL PROJECT INFORMATION:

Project number	not applicable
Grant date	not applicable
Bond authorization date	not applicable
Bonds authorized	not applicable
Bonds issued	not applicable
Original authorized cost	\$ 150,012
Additional authorized cost	(6,000)
Revised authorized cost	\$ 144,012
Percentage increase over original authorized cost	-4.00%
Percentage completion	100.00%
Original target completion date	Sep-18
Revised target completion date	Sep-18

**ENTERPRISE FUNDS
DETAIL STATEMENTS**

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

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

Summer Programs – This fund accounts for the operation of the District’s summer remedial and enhancement programs.

Property Rentals – This fund accounts for all revenues and expenses pertaining to the rental properties located in Building Two of the administrative complex.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 ENTERPRISE FUNDS
 COMBINING STATEMENT OF NET POSITION
 AS OF JUNE 30, 2019

	Business-Type Activities - Enterprise Funds						
	Non-Major Funds					Major Fund	Total
	Food Services	Summer School	STEAM Camp	Capstone Summer Camp	Total	Property Rentals	Enterprise Funds
ASSETS:							
CURRENT ASSETS:							
Cash and cash equivalents	\$ 195,778	\$ 989	\$ 89,470	\$ 29,681	\$ 315,918	\$ 240,125	\$ 556,043
Restricted cash and cash equivalents	-	-	-	-	-	4,944	4,944
Due from other funds	29,202	-	-	-	29,202	-	29,202
Accounts receivable:							
State	1,814	-	-	-	1,814	-	1,814
Federal	54,401	-	-	-	54,401	-	54,401
Other	12,625	-	43,500	20,750	76,875	220	77,095
Inventories	11,538	-	-	-	11,538	-	11,538
Total Current Assets	<u>305,358</u>	<u>989</u>	<u>132,970</u>	<u>50,431</u>	<u>489,748</u>	<u>245,289</u>	<u>735,037</u>
NONCURRENT ASSETS:							
Capital assets	617,793	-	-	-	617,793	1,700,000	2,317,793
Less: accumulated depreciation	401,214	-	-	-	401,214	96,928	498,142
Total Noncurrent Assets	<u>216,579</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>216,579</u>	<u>1,603,072</u>	<u>1,819,651</u>
TOTAL ASSETS	<u>521,937</u>	<u>989</u>	<u>132,970</u>	<u>50,431</u>	<u>706,327</u>	<u>1,848,361</u>	<u>2,554,688</u>
LIABILITIES:							
Current liabilities:							
Accounts payable	59,110	-	-	-	59,110	-	59,110
Unearned revenue	15,739	-	88,303	-	104,042	7,006	111,048
Escrow deposits payable	-	-	-	-	-	4,944	4,944
Accrued interest payable	-	-	-	-	-	62,679	62,679
Noncurrent liabilities:							
Due within one year	-	-	-	-	-	93,986	93,986
Due beyond one year	-	-	-	-	-	1,143,514	1,143,514
TOTAL LIABILITIES	<u>74,849</u>	<u>-</u>	<u>88,303</u>	<u>-</u>	<u>163,152</u>	<u>1,312,129</u>	<u>1,475,281</u>
NET POSITION:							
Invested in capital assets, net of related debt	216,579	-	-	-	216,579	365,572	582,151
Unrestricted	230,509	989	44,667	50,431	326,596	170,660	497,256
TOTAL NET POSITION	<u>\$ 447,088</u>	<u>\$ 989</u>	<u>\$ 44,667</u>	<u>\$ 50,431</u>	<u>\$ 543,175</u>	<u>\$ 536,232</u>	<u>\$ 1,079,407</u>

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 ENTERPRISE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds						
	Non-Major Funds				Total	Major Fund	Total Enterprise Funds
	Food Services	Summer School	STEAM Camp	Capstone Summer Camp		Property Rentals	
OPERATING REVENUES:							
Charges for services:							
Daily sales - reimbursable programs	\$ 418,602	\$ -	\$ -	\$ -	\$ 418,602	\$ -	\$ 418,602
Daily sales - non-reimbursable programs	353,016	-	-	-	353,016	-	353,016
Rental income	-	-	-	-	-	373,685	373,685
Tuition	-	28,534	179,113	23,250	230,897	-	230,897
Total Operating Revenues	771,618	28,534	179,113	23,250	1,002,515	373,685	1,376,200
OPERATING EXPENSES:							
Salaries and other personnel costs	374,588	29,902	83,876	-	488,366	-	488,366
Payroll taxes and employee benefits	90,136	2,288	6,416	-	98,840	-	98,840
Management fees	46,800	-	-	-	46,800	12,000	58,800
Cost of sales - reimbursable programs	298,364	-	-	-	298,364	-	298,364
Cost of sales - non-reimbursable programs	143,258	-	-	-	143,258	-	143,258
Supplies and materials	54,359	-	41,106	372	95,837	-	95,837
Depreciation	7,186	-	-	-	7,186	20,976	28,162
Cleaning, repair and maintenance services	17,979	-	-	-	17,979	33,422	51,401
Real estate taxes	-	-	-	-	-	51,296	51,296
Utilities	-	-	-	-	-	40,877	40,877
Interest expense	-	-	5,755	-	5,755	62,679	68,434
Other expenses	23,755	-	-	-	23,755	969	24,724
Total Operating Expenses	1,056,425	32,190	137,153	372	1,226,140	222,219	1,448,359
OPERATING INCOME (LOSS)	(284,807)	(3,656)	41,960	22,878	(223,625)	151,466	(72,159)

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds						Total Enterprise Funds
	Non-Major Funds					Major Fund	
	Food Services	Summer School	STEAM Camp	Capstone Summer Camp	Total	Property Rentals	
NON-OPERATING REVENUES:							
State sources:							
State school lunch program	8,882	-	-	-	8,882	-	8,882
Federal sources:							
School breakfast program	27,328	-	-	-	27,328	-	27,328
National school lunch program	236,437	-	-	-	236,437	-	236,437
After school snack program	451	-	-	-	451	-	451
Special milk program	1,009	-	-	-	1,009	-	1,009
Food donation program	61,130	-	-	-	61,130	-	61,130
Interest income	8,998	378	1,615	-	10,991	-	10,991
Other income	5,911	200	307	729	7,147	2,002	9,149
Total Non-Operating Revenues	350,146	578	1,922	729	353,375	2,002	355,377
NET INCOME (LOSS)	65,339	(3,078)	43,882	23,607	129,750	153,468	283,218
OTHER FINANCING SOURCES:							
Transfer from General Fund	-	4,000	9,000	-	13,000	-	13,000
Change in net position	65,339	922	52,882	23,607	142,750	153,468	296,218
Total net position - beginning	381,749	67	(8,215)	26,824	400,425	382,764	783,189
Total net position - ending	\$ 447,088	\$ 989	\$ 44,667	\$ 50,431	\$ 543,175	\$ 536,232	\$ 1,079,407

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Fund						
	Non-Major Funds					Major Fund	
	Food Services	Summer School	STEAM Camp	Capstone Summer Camp	Total	Property Rentals	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 770,255	\$ 28,534	\$ 140,532	\$ 2,500	\$ 941,821	\$ 393,057	\$ 1,334,878
Payments for employees and employee benefits	(471,291)	(32,190)	(90,292)	-	(593,773)	-	(593,773)
Payments to suppliers for goods and services	(516,508)	-	(46,861)	(372)	(563,741)	(153,472)	(717,213)
Net cash provided by (used for) operating activities	<u>(217,544)</u>	<u>(3,656)</u>	<u>3,379</u>	<u>2,128</u>	<u>(215,693)</u>	<u>239,585</u>	<u>23,892</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES							
State sources	6,879	-	-	-	6,879	-	6,879
Federal sources	203,828	-	-	-	203,828	-	203,828
Operating subsidies and transfers to/from other funds	-	4,000	9,000	-	13,000	-	13,000
Other non-operating income	1,163	200	307	-	1,670	2,002	3,672
Net cash provided by non-capital financing activities	<u>211,870</u>	<u>4,200</u>	<u>9,307</u>	<u>-</u>	<u>225,377</u>	<u>2,002</u>	<u>227,379</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Capital contributions	-	-	-	-	-	(217,845)	(217,845)
Purchase of capital assets	(169,499)	-	-	-	(169,499)	-	(169,499)
Net cash used for capital and related financing activities	<u>(169,499)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(169,499)</u>	<u>(217,845)</u>	<u>(387,344)</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest and dividends	8,998	378	1,615	729	11,720	-	11,720
Net increase (decrease) in cash and cash equivalents	(166,175)	922	14,301	2,857	(148,095)	23,742	(124,353)
Cash and cash equivalents - beginning of year	361,953	67	75,169	26,824	464,013	216,383	680,396
Cash and cash equivalents - end of year	<u>\$ 195,778</u>	<u>\$ 989</u>	<u>\$ 89,470</u>	<u>\$ 29,681</u>	<u>\$ 315,918</u>	<u>\$ 240,125</u>	<u>\$ 556,043</u>
Reconciliation of operating loss to net cash used in operating activities:							
Operating income (loss)	\$ (284,807)	\$ (3,656)	\$ 41,960	\$ 22,878	\$ (223,625)	\$ 151,466	\$ (72,159)
Adjustments to reconcile operating loss to net cash used in operating activities:							
Depreciation and interest expense	7,186	-	-	-	7,186	83,655	90,841
Food donation program	61,130	-	-	-	61,130	-	61,130
(Increase) decrease in accounts receivable, net	(3,474)	-	(43,500)	(20,750)	(67,724)	8,780	(58,944)
(Increase) decrease in inventories	1,577	-	-	-	1,577	-	1,577
Increase (decrease) in accounts payable, net	(1,267)	-	-	-	(1,267)	-	(1,267)
Increase (decrease) in deferred revenue	2,111	-	4,919	-	7,030	(4,316)	2,714
Total adjustments	<u>67,263</u>	<u>-</u>	<u>(38,581)</u>	<u>(20,750)</u>	<u>7,932</u>	<u>88,119</u>	<u>96,051</u>
Net cash used in operating activities	<u>\$ (217,544)</u>	<u>\$ (3,656)</u>	<u>\$ 3,379</u>	<u>\$ 2,128</u>	<u>\$ (215,693)</u>	<u>\$ 239,585</u>	<u>\$ 23,892</u>

**INTERNAL SERVICE FUNDS
DETAIL STATEMENTS**

Internal Service Funds are utilized to finance, administer and account for activities that provide goods and/or services to other departments or agencies on a cost-reimbursement basis. GASB Statement No. 10 permits school districts to use an Internal Service Fund to account for risk financing activities, such as self-insurance funds. The District uses the Internal Service Fund to account for its self-insurance activities.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2019

	Major Fund
	Self
	Insurance
	Fund
ASSETS:	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 1,305,101
Accounts receivable - other	1,261,827
TOTAL ASSETS	2,566,928
LIABILITIES:	
Current liabilities:	
Accounts payable	650,145
Accrued liability for insurance claims	1,409,568
TOTAL LIABILITIES	2,059,713
NET POSITION:	
Unrestricted	507,215
TOTAL NET POSITION	\$ 507,215

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Major Fund
	Self Insurance Fund
OPERATING REVENUES:	
Member contributions	\$ 13,563,307
Total Operating Revenues	13,563,307
OPERATING EXPENSES:	
Insurance claims	11,248,687
Excess liability insurance premiums	1,438,225
Administrative fees	518,651
State surcharge	36,413
Total Operating Expenses	13,241,976
OPERATING INCOME	321,331
NON-OPERATING REVENUES:	
Interest income	17,199
Total Non-Operating Revenues	17,199
Change in net position	338,530
Total net position - beginning	168,685
Total net position - ending	\$ 507,215

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Major Fund Self Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from member contributions, net	\$ 13,338,304
Payments for insurance claims, net	(11,845,880)
Payments for other goods and services	(1,747,843)
Net cash used in operating activities	(255,419)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	17,199
Net increase (decrease) in cash and cash equivalents	(238,220)
Cash and cash equivalents - beginning of year	1,543,321
Cash and cash equivalents - end of year	\$ 1,305,101
Reconciliation of operating loss to net cash used in operating activities:	
Operating income (loss)	\$ 321,331
Adjustments to reconcile operating loss to net cash used in operating activities:	
(Increase) decrease in accounts receivable, net	(1,167,493)
Increase (decrease) in accounts payable, net	95,248
Increase (decrease) in interfund payable	(74,805)
Increase (decrease) in accrued liability	570,300
Total adjustments	(576,750)
Net cash used in operating activities	\$ (255,419)

<p style="text-align: center;">FIDUCIARY FUNDS DETAIL STATEMENTS</p>

Fiduciary Funds are used to account for funds received by the school district for a specific purpose – Agency or Trust Funds.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

Student Activity Fund – This agency fund is used to account for student activity funds held at the schools.

Payroll Fund – This agency fund is used to account for the payroll transactions of the school district.

Trust Funds have a trust agreement, a higher degree of management involvement, and a longer holding period of the fund resources.

Unemployment Compensation Insurance Trust Fund – This trust fund is used to account for funds held to pay quarterly unemployment contributions and unemployment claims billed by the State.

Flexible Spending Account Trust Fund – This trust fund is used to account for funds held to pay qualified medical and dependent care claims.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 FIDUCIARY FUNDS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AS OF JUNE 30, 2019

	Agency Funds			Unemployment Compensation Insurance Trust	Flexible Spending Account Trust
	Student Activity	Payroll	Total Agency Funds		
ASSETS:					
Cash and cash equivalents	\$ 392,872	\$ 514,533	\$ 907,405	\$ 369,697	\$ 33,130
Interfund receivable	-	-	-	-	-
Accounts receivable	37,672	-	37,672	-	-
TOTAL ASSETS	430,544	514,533	945,077	369,697	33,130
LIABILITIES:					
Accounts payable	11,657	-	11,657	20,953	-
Payroll deductions and withholdings	-	501,482	501,482	-	-
Interfund payable	-	13,051	13,051	-	-
Due to student groups	418,887	-	418,887	-	-
TOTAL LIABILITIES	430,544	514,533	945,077	20,953	-
NET POSITION:					
Held in trust for unemployment claims	-	-	-	348,744	-
Held in trust for medical and dependent care claims	-	-	-	-	33,130
TOTAL NET POSITION	\$ -	\$ -	\$ -	\$ 348,744	\$ 33,130

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Unemployment Compensation Insurance Trust	Flexible Spending Account Trust
ADDITIONS:		
Contributions:		
Plan members	\$ 144,405	\$ 89,178
Total contributions	<u>144,405</u>	<u>89,178</u>
Investment earnings:		
Interest	8,646	598
Total investment earnings	<u>8,646</u>	<u>598</u>
Total additions	<u>153,051</u>	<u>89,776</u>
DEDUCTIONS:		
Quarterly contribution reports	60,806	-
Unemployment claims	81,228	-
Qualified medical and dependent care claims	-	84,539
Service charges	-	2,814
Total deductions	<u>142,034</u>	<u>87,353</u>
Change in net position	11,017	2,423
Net position-beginning of the year	337,727	30,707
Net position-end of the year	<u>\$ 348,744</u>	<u>\$ 33,130</u>

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Balance July 1, 2018	Cash Receipts	Cash Disbursements	Accounts Payable/ (Receivable)	Balance June 30, 2019
ELEMENTARY SCHOOLS:					
Sandshore School	\$ 19,023	\$ 15,462	\$ 11,817	\$ 25	\$ 22,643
Mountain View School	13,480	26,253	18,954	(1,192)	21,971
Tinc Road School	17,229	10,033	7,581	1,458	18,223
CMS Elementary School	15,943	27,462	28,750	660	13,995
TOTAL ELEMENTARY SCHOOLS	65,675	79,210	67,102	951	76,832
MIDDLE SCHOOL:					
Mount Olive Middle School	168,858	281,463	264,866	3,663	181,792
TOTAL MIDDLE SCHOOL	168,858	281,463	264,866	3,663	181,792
HIGH SCHOOL:					
Mount Olive High School	157,915	517,143	563,391	(34,033)	145,700
Athletic Account	4,732	140,867	130,590	446	14,563
TOTAL HIGH SCHOOL	162,647	658,010	693,981	(33,587)	160,263
TOTAL ALL SCHOOLS	\$ 397,180	\$ 1,018,683	\$ 1,025,949	\$ (28,973)	\$ 418,887

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 PAYROLL AGENCY FUND
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance July 1, 2018</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2019</u>
Payroll deductions and withholdings	\$ 98,644	\$ 26,709,872	\$ 26,307,034	\$ 501,482
Interfund receivable	(74,805)	74,805	-	-
Interfund payable	8,825	13,051	8,825	13,051
Total	<u><u>\$ 32,664</u></u>	<u><u>\$ 26,797,728</u></u>	<u><u>\$ 26,315,859</u></u>	<u><u>\$ 514,533</u></u>

LONG-TERM DEBT SCHEDULES

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JULY 1, 2018	RETIRED	BALANCE JUNE 30, 2019
			DATE	AMOUNT				
Construction of Mt. Olive Middle School / Facilities Expansion Project - Refunding Bonds	10/06/14	\$ 16,740,000	1/15/2020	\$ 2,115,000	4.00%	\$ 11,085,000	\$ 2,025,000	\$ 9,060,000
			1/15/2021	2,210,000	4.00%			
			1/15/2022	2,305,000	4.00%			
			1/15/2023	2,430,000	5.00%			
Early Retirement Incentive Program - Refunding Bonds	12/20/11	1,535,000	2/1/2020	200,000	3.18%	605,000	195,000	410,000
			2/1/2021	210,000	3.38%			
Addition/Renovations to Mt. Olive High School - Refunding Bonds	05/31/12	6,175,000	7/15/2019	1,225,000	4.00%	2,490,000	1,265,000	1,225,000
Addition/Renovations to Mt. Olive High School - Refunding Bonds	04/20/16	7,540,000	7/15/2025	440,000	5.00%	7,430,000	-	7,430,000
			7/15/2026	1,640,000	5.00%			
			7/15/2027	1,710,000	5.00%			
			7/15/2028	1,785,000	4.00%			
			7/15/2029	1,855,000	5.00%			
Addition/Renovations to Mt. Olive High School - Refunding Bonds	04/20/16	8,095,000	7/15/2020	1,300,000	4.00%	7,985,000	-	7,985,000
			7/15/2021	1,355,000	4.00%			
			7/15/2022	1,405,000	4.00%			
			7/15/2023	1,455,000	4.00%			
			7/15/2024	1,515,000	5.00%			
			7/15/2025	955,000	5.00%			
						\$ 29,595,000	\$ 3,485,000	\$ 26,110,000

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Purpose	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance			Balance June 30, 2019
			Principal	Interest		July 1, 2018	Issued	Retired	
(4) 30-Passenger School Buses and (1) 54-Passenger School Bus	06/16/14	5 Years	\$ 552,000	\$ 22,001	1.434%	\$ 113,577	\$ -	\$ 113,577	\$ -
(4) 30-Passenger School Buses and (1) 50-Passenger School Bus	08/06/15	5 Years	540,000	24,864	1.768%	221,039	-	109,547	111,492
LED Lighting Improvements at Mt. Olive Middle School	12/15/15	5 Years	370,000	19,366	1.877%	189,320	-	74,668	114,652
(4) 30-Passenger School Buses	06/01/16	5 Years	466,000	21,815	1.677%	285,145	-	93,163	191,982
Air Dome at Mt. Olive High School	08/31/17	5 Years	2,400,000	130,075	1.780%	2,400,000	-	516,791	1,883,209
(6) 54-Passenger School Buses and (1) 19-Passenger Wheelchair Bus	05/10/19	5 Years	698,127	37,933	2.479%	-	698,127	-	698,127
						<u>\$ 3,209,081</u>	<u>\$ 698,127</u>	<u>\$ 907,746</u>	<u>\$ 2,999,462</u>

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 4,244,903	\$ -	\$ 4,244,903	\$ 4,244,903	\$ -
Total local sources	4,244,903	-	4,244,903	4,244,903	-
State sources:					
Debt service aid type II	516,671	-	516,671	516,671	-
Total state sources	516,671	-	516,671	516,671	-
TOTAL REVENUES	4,761,574	-	4,761,574	4,761,574	-
EXPENDITURES:					
Regular debt service:					
Interest on early retirement bonds	20,269	-	20,269	20,025	244
Interest on loans and serial bonds	1,262,800	-	1,262,800	1,262,800	-
Redemption of principal - early retirement bonds	195,000	-	195,000	195,000	-
Redemption of principal - loans and serial bonds	3,290,000	-	3,290,000	3,290,000	-
Total Regular Debt Service	4,768,069	-	4,768,069	4,767,825	244
TOTAL EXPENDITURES	4,768,069	-	4,768,069	4,767,825	244
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,495)	-	(6,495)	(6,251)	244
FUND BALANCE, July 1	6,495	-	6,495	6,495	-
FUND BALANCE, June 30	\$ -	\$ -	\$ -	\$ 244	\$ 244
Recapitulation of excess (deficiency) of revenues over (under) expenditures:					
Budgeted Fund Balance	\$ (6,495)	\$ -	\$ (6,495)	\$ (6,251)	\$ 244
Recapitulation of Balances:					
Restricted for:					
Debt service				\$ 244	

STATISTICAL SECTION

**MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
INTRODUCTION TO THE STATISTICAL SECTION**

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	121-128
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue source, property taxes.	129-132
Debt Capacity These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	133-136
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	137-138
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	139-143

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

	Fiscal Year Ended June 30,									
	2019	2018	(Restated) 2017	(Restated) 2016	2015	2014	2013	2012	2011	2010
Governmental activities:										
Invested in capital assets, net of related debt	\$ 49,850,892	\$ 43,574,301	\$ 37,499,410	\$ 32,147,230	\$ 27,314,078	\$ 20,304,261	\$ 20,889,514	\$ 18,234,468	\$ 16,698,417	\$ 17,763,304
Restricted	2,159,376	5,512,261	9,196,464	10,301,504	9,865,271	6,755,089	3,241,776	2,563,951	1,210,035	20,411
Unrestricted (Deficit)	(25,503,870)	(26,399,461)	(27,795,826)	(26,704,489)	(24,606,865)	(21,296,812)	2,414,935	1,488,319	2,276,040	483,740
Total governmental activities net position	<u>\$ 26,506,398</u>	<u>\$ 22,687,101</u>	<u>\$ 18,900,048</u>	<u>\$ 15,744,245</u>	<u>\$ 12,572,484</u>	<u>\$ 5,762,538</u>	<u>\$ 26,546,225</u>	<u>\$ 22,286,738</u>	<u>\$ 20,184,492</u>	<u>\$ 18,267,455</u>
Business-type activities:										
Invested in capital assets, net of related debt	\$ 582,151	\$ 289,566	\$ 143,288	\$ (6,107)	\$ 23,029	\$ 34,263	\$ 40,823	\$ 52,592	\$ 64,463	\$ 77,966
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	497,256	493,623	429,144	390,244	164,949	109,048	100,029	192,031	170,029	161,095
Total business-type activities net position	<u>\$ 1,079,407</u>	<u>\$ 783,189</u>	<u>\$ 572,432</u>	<u>\$ 384,137</u>	<u>\$ 187,978</u>	<u>\$ 143,311</u>	<u>\$ 140,852</u>	<u>\$ 244,623</u>	<u>\$ 234,492</u>	<u>\$ 239,061</u>
District-wide:										
Invested in capital assets, net of related debt	\$ 50,433,043	\$ 43,863,867	\$ 37,642,698	\$ 32,141,123	\$ 27,337,107	\$ 20,338,524	\$ 20,930,337	\$ 18,287,060	\$ 16,762,880	\$ 17,841,270
Restricted	2,159,376	5,512,261	9,196,464	10,301,504	9,865,271	6,755,089	3,241,776	2,563,951	1,210,035	20,411
Unrestricted (Deficit)	(25,006,614)	(25,905,838)	(27,366,682)	(26,314,245)	(24,441,916)	(21,187,764)	2,514,964	1,680,350	2,446,069	644,835
Total district net position	<u>\$ 27,585,805</u>	<u>\$ 23,470,290</u>	<u>\$ 19,472,480</u>	<u>\$ 16,128,382</u>	<u>\$ 12,760,462</u>	<u>\$ 5,905,849</u>	<u>\$ 26,687,077</u>	<u>\$ 22,531,361</u>	<u>\$ 20,418,984</u>	<u>\$ 18,506,516</u>

Source: District records

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

	Fiscal Year Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses										
Governmental activities:										
Instruction:										
Regular programs	\$ 41,862,042	\$ 44,217,503	\$ 44,124,968	\$ 39,955,470	\$ 34,496,285	\$ 30,374,097	\$ 31,494,232	\$ 30,440,311	\$ 29,279,680	\$ 29,253,267
Special education programs	12,331,915	12,801,445	12,790,046	11,266,201	9,951,711	9,095,697	9,002,194	8,480,211	8,473,838	8,464,554
Other instructional programs	2,158,086	2,319,502	2,479,822	2,214,619	2,250,135	2,033,353	1,796,657	1,661,105	1,529,506	1,578,165
School sponsored programs	2,643,222	2,584,821	1,842,419	1,625,029	1,537,598	1,413,971	1,128,260	1,138,941	1,123,417	1,079,690
Community services programs	-	-	-	34,540	37,655	40,784	29,698	46,610	53,148	40,789
Support Services:										
Tuition	2,538,835	2,366,732	2,525,984	2,435,596	2,756,260	2,730,940	2,711,876	2,862,242	2,964,008	3,151,685
Student & instruction related services	15,812,693	16,156,474	15,462,791	13,779,605	13,018,212	11,795,770	11,742,227	11,246,504	11,222,504	11,405,017
School administrative services	6,309,349	6,565,270	6,604,221	5,866,902	4,982,172	4,534,163	4,532,706	4,780,646	4,352,318	4,441,668
Other administrative services	4,130,845	4,316,030	4,294,786	3,742,696	3,629,252	3,475,143	3,272,978	3,312,477	3,077,718	2,968,343
Plant operations and maintenance	16,646,590	17,006,640	14,845,383	13,818,421	12,084,724	12,148,221	11,366,854	11,842,279	11,953,154	12,115,937
Pupil transportation	6,609,150	6,813,857	6,386,281	5,616,420	5,188,897	5,079,433	5,033,828	5,138,677	5,204,635	5,890,727
Charter schools	136,468	91,473	95,706	77,188	98,784	155,488	134,935	95,957	75,946	72,424
Interest and other debt related charges	1,004,189	1,101,186	1,200,544	1,395,096	1,714,681	2,176,498	2,344,683	2,955,477	2,774,929	2,721,148
Unallocated depreciation	51,644	54,932	52,672	55,632	56,360	50,568	52,755	55,909	65,277	79,015
Total governmental activities expenses	<u>112,235,028</u>	<u>116,395,865</u>	<u>112,705,623</u>	<u>101,883,415</u>	<u>91,802,726</u>	<u>85,104,126</u>	<u>84,643,883</u>	<u>84,057,346</u>	<u>82,150,078</u>	<u>83,262,429</u>
Business-type activities:										
Food service	1,056,425	1,058,506	988,099	987,989	1,027,741	1,198,103	1,221,314	1,272,852	1,266,957	1,341,549
Community school	-	-	-	-	-	-	-	40,056	113,517	160,173
Summer programs	169,715	169,991	145,409	147,656	129,906	34,965	42,822	40,410	50,824	57,488
Property rentals	222,219	238,458	244,638	223,046	-	-	-	-	-	-
Total business-type activities expenses	<u>1,448,359</u>	<u>1,466,955</u>	<u>1,378,146</u>	<u>1,358,691</u>	<u>1,157,647</u>	<u>1,233,068</u>	<u>1,264,136</u>	<u>1,353,318</u>	<u>1,431,298</u>	<u>1,559,210</u>
Total district expenses	<u>\$ 113,683,387</u>	<u>\$ 117,862,820</u>	<u>\$ 114,083,769</u>	<u>\$ 103,242,106</u>	<u>\$ 92,960,373</u>	<u>\$ 86,337,194</u>	<u>\$ 85,908,019</u>	<u>\$ 85,410,664</u>	<u>\$ 83,581,376</u>	<u>\$ 84,821,639</u>

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

	Fiscal Year Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Program Revenues										
Governmental activities:										
Charges for services:										
Regular programs	\$ 1,237,545	\$ 1,424,544	\$ 107,649	\$ 4,100	\$ -	\$ 4,164	\$ -	\$ -	\$ -	\$ -
Special education programs	801,226	557,530	478,299	375,088	234,015	166,822	47,494	56,178	87,350	113,801
Other instructional programs	50,989	52,352	9,000	7,600	11,700	11,400	5,400	7,053	-	-
School sponsored programs (tuition, sports and activity fees)	347,111	405,793	-	-	-	-	-	81,658	85,155	63,787
Student & instruction related services	391,082	387,884								
School administrative services	171,823	169,964								
Other administrative services	81,543	82,991								
Plant operations and maintenance (building usage, parking)	603,763	567,500	118,204	124,822	124,822	109,545	101,755	158,787	56,007	70,875
Pupil transportation (transportation fees)	168,485	168,288	27,238	6,227	7,180	5,597	57,357	229,595	213,067	24,362
Operating grants and contributions	29,046,409	34,536,558	34,035,893	26,314,500	20,954,270	13,170,198	14,069,996	12,135,738	12,226,330	16,160,847
Capital grants and contributions	-	-	-	90,547	1,356,982	-	247,696	266,917	15,454	68,465
Total governmental activities program revenues	<u>32,899,976</u>	<u>38,353,404</u>	<u>34,776,283</u>	<u>26,922,884</u>	<u>22,688,969</u>	<u>13,467,726</u>	<u>14,529,698</u>	<u>12,935,926</u>	<u>12,683,363</u>	<u>16,502,137</u>
Business-type activities:										
Charges for services:										
Food service	771,618	786,157	729,382	703,531	693,762	724,307	774,919	922,334	950,217	1,001,572
Community school	-	-	-	-	-	-	-	20,271	94,059	152,901
Summer programs	230,897	173,910	129,236	144,040	133,103	30,466	42,904	50,372	36,295	33,813
Property rentals	373,685	367,966	374,478	346,462	-	-	-	-	-	-
Operating grants and contributions	335,237	342,541	331,009	359,641	380,496	365,754	340,497	364,214	345,789	343,921
Total business-type activities program revenues	<u>1,711,437</u>	<u>1,670,574</u>	<u>1,564,105</u>	<u>1,553,674</u>	<u>1,207,361</u>	<u>1,120,527</u>	<u>1,158,320</u>	<u>1,357,191</u>	<u>1,426,360</u>	<u>1,532,207</u>
Total district program revenues	<u>\$ 34,611,413</u>	<u>\$ 40,023,978</u>	<u>\$ 36,340,388</u>	<u>\$ 28,476,558</u>	<u>\$ 23,896,330</u>	<u>\$ 14,588,253</u>	<u>\$ 15,688,018</u>	<u>\$ 14,293,117</u>	<u>\$ 14,109,723</u>	<u>\$ 18,034,344</u>
Net (Expense)/Revenue										
Governmental activities	\$ (79,335,052)	\$ (78,042,461)	\$ (77,929,340)	\$ (74,960,531)	\$ (69,113,757)	\$ (71,636,400)	\$ (70,114,185)	\$ (71,121,420)	\$ (69,466,715)	\$ (66,760,292)
Business-type activities	263,078	203,619	185,959	194,983	49,714	(112,541)	(105,816)	3,873	(4,938)	(27,003)
Total district-wide net (expense)/revenue	<u>\$ (79,071,974)</u>	<u>\$ (77,838,842)</u>	<u>\$ (77,743,381)</u>	<u>\$ (74,765,548)</u>	<u>\$ (69,064,043)</u>	<u>\$ (71,748,941)</u>	<u>\$ (70,220,001)</u>	<u>\$ (71,117,547)</u>	<u>\$ (69,471,653)</u>	<u>\$ (66,787,295)</u>

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

	Fiscal Year Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 66,580,498	\$ 65,274,998	\$ 63,322,510	\$ 62,080,892	\$ 60,863,620	\$ 59,670,216	\$ 58,500,212	\$ 57,353,149	\$ 56,228,577	\$ 56,099,419
Taxes levied for debt service	4,244,903	4,234,063	4,234,072	4,285,754	4,587,826	4,592,970	4,576,028	4,611,674	4,598,981	4,478,743
Unrestricted grants and contributions	11,852,906	11,893,389	11,648,609	11,680,396	11,672,926	11,616,865	11,638,067	11,351,096	10,199,501	9,121,265
Extraordinary items	(168)	37,239	1,514,154	(66,165)	(1,278,015)	624,852	21,398	(220,988)	-	-
Investment earnings	363,145	257,534	92,985	70,942	43,546	10,892	7,604	8,685	12,354	5,987
Miscellaneous income	126,065	133,391	275,229	80,774	33,800	69,929	68,690	126,251	344,339	111,856
Transfers	(13,000)	(1,100)	(2,416)	(301)	-	(115,000)	-	(6,201)	-	20,000
Total governmental activities	83,154,349	81,829,514	81,085,143	78,132,292	75,923,703	76,470,724	74,811,999	73,223,666	71,383,752	69,837,270
Business-type activities:										
Investment earnings	10,991	6,038	1,903	875	486	-	1,345	57	369	934
Miscellaneous income	9,149	-	433	-	384	-	-	-	-	-
Extraordinary items	-	-	-	-	(5,917)	-	700	-	-	-
Transfers	13,000	1,100	-	301	-	115,000	-	6,201	-	(20,000)
Total business-type activities	33,140	7,138	2,336	1,176	(5,047)	115,000	2,045	6,258	369	(19,066)
Total district-wide	\$ 83,187,489	\$ 81,836,652	\$ 81,087,479	\$ 78,133,468	\$ 75,918,656	\$ 76,585,724	\$ 74,814,044	\$ 73,229,924	\$ 71,384,121	\$ 69,818,204
Change in Net Position										
Governmental activities	\$ 3,819,297	\$ 3,787,053	\$ 3,155,803	\$ 3,171,761	\$ 6,809,946	\$ 4,834,324	\$ 4,697,814	\$ 2,102,246	\$ 1,917,037	\$ 3,076,978
Business-type activities	296,218	210,757	188,295	196,159	44,667	2,459	(103,771)	10,131	(4,569)	(46,069)
Total district	\$ 4,115,515	\$ 3,997,810	\$ 3,344,098	\$ 3,367,920	\$ 6,854,613	\$ 4,836,783	\$ 4,594,043	\$ 2,112,377	\$ 1,912,468	\$ 3,030,909

Source: District records

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

	Fiscal Year Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund										
Restricted	\$ 2,159,132	\$ 5,505,766	\$ 9,189,969	\$ 9,696,004	\$ 9,429,497	\$ 6,937,450	\$ 3,235,107	\$ 2,208,841	\$ 803,360	\$ 16,243
Committed	2,119,074	1,858,255	849,781	95,229	555,996	1,276,855	1,105,729	980,583	183,000	-
Assigned	3,305,697	2,805,828	2,260,692	1,559,697	3,354,681	4,180,921	4,726,347	3,641,657	4,180,839	3,659,053
Unassigned	1,449,719	1,687,670	1,363,844	1,306,648	1,732,824	1,907,453	1,889,251	2,119,323	2,406,080	1,737,601
Total general fund	<u>\$ 9,033,622</u>	<u>\$ 11,857,519</u>	<u>\$ 13,664,286</u>	<u>\$ 12,657,578</u>	<u>\$ 15,072,998</u>	<u>\$ 14,302,679</u>	<u>\$ 10,956,434</u>	<u>\$ 8,950,404</u>	<u>\$ 7,573,279</u>	<u>\$ 5,412,897</u>
All Other Governmental Funds										
Restricted for:										
Capital projects	\$ -	\$ -	\$ -	\$ 600,912	\$ 142,439	\$ -	\$ -	\$ 350,454	\$ 403,689	\$ 1,129
Debt service	244	6,495	6,495	4,588	149,121	1,113	3,683	2,986	1	-
Assigned	-	-	4,588	149,121	144,214	3,683	2,986	1,670	2,985	3,039
Unassigned	-	-	-	-	-	(187,157)	-	-	-	-
Total all other governmental funds	<u>\$ 244</u>	<u>\$ 6,495</u>	<u>\$ 11,083</u>	<u>\$ 754,621</u>	<u>\$ 435,774</u>	<u>\$ (182,361)</u>	<u>\$ 6,669</u>	<u>\$ 355,110</u>	<u>\$ 406,675</u>	<u>\$ 4,168</u>

Source: District records

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

	Fiscal Year Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues										
Tax levy	\$ 70,825,401	\$ 69,509,061	\$ 67,556,582	\$ 66,366,646	\$ 65,451,446	\$ 64,263,186	\$ 63,076,240	\$ 61,964,823	\$ 60,827,558	\$ 60,578,162
Tuition charges	903,878	837,046	585,948	375,088	234,015	170,986	47,494	56,178	87,350	113,801
Interest earnings	345,946	244,681	92,985	70,942	43,546	10,892	7,604	8,685	12,354	5,987
Transportation fees	21,466	21,146	27,238	6,227	7,180	5,597	57,357	229,595	213,067	24,362
Miscellaneous	493,342	478,291	1,062,433	212,311	235,322	815,726	197,243	373,749	485,501	246,518
State sources	29,943,014	27,920,961	25,782,199	24,689,601	25,392,851	23,286,891	24,651,784	22,171,339	20,416,124	21,225,043
Federal sources	1,417,197	1,416,714	1,460,709	1,465,683	1,425,899	1,500,172	1,303,975	1,582,412	2,025,161	4,125,534
Total revenue	103,950,244	100,427,900	96,568,094	93,186,498	92,790,259	90,053,450	89,341,697	86,386,781	84,067,115	86,319,407
Expenditures										
Instruction:										
Regular Instruction	23,430,638	22,856,800	22,611,055	23,014,678	21,663,620	21,605,660	22,034,273	21,865,872	20,949,176	20,465,844
Special education instruction	7,045,785	6,787,654	6,696,905	6,594,041	6,287,558	6,453,080	6,123,026	6,029,745	6,126,413	5,812,533
Other instructional programs	1,223,402	1,216,888	1,263,566	1,278,794	1,404,332	1,476,002	1,232,256	1,186,752	1,102,572	1,081,345
School sponsored programs	2,273,848	1,694,433	1,258,420	1,179,989	1,168,238	1,069,470	850,449	868,773	846,534	813,821
Community services programs	-	-	-	34,540	37,655	40,784	29,698	43,857	47,542	35,390
Support Services:										
Tuition	2,538,835	2,366,732	2,525,984	2,435,596	2,756,260	2,730,940	2,711,876	2,862,242	2,964,008	3,151,685
Student & inst. related services	9,504,294	8,945,270	8,561,308	8,319,561	8,484,087	8,528,782	8,351,729	8,131,635	8,297,296	8,254,590
School administrative services	3,562,762	3,456,160	3,420,218	3,394,550	3,156,541	3,166,897	3,126,636	3,216,347	3,062,816	3,037,525
Other administrative services	2,973,865	3,080,416	3,098,526	2,831,023	2,872,144	2,745,813	2,582,402	2,599,568	2,401,104	2,335,164
Plant operations and maintenance	9,975,741	10,146,895	8,561,682	7,607,741	7,042,310	7,095,980	6,571,630	7,054,440	7,275,560	7,385,965
Pupil transportation	4,993,707	4,953,581	4,789,921	4,501,053	4,104,999	3,950,618	3,944,166	3,984,861	3,963,774	4,475,471
Employee benefits	27,588,784	25,038,784	23,487,854	21,638,981	19,726,960	20,031,310	21,147,769	19,306,765	18,667,448	20,039,281
Charter Schools	136,468	91,473	95,706	77,188	98,784	155,488	134,935	95,957	75,946	72,424
Capital outlay	7,449,565	9,248,199	5,495,453	8,395,312	8,271,043	2,549,967	3,686,049	2,613,856	1,051,275	511,925
Debt service:										
Principal	3,485,000	3,345,000	3,575,000	3,260,000	3,220,000	3,105,668	3,040,869	2,807,152	2,665,299	2,541,417
Interest and other charges	1,282,825	1,409,870	1,326,910	1,632,677	1,663,068	2,074,776	2,116,345	2,387,198	2,514,436	2,631,155
Total expenditures	107,465,519	104,638,155	96,768,508	96,195,724	91,957,599	86,781,235	87,684,108	85,055,020	82,011,199	82,645,535
Excess (Deficiency) of revenues over (under) expenditures	(3,515,275)	(4,210,255)	(200,414)	(3,009,226)	832,660	3,272,215	1,657,589	1,331,761	2,055,916	3,673,872

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

	Fiscal Year Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Other Financing sources (uses)										
Refunding bonds	-	-	-	15,635,000	16,740,000	-	-	7,710,000	-	-
Original issue premium	-	-	-	2,844,176	2,097,739	-	-	601,529	-	-
Payments to escrow agent	-	-	-	(18,356,547)	(18,676,850)	-	-	(8,184,603)	-	-
Costs of issuance	-	-	-	(119,675)	(157,095)	-	-	(126,926)	-	-
Capital leases	698,127	2,400,000	466,000	910,000	552,000	-	-	-	506,973	230,000
Transfers in	2,911,637	2,909,500	3,533,275	3,050,288	2,190,388	3,021	47,176	337,355	427,999	126,028
Transfers out	(2,924,637)	(2,910,600)	(3,533,275)	(3,050,589)	(2,190,388)	(118,021)	(47,176)	(343,556)	(427,999)	(106,028)
Cancellation of prior year receivable	-	-	(2,416)	-	-	-	-	-	-	-
Total other financing sources (uses)	685,127	2,398,900	463,584	912,653	555,794	(115,000)	-	(6,201)	506,973	250,000
Net change in fund balances	\$ (2,830,148)	\$ (1,811,355)	\$ 263,170	\$ (2,096,573)	\$ 1,388,454	\$ 3,157,215	\$ 1,657,589	\$ 1,325,560	\$ 2,562,889	\$ 3,923,872
Debt service as a percentage of noncapital expenditures	4.77%	4.98%	5.37%	5.57%	5.83%	6.15%	6.14%	6.30%	6.40%	6.30%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

Other administrative services includes general administration, central services, administrative information technology and business and other support services.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)
 UNAUDITED

Fiscal Year Ended June 30,	Insurance Proceeds	Prior Year Tuition Adjustments	Lost Book Fees/Student Fines	Parking Permit Fees	Use of Facilities	Prior Year Refunds	Cancellation of Prior Year Checks and Payables	Sports and Activity Participation Fees	Sale or Lease of Assets	Sunset Academy Fees	Legal Settlement/ Restitution	Before and After Care Program	Other	Annual Totals
2010	\$ 49,701	\$ 5,717	\$ 4,791	\$ 19,275	\$ 70,875	\$ 4,728	\$ -	\$ 63,787	\$ 20,985	\$ -	\$ -	\$ -	\$ 3,622	\$ 243,481
2011	52,661	51,633	8,097	27,615	56,007	3,595	1,709	85,155	45,560	9,979	133,000	-	7,506	482,517
2012	35,000	52,280	3,524	27,984	79,352	21,131	538	81,658	51,451	7,053	2,201	-	8,062	370,234
2013	-	4,229	4,522	24,880	76,875	12,043	1,105	-	61,007	5,400	-	-	5,248	195,309
2014	-	4,997	1,973	24,455	85,090	38,669	4,004	-	635,725	11,400	-	-	8,301	814,614
2015	78	-	5,002	25,925	98,897	10,154	277	-	11,827	11,700	1,237	-	3,997	169,094
2016	-	-	365	28,510	108,350	24,785	2,847	-	28,073	7,600	169	-	5,629	206,328
2017	9,898	-	1,376	28,180	90,024	89,814	1,810	-	17,679	9,200	141,654	-	2,167	391,802
2018	-	-	1,677	29,245	301,655	16,524	4,428	-	33,561	14,000	-	74,903	2,298	478,291
2019	-	-	1,792	32,337	332,579	18,502	6,608	-	1,080	-	43	85,431	12,609	490,981

Source: District records

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 UNAUDITED

Fiscal Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax Exempt Property	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
2009	\$ 129,539,100	\$ 2,382,560,000	\$ 15,145,500	\$ 1,336,800	\$ 509,132,750	\$ 368,195,300	\$ 246,300,000	\$ 3,652,209,450	\$ 5,666,847	\$ 3,657,876,297	\$ 214,728,300	\$ 3,854,574,617	\$ 1.63
2010*	95,028,400	1,978,144,500	12,356,900	1,418,000	427,714,200	290,149,600	228,720,500	3,033,532,100	6,282,617	3,039,814,717	219,794,900	3,753,906,818	2.00
2011	90,315,200	1,959,429,800	12,448,800	1,314,200	418,373,900	272,732,300	248,650,000	3,003,264,200	5,217,039	3,008,481,239	219,757,600	3,539,081,075	2.04
2012	84,999,000	1,974,057,300	12,901,400	1,357,100	409,917,100	263,060,500	248,650,000	2,994,942,400	4,728,279	2,999,670,679	221,322,700	3,296,216,597	2.09
2013	80,606,800	1,993,152,600	12,304,800	1,228,700	389,881,600	262,472,000	248,250,000	2,987,896,500	5,583,077	2,993,479,577	227,248,700	3,192,892,823	2.13
2014	70,029,700	2,020,455,200	12,935,000	1,214,500	384,049,900	257,273,800	247,250,000	2,993,208,100	4,900,281	2,998,108,381	231,862,100	3,098,250,465	2.16
2015	75,181,800	2,052,952,100	12,935,000	1,084,100	371,303,400	260,266,400	247,250,000	3,020,972,800	-	3,020,972,800	232,890,400	2,963,850,508	2.18
2016	68,774,000	2,087,008,500	11,825,400	1,078,300	380,768,400	259,891,200	247,250,000	3,056,595,800	-	3,056,595,800	235,276,100	3,132,027,975	2.19
2017	63,309,600	2,122,926,200	11,705,000	1,077,200	380,352,200	250,753,600	296,350,000	3,126,473,800	-	3,126,473,800	235,183,000	3,180,572,002	2.19
2018	58,773,300	2,152,365,600	11,306,600	1,104,700	377,348,000	257,201,900	296,350,000	3,154,450,100	-	3,154,450,100	238,162,100	3,276,182,208	2.24

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

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

^a Taxable Value of Machinery Implements Equipment of Telephone Messenger System

^b Tax rates are per \$100

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

Fiscal Year Ended December 31,	Mount Olive Township School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	(From J-6) Total Direct School Tax Rate	Mount Olive Township	Morris County	
2009	\$ 1.50	\$ 0.13	\$ 1.63	\$ 0.51	\$ 0.24	\$ 2.38
2010*	1.85	0.15	2.00	0.62	0.28	2.90
2011	1.89	0.15	2.04	0.63	0.28	2.95
2012	1.94	0.15	2.09	0.64	0.27	3.00
2013	1.98	0.15	2.13	0.66	0.27	3.06
2014	2.01	0.15	2.16	0.66	0.27	3.09
2015	2.03	0.15	2.18	0.66	0.25	3.09
2016	2.05	0.14	2.19	0.66	0.26	3.11
2017	2.06	0.14	2.19	0.66	0.27	3.12
2018	2.11	0.13	2.24	0.66	0.27	3.17

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

Note: Tax rates are per \$100

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

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

Taxpayer	2018 Top Ten Taxpayers			2008 Top Ten Taxpayers		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Oakwood Village Real Estate LLC	\$ 120,020,500	1	3.80%	\$ 86,550,000	1	2.36%
SDK Village Green LLC	109,012,200	2	3.46%	82,400,000	2	2.24%
SM Logistics Mount Olive LLC	49,500,000	3	1.57%	70,000,000	3	1.91%
Big Box Property Owner East LLC	47,735,000	4	1.51%			
Eagle Rock Village Inc.	35,991,700	5	1.14%	35,500,000	5	0.97%
SCI ITC South Fund, LLC (Lowes, Babies R Us)	30,600,000	6	0.97%	25,250,000	8	0.69%
Siemens Healthcare Diagnostics Inc.	29,910,900	7	0.95%			
Kings Village LLC	23,000,000	8	0.73%			
SCI ITC South Fund, LLC (Old Navy, Michael's)	20,458,600	9	0.65%	29,000,000	6	0.79%
CRG 1725 LLC	20,000,000	10	0.63%	27,000,000	7	0.74%
MTO Realty				46,200,000	4	1.26%
National Shopping Center Associates, LLC				25,000,000	9	0.68%
Mt. Olive Industrial Realty Co. LLC				23,500,000	10	0.64%
Total	\$ 486,228,900		15.41%	\$ 450,400,000		12.28%

Source: Municipal Tax Assessor

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 59,532,178	\$ 59,532,178	100.00%	-
2010	60,702,860	60,702,860	100.00%	-
2011	61,396,191	61,396,191	100.00%	-
2012	62,520,531	62,520,531	100.00%	-
2013	63,669,713	63,669,713	100.00%	-
2014	64,857,316	64,857,316	100.00%	-
2015	65,909,046	65,909,046	100.00%	-
2016	66,961,614	66,961,614	100.00%	-
2017	68,532,822	68,532,822	100.00%	-
2018	70,825,401	70,825,401	100.00%	-

Source: Certificate and Report of School Taxes (Form A4F)

- a School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Sewer Connection Project Loan	Bond Anticipation Notes (BANs)			
2010	\$ 57,775,000	\$ 428,988	\$ -	\$ 58,203,988	2.79%	\$ 2,064
2011	55,175,000	363,689	-	55,538,689	2.56%	1,960
2012	52,715,000	291,537	-	53,006,537	2.34%	1,862
2013	49,745,000	220,668	-	49,965,668	2.17%	1,748
2014	46,720,000	140,000	-	46,860,000	1.95%	1,634
2015	42,040,000	95,000	-	42,135,000	1.67%	1,462
2016	36,465,000	50,000	-	36,515,000	1.41%	1,264
2017	32,940,000	-	-	32,940,000	1.21%	1,138
2018	29,595,000	-	-	29,595,000	N/A	1,019
2019	26,110,000	-	-	26,110,000	N/A	N/A

Source: District records

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

^a See Exhibit J-14 for personal income and population data. Personal income data is not available beyond 2017 and population data is not available beyond 2018.

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2010	\$ 57,775,000	\$ -	\$ 57,775,000	1.58%	\$ 2,049
2011	55,175,000	-	55,175,000	1.82%	1,947
2012	52,715,000	-	52,715,000	1.75%	1,852
2013	49,745,000	-	49,745,000	1.66%	1,740
2014	46,720,000	-	46,720,000	1.56%	1,629
2015	42,040,000	-	42,040,000	1.40%	1,459
2016	36,465,000	-	36,465,000	1.21%	1,262
2017	32,940,000	-	32,940,000	1.08%	1,138
2018	29,595,000	-	29,595,000	0.95%	1,019
2019	26,110,000	-	26,110,000	0.83%	N/A

Source: District records

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

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

^b Population data can be found in Exhibit J-14. Population data is not available beyond 2018.

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF JUNE 30, 2019
 UNAUDITED

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Township of Mt. Olive ^b	\$ 22,360,407	100.00%	\$ 22,360,407
County of Morris ^c	216,647,700	3.46%	<u>7,490,654</u>
Subtotal, overlapping debt			29,851,061
Mt. Olive Township School District Direct Debt ^d			<u>26,110,000</u>
Total direct and overlapping debt			<u><u>\$ 55,961,061</u></u>

Source: 2018 Annual Debt Statements provided by the County of Morris and Mt. Olive Township
 2018 Abstract of Ratables for Morris County

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Mt. Olive Township. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

^a For debt repaid with property taxes, the percentage of overlapping debt is estimated using taxable assessed property values. The applicable percentage was calculated by dividing the portion of Mt. Olive Township's taxable value by the total taxable value in Morris County as reported on the 2018 Abstract of Ratables for Morris County.

^b Net debt at December 31, 2018 as per the Township's Annual Debt Statement.

^c Net debt at December 31, 2018 as per the County's Annual Debt Statement.

^d School District debt includes all bonds, notes and loans issued as of June 30, 2019 as per Schedule J-10.

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

Legal Debt Margin Calculation as of December 31, 2017

	Equalized valuation basis	
	2018	\$ 1,780,866,244
	2017	3,244,239,701
	2016	3,106,612,257
	[A]	<u>\$ 8,131,718,202</u>
Average equalized valuation of taxable property	[A/3]	\$ 2,710,572,734
Debt limit (4% of average equalized valuation)	[B]	\$ 108,422,909 ^a
Total net debt applicable to limit	[C]	26,110,000
Legal debt margin	[B-C]	<u>\$ 82,312,909</u>

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 152,968,716	\$ 148,613,894	\$ 141,075,637	\$ 133,689,899	\$ 127,755,664	\$ 122,799,389	\$ 121,481,824	\$ 121,773,215	\$ 125,914,346	\$ 108,422,909
Total net debt applicable to limit ^b	57,775,000	55,175,000	52,715,000	49,745,000	46,720,000	42,040,000	36,465,000	32,940,000	29,595,000	26,110,000
Legal debt margin	<u>\$ 95,193,716</u>	<u>\$ 93,438,894</u>	<u>\$ 88,360,637</u>	<u>\$ 83,944,899</u>	<u>\$ 81,035,664</u>	<u>\$ 80,759,389</u>	<u>\$ 85,016,824</u>	<u>\$ 88,833,215</u>	<u>\$ 96,319,346</u>	<u>\$ 82,312,909</u>
Total net debt applicable to the limit as a percentage of debt limit	37.77%	37.13%	37.37%	37.21%	36.57%	34.23%	30.02%	27.05%	23.50%	24.08%

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

^a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

^b Net general bonded debt outstanding as of June 30 per Schedule J-11.

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

Year Ended December 31,	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2009	25,795	\$ 1,810,396,280	\$ 70,184	8.8%
2010	28,194	2,084,044,092	73,918	8.9%
2011	28,338	2,169,925,674	76,573	8.2%
2012	28,464	2,262,347,184	79,481	8.3%
2013	28,592	2,297,595,936	80,358	7.0%
2014	28,685	2,398,811,810	83,626	5.2%
2015	28,824	2,522,244,120	87,505	4.4%
2016	28,894	2,590,433,782	89,653	4.1%
2017	28,952	2,728,986,568	94,259	3.8%
2018	29,051	N/A	N/A	3.5%

Source:

- ^a Population estimates provided by the New Jersey Department of Labor and Workforce Development.
- ^b Personal income has been estimated based upon the municipal population and per capita personal income presented.
- ^c Per capita personal income based on average for Morris County. Information provided by the US Bureau of Economic Analysis. The most current year is a projected figure.
- ^d Unemployment data provided by the NJ Dept of Labor and Workforce Development.

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

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR
UNAUDITED

Employer	Employees	Rank	Percentage of Total Municipal Employment ^a
Mt. Olive Township School District	835	1	5.53%
Siemens Medical Solutions	832	2	5.51%
Mars, Inc.	400	3	2.65%
Wal-Mart Stores Inc.	226	4	1.50%
Shop Rite of Flanders	215	5	1.42%
Givaudan Fragrances Corp.	205	6	1.36%
Lowe's Home Centers Inc.	203	7	1.35%
Mount Olive Township	193	8	1.28%
Benjamin Moore Paints	185	9	1.23%
Weis Markets	126	10	0.83%
	<u>3,420</u>		<u>22.66%</u>

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

^a Based on 2018 annual average labor force estimates by municipality reported by the New Jersey Department of Labor and Workforce Development.

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

<u>Function/Program</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Instruction:										
Regular	286.0	282.0	270.0	279.8	285.0	290.3	301.0	297.2	287.1	290.6
Special education	121.5	125.0	125.0	106.4	131.4	141.7	149.0	142.7	142.3	150.2
Other instruction	11.5	16.0	16.0	15.2	19.0	16.6	18.6	18.2	16.0	18.0
School sponsored programs	-	-	-	-	1.0	1.0	1.0	1.0	8.6	7.8
Community services programs	1.0	0.3	0.3	-	-	-	-	-	-	-
Support Services:										
Student & instruction related services	124.5	129.8	130.3	134.8	143.6	116.6	111.3	128.8	133.8	142.9
General administration	5.0	5.0	5.0	5.0	5.0	4.5	4.6	4.6	5.1	3.6
School administrative services	39.0	40.0	40.0	39.0	40.0	37.0	37.0	37.0	38.0	36.0
Business and other support services	9.5	9.5	9.5	9.5	9.5	9.0	9.0	9.0	9.0	10.0
Administrative information technology	6.0	5.0	5.0	6.0	8.0	8.0	8.0	8.0	8.0	8.5
Plant operations and maintenance	88.5	84.0	85.0	85.0	112.0	85.7	92.3	92.7	96.0	94.9
Pupil transportation	73.5	66.0	66.0	69.0	70.5	65.7	70.9	73.1	71.7	72.1
Total	766.0	762.6	752.1	749.7	824.9	776.1	802.7	812.4	815.6	834.6

Source: District Records

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 UNAUDITED

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil	Percentage Change	Teaching Staff ^c	Average Class Size ^d			Average Daily Enrollment (ADE) ^e	Average Daily Attendance (ADA) ^e	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2010	4,941.5	\$ 76,961,038	\$ 15,574	2.76%	429	22	25	18	4,903	4,685	#REF!	95.6%
2011	4,930.0	75,780,189	15,371	-1.30%	435	21	25	24	4,864	4,626	-0.80%	95.1%
2012	4,792.5	77,246,814	16,118	4.86%	434	18	20	17	4,735	4,515	-2.65%	95.4%
2013	4,631.0	78,840,845	17,025	5.62%	444	20	19	19	4,625	4,391	-2.32%	94.9%
2014	4,675.5	79,050,824	16,907	-0.69%	440	21	21	18	4,646	4,421	0.45%	95.2%
2015	4,700.5	78,803,488	16,765	-0.84%	450	23	18	23	4,664	4,423	0.39%	94.8%
2016	4,577.5	82,907,735	18,112	8.04%	454	22	20	21	4,565	4,330	-2.12%	94.8%
2017	4,574.5	86,371,145	18,881	4.25%	453	21	22	20	4,584	4,331	0.42%	94.5%
2018	4,598.0	95,248,129	20,715	9.71%	445	22	20	21	4,597	4,366	0.28%	95.0%
2019	4,626.5	95,248,129	20,588	-0.62%	461	22	23	24	4,608	4,382	0.24%	95.1%

Source: District records

- ^a Enrollment is based on the annual October district count. The 2019 count represents student enrollment as of October 15, 2018.
- ^b Operating expenditures equal total expenditures per Schedule J-4 less debt service and capital outlay.
- ^c Teaching staff includes only full-time equivalents of certificated staff.
- ^d Average class size is based on school report card data from the previous school year and excludes special education students in specialized classes.
- ^e Average daily enrollment and average daily attendance are obtained from the Annual School Register Summary (SRS).

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

<u>District Building</u>	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Elementary (4)</u>										
Chester M. Stephens Elementary School (1966)										
Square Feet	88,745	88,745	88,745	88,745	88,745	88,745	88,745	88,745	88,745	88,745
Capacity (students) ^a	880	880	887	887	887	887	887	887	887	887
Enrollment ^b	700	697	692	648	648	681	678	684	704	674
Mt. View Elementary School (1969)										
Square Feet	84,190	84,190	84,190	84,190	84,190	84,190	84,190	84,190	84,190	84,190
Capacity (students) ^a	886	886	866	866	866	866	866	866	866	866
Enrollment ^b	607	599	579	526	508	489	475	444	432	488
Sandshore Elementary School (1972)										
Square Feet	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000
Capacity (students) ^a	653	653	589	589	589	589	589	589	589	589
Enrollment ^b	426	422	384	374	376	373	387	403	427	443
Tinc Road Elementary School (1974)										
Square Feet	60,992	60,992	60,992	60,992	60,992	60,992	60,992	60,992	60,992	60,992
Capacity (students) ^a	676	676	688	688	688	688	688	688	688	688
Enrollment ^b	527	526	494	456	460	460	453	458	471	457
<u>Middle School (1)</u>										
Mt. Olive Middle School (2001)										
Square Feet	201,934	201,934	201,934	201,934	201,934	201,934	201,934	201,934	201,934	201,934
Capacity (students) ^a	1,200	1,200	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
Enrollment ^b	1,164	1,137	1,150	1,157	1,205	1,213	1,125	1,101	1,061	1,062
<u>High School (1)</u>										
Mt. Olive High School (1978)										
Square Feet	335,000	335,000	335,000	335,000	335,000	335,000	335,000	335,000	335,000	335,000
Capacity (students) ^a	1,740	1,740	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Enrollment ^b	1,468	1,508	1,456	1,444	1,452	1,473	1,455	1,486	1,523	1,501
<u>Other (2)</u>										
Administrative Office Complex (2015)										
Building One - Square Feet	-	-	-	-	-	-	19,198	19,198	19,198	19,198
Building Two - Square Feet	-	-	-	-	-	-	19,198	19,198	19,198	19,198
Bus Garage										
Square Feet	15,500	15,500	15,500	15,500	15,500	15,500	15,500	15,500	15,500	15,500

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

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

^a Functional capacity for years 2012-2019 is based on the most recent Demographer's Report dated July 30, 2012. Functional capacities do not include rooms set aside for self-contained special education students and do not include pre-school space requirements. Actual capacity changes annually based on the number of special needs students and classrooms dedicated to specialized instruction. Capacities prior to 2012 are based on architect's estimate as of August 15, 1997.

^b Enrollment is based on the annual October district count. The 2019 count represents the number of on roll full-time and shared-time students as of October 15, 2018.

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

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

	School Facilities *						Other Facilities/ Unallocated ^a	Total
	Mt. Olive High School	Mt. Olive Middle School	Chester Stephens Elementary School	Tinc Road Elementary School	Sandshore Elementary School	Mt. View Elementary School		
2010	\$ 218,053	\$ 112,706	\$ 71,865	\$ 47,964	\$ 37,751	\$ 39,253	\$ 253,529	\$ 781,121
2011	199,392	191,044	42,318	48,019	36,261	58,689	242,349	818,072
2012	471,156	170,190	97,969	57,161	69,420	117,897	273,003	1,256,796
2013	192,793	188,610	40,831	49,613	73,541	48,900	232,400	826,688
2014	205,502	136,529	40,812	81,134	49,783	91,195	262,770	867,725
2015	212,341	175,359	80,433	38,425	94,834	65,264	249,386	916,042
2016	195,614	154,969	68,374	53,068	71,272	110,151	415,804	1,069,252
2017	345,282	143,537	75,460	61,383	83,323	123,915	280,224	1,113,124
2018	652,930	208,900	75,919	110,646	52,248	112,548	347,796	1,560,987
2019	222,504	701,172	82,187	60,818	78,226	49,666	986,586	2,181,159
Total School Facilities	\$ 2,915,567	\$ 2,183,016	\$ 676,168	\$ 608,231	\$ 646,659	\$ 817,478	\$ 3,543,847	\$ 11,390,966

Source: District records

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

^a Other facilities/unallocated includes the administration building, the bus garage, and unallocated maintenance salaries.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Coverage	Deductible
School Package Policy - School Alliance Insurance Fund		
Property:	\$ 500,000,000	
Building and personal property		\$ 2,500
Auto physical damage		\$ 1,000
General Liability including Auto and Employee Benefits:		
Per occurrence	\$ 5,000,000	
Fund annual aggregate	\$ 100,000,000	
Fire damage	\$ 2,500,000	
Medical expenses (excluding student athletes)	\$ 10,000	
Security Guard Liability	\$ 1,000,000	\$ 5,000
Environmental Impairment Liability:		
Per incident	\$ 1,000,000	\$ 10,000
Fund annual aggregate	\$ 25,000,000	
Crime Coverage	\$ 50,000	\$ 1,000
Blanket employee dishonesty bond	\$ 500,000	\$ 1,000
Boiler and machinery	\$ 100,000,000	\$ 2,500
Excess Liability (excludes school board legal liability)	\$ 15,000,000	
School Board Legal Liability	\$ 5,000,000	\$ 5,000
Cyber Liability	\$ 2,000,000	\$ 10,000
Workers' Compensation:	statutory	
Employer's liability	\$ 2,000,000	
Supplemental indemnity	statutory	
Selective Insurance		
Surety Bonds:		
Business Administrator	\$ 400,000	
Treasurer of School Monies	\$ 400,000	
Bollinger		
Student Accident Insurance	\$ 1,000,000	

Source: Insurance Agent

SINGLE AUDIT SECTION

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Township of Mount Olive School District, in the County of Morris, New Jersey, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 18, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that were required to be reported to the Board of Education of the Township of Mount Olive School District in the separate Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance dated November 18, 2019.

Purpose of this Report

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



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

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

Newton, New Jersey

November 18, 2019

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

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Township of Mount Olive School District in the County of Morris, New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Township of Mount Olive School District's major federal and state programs for the fiscal year ended June 30, 2019. The Township of Mount Olive School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Unmodified Opinion on Each of the Major Federal and State Programs

In our opinion, the Township of Mount Olive Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal and state programs identified in the Summary of Auditor Results section of the accompanying Schedule of Finding and Questioned Costs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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



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

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Certified Public Accountants
Newton, New Jersey

November 18, 2019

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Program or Award Amount	Grant Period		Accounts Receivable June 30, 2018	Cash Received	Budgetary Expenditures	Adjustments	Accounts Receivable June 30, 2019	MEMO GAAP Receivable
				From	To						
U.S. Department of Health and Human Services											
Passed-through State Department of Education											
General Fund:											
Medicaid Administrative Claiming (MAC)	93.778	1905NJ5MAP	\$ 12,032	09/01/18	08/31/19	\$ -	\$ 12,032	\$ (12,032)	\$ -	\$ -	\$ -
Special Education Medicaid Initiative (SEMI)	93.778	1905NJ5MAP	60,013	09/01/18	08/31/19	-	60,013	(60,013)	-	-	-
U.S. Department of Law and Public Safety											
Passed-through State Department of Education											
Disaster Grants - Public Assistance	97.036		1,583	01/01/13	12/31/13	-	1,583	(1,583)	-	-	-
Total General Fund						-	73,628	(73,628)	-	-	-
U.S. Department of Education											
Passed-through State Department of Education											
Special Revenue Fund:											
Title I Part A, Grants to Local Educational Agencies	84.010A	S010A170030	243,923	07/01/17	06/30/18	(94,732)	94,732	-	-	-	-
Title I Part A, Grants to Local Educational Agencies	84.010A	S010A180030	232,610	07/01/18	06/30/19	-	156,754	(232,610)	50	(75,806)	(75,806)
						(94,732)	251,486	(232,610)	50	(75,806)	(75,806)
Title IIA Part A, Improving Teacher Quality State Grants	84.367A	S367A170029	99,597	07/01/17	06/30/18	(39,208)	39,208	-	-	-	-
Title IIA Part A, Improving Teacher Quality State Grants	84.367A	S367A180029	135,390	07/01/18	06/30/19	-	83,241	(111,338)	-	(28,097)	(28,097)
						(39,208)	122,449	(111,338)	-	(28,097)	(28,097)
Title III, English Language Acquisition	84.365A	S365A170030	46,781	07/01/17	06/30/18	(3,587)	3,587	-	-	-	-
Title III, English Language Acquisition	84.365A	S365A180030	51,970	07/01/18	06/30/19	-	10,860	(32,425)	-	(21,565)	(21,565)
						(3,587)	14,447	(32,425)	-	(21,565)	(21,565)
Title IV Part A, Student Support and Academic Enrichment (SSAE) Program	84.358B	S358B170030	10,000	07/01/17	06/30/18	(2,352)	2,352	-	-	-	-
Title IV Part A, Student Support and Academic Enrichment (SSAE) Program	84.358B	S358B180030	6,405	07/01/18	06/30/19	-	4,154	(4,475)	-	(321)	(321)
						(2,352)	6,506	(4,475)	-	(321)	(321)
I.D.E.A. Part B, Individuals with Disabilities - State Grant	84.027	H027A170100	939,874	07/01/17	06/30/18	(283,398)	283,398	-	-	-	-
I.D.E.A. Part B, Individuals with Disabilities - State Grant	84.027	H027A180100	962,128	07/01/18	06/30/19	-	694,914	(892,151)	-	(197,237)	(195,478)
I.D.E.A. Part B, Preschool Grants for Children with Disabilities	84.173	H173A170114	46,465	07/01/17	06/30/18	(20,653)	20,653	-	-	-	-
I.D.E.A. Part B, Preschool Grants for Children with Disabilities	84.173	H173A180114	43,106	07/01/18	06/30/19	-	37,782	(42,894)	(24)	(5,136)	(4,617)
						(304,051)	1,036,747	(935,045)	(24)	(202,373)	(200,095)
Career and Technical Education - Basic Grants (Perkins)	84.048A	V048A170030	19,482	07/01/17	06/30/18	(8,891)	8,891	-	-	-	-
Career and Technical Education - Basic Grants (Perkins)	84.048A	V048A180030	22,399	07/01/18	06/30/19	-	19,364	(19,499)	-	(135)	(135)
						(8,891)	28,255	(19,499)	-	(135)	(135)
Temporary Emergency Impact Aid for Displaced Students	84.938C	S938C180005	9,750	07/01/17	06/30/18	(9,750)	9,750	-	-	-	-
Total Special Revenue Fund						(462,571)	1,469,640	(1,335,392)	26	(328,297)	(326,019)

See Notes to Schedule of Expenditures of Federal and State Awards

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Program or Award Amount	Grant Period		Accounts Receivable June 30, 2018	Cash Received	Budgetary Expenditures	Adjustments	Accounts Receivable June 30, 2019	MEMO GAAP Receivable
				From	To						
U.S. Department of Agriculture											
Passed-through State Department of Education											
Enterprise Fund:											
Food Donation	10.550		61,130	09/01/18	08/31/19	-	61,130	(61,130)	-	-	-
School Breakfast Program	10.553	171NJ304N1099	26,528	09/01/17	08/31/18	(2,575)	2,575	-	-	-	-
School Breakfast Program	10.553	181NJ304N1099	27,328	09/01/18	08/31/19	-	20,961	(27,328)	-	(6,367)	(6,367)
National School Lunch Program	10.555	171NJ304N1099	234,941	09/01/17	08/31/18	(18,638)	18,638	-	-	-	-
National School Lunch Program	10.555	181NJ304N1099	236,437	09/01/18	08/31/19	-	188,777	(236,437)	-	(47,660)	(47,660)
Special Milk Program for Children	10.556	171NJ304N1099	1,048	09/01/17	08/31/18	(79)	79	-	-	-	-
Special Milk Program for Children	10.556	181NJ304N1099	1,009	09/01/18	08/31/19	-	811	(1,009)	-	(198)	(198)
After School Snack	10.555	181NJ304N1099	451	09/01/18	08/31/19	-	275	(451)	-	(176)	(176)
Total Enterprise Fund						(21,292)	293,246	(326,355)	-	(54,401)	(54,401)
Sub-Total Federal Financial Awards						\$ (483,863)	\$ 1,836,514	\$ (1,735,375)	\$ 26	\$ (382,698)	\$ (380,420)

See Notes to Schedule of Expenditures of Federal and State Awards

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Accounts Receivable July 1, 2018	Cash Received	Budgetary Expenditures	Accounts Receivable June 30, 2019	MEMO	
			From	To					Budgetary Receivable	Cumulative Total Expenditures
State Department of Education										
General Fund:										
Special Education Aid, Carryover	18-495-034-5120-089	2,959,145	07/01/17	06/30/18	\$ (295,914)	\$ 295,914	\$ -	\$ -	\$ -	\$ -
Special Education Aid	19-495-034-5120-089	2,959,145	07/01/18	06/30/19	-	2,663,231	(2,959,145)	-	(295,914)	2,959,145
					<u>(295,914)</u>	<u>2,959,145</u>	<u>(2,959,145)</u>	<u>-</u>	<u>(295,914)</u>	<u>2,959,145</u>
Transportation Aid, Carryover	18-495-034-5120-014	544,347	07/01/17	06/30/18	(54,435)	54,435	-	-	-	-
Transportation Aid	19-495-034-5120-014	1,067,482	07/01/18	06/30/19	-	960,734	(1,067,482)	-	(106,748)	1,067,482
					<u>(54,435)</u>	<u>1,015,169</u>	<u>(1,067,482)</u>	<u>-</u>	<u>(106,748)</u>	<u>1,067,482</u>
Extraordinary Special Education Costs Aid, Carryover	18-495-034-5120-044	1,475,494	07/01/17	06/30/18	(1,475,494)	1,475,494	-	-	-	-
Extraordinary Special Education Costs Aid	19-495-034-5120-044	1,847,082	07/01/18	06/30/19	-	-	(1,847,082)	(1,847,082)	(1,847,082)	1,847,082
					<u>(1,475,494)</u>	<u>1,475,494</u>	<u>(1,847,082)</u>	<u>(1,847,082)</u>	<u>(1,847,082)</u>	<u>1,847,082</u>
Nonpublic School Transportation Aid, Carryover	18-495-034-5120-014	37,279	07/01/17	06/30/18	(37,279)	37,279	-	-	-	-
Nonpublic School Transportation Aid	19-495-034-5120-014	22,620	07/01/18	06/30/19	-	-	(22,620)	(22,620)	(22,620)	22,620
					<u>(37,279)</u>	<u>37,279</u>	<u>(22,620)</u>	<u>(22,620)</u>	<u>(22,620)</u>	<u>22,620</u>
Homeless Tuition Reimbursement, Carryover	18-495-034-5120-005	61,066	07/01/17	06/30/18	(61,066)	61,066	-	-	-	-
Homeless Tuition Reimbursement	19-495-034-5120-005	7,486	07/01/18	06/30/19	-	-	(7,486)	(7,486)	(7,486)	7,486
					<u>(61,066)</u>	<u>61,066</u>	<u>(7,486)</u>	<u>(7,486)</u>	<u>(7,486)</u>	<u>7,486</u>
Equalization Aid, Carryover	18-495-034-5120-078	11,850,036	07/01/17	06/30/18	(1,148,322)	1,148,322	-	-	-	-
Equalization Aid	19-495-034-5120-078	11,850,036	07/01/18	06/30/19	-	10,691,254	(11,850,036)	-	(1,158,782)	11,850,036
					<u>(1,148,322)</u>	<u>11,839,576</u>	<u>(11,850,036)</u>	<u>-</u>	<u>(1,158,782)</u>	<u>11,850,036</u>
Security Aid, Carryover	18-495-034-5120-084	106,585	07/01/17	06/30/18	(10,659)	10,659	-	-	-	-
Security Aid	19-495-034-5120-084	106,585	07/01/18	06/30/19	-	95,926	(106,585)	-	(10,659)	106,585
					<u>(10,659)</u>	<u>106,585</u>	<u>(106,585)</u>	<u>-</u>	<u>(10,659)</u>	<u>106,585</u>
PARCC Readiness Aid, Carryover	18-495-034-5120-098	44,640	07/01/17	06/30/18	(4,464)	4,464	-	-	-	-
					<u>(4,464)</u>	<u>4,464</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Per Pupil Growth Aid, Carryover	18-495-034-5120-097	44,640	07/01/17	06/30/18	(4,464)	4,464	-	-	-	-
					<u>(4,464)</u>	<u>4,464</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Professional Learning Community Aid, Carryover	18-495-034-5120-101	44,020	07/01/17	06/30/18	(4,402)	4,402	-	-	-	-
					<u>(4,402)</u>	<u>4,402</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reimbursed T.P.A.F. Social Security Tax	19-495-034-5094-003	2,494,801	07/01/18	06/30/19	-	2,362,580	(2,494,801)	(132,221)	(132,221)	2,494,801
On-behalf T.P.A.F. Pension Contribution	19-495-034-5094-002	6,269,781	07/01/18	06/30/19	-	6,269,781	(6,269,781)	-	-	6,269,781
On-behalf T.P.A.F. Non-Contributory Insurance	19-495-034-5094-004	6,805	07/01/18	06/30/19	-	6,805	(6,805)	-	-	6,805
On-behalf T.P.A.F. Post Retirement Medical	19-495-034-5094-001	2,843,963	07/01/18	06/30/19	-	2,843,963	(2,843,963)	-	-	2,843,963
					<u>-</u>	<u>11,483,129</u>	<u>(11,615,350)</u>	<u>(132,221)</u>	<u>(132,221)</u>	<u>11,615,350</u>
Total General Fund					<u>(3,096,499)</u>	<u>28,990,773</u>	<u>(29,475,786)</u>	<u>(2,009,409)</u>	<u>(3,581,512)</u>	<u>29,475,786</u>

See Notes to Schedule of Expenditures of Federal and State Awards

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Accounts Receivable July 1, 2018	Cash Received	Budgetary Expenditures	Accounts Receivable June 30, 2019	MEMO	
			From	To					Budgetary Receivable	Cumulative Total Expenditures
State Department of Education										
Debt Service Fund:										
Debt Service Aid - State Support	19-495-034-5120-075	516,671	07/01/18	06/30/19	-	516,671	(516,671)	-	-	516,671
Total Debt Service Fund					-	516,671	(516,671)	-	-	516,671
State Department of Agriculture										
Enterprise Fund:										
National School Lunch Program - State Share, Carryover	18-100-010-3350-023	9,031	07/01/17	06/30/18	(725)	725	-	-	-	-
National School Lunch Program - State Share	19-100-010-3350-023	8,882	07/01/18	06/30/19	-	7,068	(8,882)	(1,814)	(1,814)	8,882
Total Enterprise Fund					(725)	7,793	(8,882)	(1,814)	(1,814)	8,882
Total State Financial Assistance					(3,097,224)	29,515,237	(30,001,339)	(2,011,223)	(3,583,326)	30,001,339
Less: On-Behalf Pension and Annuity Aid					-	9,120,549	(9,120,549)	-	-	9,120,549
Total For State Financial Assistance Determination					<u>\$ (3,097,224)</u>	<u>\$ 20,394,688</u>	<u>\$ (20,880,790)</u>	<u>\$ (2,011,223)</u>	<u>\$ (3,583,326)</u>	<u>\$ 20,880,790</u>

See Notes to Schedule of Expenditures of Federal and State Awards

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS

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

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(49,443) for the general fund and \$8,177 for the special revenue fund. See Notes to Required Supplemental Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Additionally, as discussed further in Note 5, the State of New Jersey makes contributions on-behalf of the District for TPAF post-retirement medical and pension contributions. The total amount of these contributions during the 2019 fiscal year was \$9,120,549.

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$73,628	\$29,426,343	\$29,499,971
Special Revenue Fund	1,343,569	-	1,343,569
Capital Projects Fund	-	-	-
Debt Service	-	516,671	516,671
Food Service Fund	326,355	8,882	335,237
	<u> </u>	<u> </u>	<u> </u>
Total Awards and Financial Assistance	<u>\$1,743,552</u>	<u>\$29,951,896</u>	<u>\$31,695,448</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

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

The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2019. The amount reported as TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2019.

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

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

NOTE 7. INDIRECT COST RATE

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

**TOWNSHIP OF MOUNT OLIVE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to basic financial statements noted? yes X no

Federal Awards

Internal Control over major federal programs:

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

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

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

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Fein Number(s)</u>	<u>Name of Federal Program or Cluster</u>
		SPECIAL EDUCATION CLUSTER:
84.027	H027A170100	I.D.E.A. - Part B - Basic
84.173	H173A170114	I.D.E.A. - Part B - Preschool
84.010	S010A180029	Title I Part A – Improving Basic Programs

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

Auditee qualified as low-risk auditee? X yes no

**TOWNSHIP OF MOUNT OLIVE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(continued)**

State Awards

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

Auditee qualified as low-risk auditee? X yes no

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

Internal Control over major state programs:

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

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

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

Identification of major state programs:

State Grant/Project Number(s)

Name of State Program

19-495-034-5120-078	State Aid – Public:
19-495-034-5120-089	Equalization Aid
19-495-034-5120-084	Categorical Special Education Aid
19-100-034-5120-473	Security Aid
19-495-034-5094-003	Extraordinary Aid
19-495-034-5120-014	Reimbursed T.P.A.F. Social Security
	Transportation Aid

**TOWNSHIP OF MOUNT OLIVE SCHOOL DISTRICT
SCHEDULE OF FINANCIAL, FEDERAL AND STATE FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Section II - Financial Statement Findings

None

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

None

**TOWNSHIP OF MOUNT OLIVE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Status of Prior Year Findings

There were no prior audit findings.