

TOWNSHIP OF MAHWAH
SCHOOL DISTRICT

Township of Mahwah School District
Board of Education
Mahwah, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017

**Comprehensive Annual
Financial Report**

of the

**Township of Mahwah School District
Board of Education**

Mahwah, New Jersey

For the Fiscal Year Ended June 30, 2017

Prepared by

**Township of Mahwah School District
Board of Education**

Finance Department

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INTRODUCTORY SECTION

Mahwah Township Board of Education
60 Ridge Road
Mahwah, NJ 07430

November 16, 2017

The Honorable President and
Members of the Board of Education
Mahwah Township School District
Bergen County, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Mahwah Township School District (the "District") for the fiscal year ended June 30, 2017 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "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 basic financial statements 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 comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. 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 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' report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: Mahwah Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) in codification section. All funds and account groups of the District are included in this report. The Mahwah Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 12. These services include regular and vocational as well as special education for handicapped youngsters. The District provides a pre-school program and also provides a pre-school program for special education students for a total of 47 students.

The Honorable President and
 Members of the Board of Education
 Mahwah Township School District
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The District completed the 2016-2017 fiscal year with an enrollment of 2,922 students, which is 64 fewer students than the previous year’s enrollment. In addition, 67 students are sent to out-of-district special education programs. The following table details the changes in the student enrollment of the District.

Average Daily Enrollment as of June 30

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	2,913	(1.93)%
2015-2016	2,970	(3.18)%
2014-2015	3,068	(3.44)%
2013-2014	3,177	(1.40)%
2012-2013	3,222	(2.35)%
2011-2012	3,299	(2.06)%
2010-2011	3,369	(2.01)%
2009-2010	3,438	(1.31)%
2008-2009	3,484	0.81%
2007-2008	3,456	1.03%
2006-2007	3,420	1.24%
2005-2006	3,378	1.50%
2004-2005	3,328	1.00%
2003-2004	3,295	2.00%
2002-2003	3,230	3.89%
2001-2002	3,109	4.47%
2000-2001	2,976	3.05%
1999-2000	2,888	5.64%
1998-1999	2,734	5.15%
1997-1998	2,600	7.52%
1996-1997	2,418	4.40%
1995-1996	2,316	5.65%
1994-1995	2,192	2.00%
1993-1994	2,149	0.90%
1992-1993	2,130	4.70%
1991-1992	2,035	6.30%
1990-1991	1,915	4.90%

2) ECONOMIC CONDITION AND OUTLOOK: Mahwah Township is experiencing the slowdown in growth that is prevalent in the county.

3) MAJOR INITIATIVES: Every effort continues to be made to service the needs of all students in-district whenever possible. The special needs of all students are addressed through appropriate, and where applicable, alternative instructional techniques.

4) DISTRICT INFORMATION:

Ninety-four percent of the Class of 2017 is pursuing higher education.

Post Graduation Plans

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Graduates	251	222	253
Post Secondary Ed.	(235) 93.6%	(208) 93.3	(241) 95.2%
4- Yr. Colleges	(212) 84.5%	(175) 78.5%	(211) 83.3%
2 - Yr. Colleges	(23) 9.2%	(33)14.8%	(30) 11.9%
Other	(16) 6.3%	(14) 6.7%	(12) 4.8%

College Data

Mahwah High School students will be attending college in the following states in the fall.

<u>State</u>	<u># of Students Attending</u>	<u>State</u>	<u># of Students Attending</u>
NJ	94	NC	2
PA	38	CA	2
NY	33	GA	2
FL	11	AZ	1
MA	11	IL	1
RI	7	WV	1
VA	6	CO	1
CT	6	MI	1
MD	5	IN	1
DE	5		
SC	4		
LA	3		
OH	2		

Advanced Placement Testing
 233 Students took 513 exams in
 24 academic subjects in May 2017
 90% of the students scored 3 or better
 As reported to College Board as of 8/4/17

AP COURSE	Average Score	AP COURSE	Average Score
Art History	3.71	Microeconomics	3.36
Biology	3.21	Music Theory	4.00
Calculus AB	2.62	Physics C- E&M	4.5
Calculus BC	4.63	Physics C- Mechanics	3.85
Chemistry	2.83	Psychology	3.78
Computer Science	4.00	Spanish Language & Culture	3.67
English Language & Composition	4.24	Statistics	3.98
English Literature & Composition	3.25	Studio Art: 2-D Design	1.86
European History	3.00	Studio Art: Drawing	3.56
Environmental Science	2.5	Studio Art: 3-D Design	3.00
French Language & Culture	4.00	United States Govt. & Politics	3.42
Macroeconomics	3.18	US History	4.00

Class of 2017 – College Matriculation

College/University	# Attending	College/University	# Attending
Bergen Community College	23	Fairleigh Dickinson University	1
Ramapo College of New Jersey	13	Ithaca College	1
William Paterson University of New Jersey	8	Juniata College	1
Pennsylvania State University	8	Lehigh University	1
New Jersey Institute of Technology	6	Long Island University, Brooklyn	1
University of Delaware	6	Manhattan College	1
Quinnipiac University	4	Marist College	1
King's College	3	Mount Saint Mary College	1
The College of New Jersey	3	Delaware Valley University	1
Rensselaer Polytechnic Institute	3	Bloomsburg University of Pennsylvania	1
Seton Hall University	3	Indiana University of Pennsylvania	1
Babson College	3	Pratt Institute	1
Bryant University	3	Rochester Institute of Technology	1
Northeastern University	3	Rockland Community College	1

The Honorable President and
Members of the Board of Education
Mahwah Township School District
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November 16, 2017

<u>College/University</u>	<u># Attending</u>	<u>College/University</u>	<u># Attending</u>
University of Rhode Island	3	Siena College	1
The Ohio State University	2	Stevens Institute of Technology	1
Fordham University	2	Temple University	1
Iona College	2	United States Military Academy - Army	1
Monmouth University	2	The University of Scranton	1
Rowan University	2	Vassar College	1
Kean University	2	Wilkes University	1
SUNY College at Cortland	2	Boston University	1
Pace University, New York City	2	Brown University	1
Rutgers University-New Brunswick	2	Bentley University	1
Syracuse University	2	Berklee College of Music	1
School of Visual Arts	2	Merrimack College	1
Pennsylvania College of Technology	2	Plymouth State University	1
University of New Haven	2	Sacred Heart University	1
University of Vermont	2	Trinity College	1
University of California, Los Angeles	2	University of Connecticut	1
American University	2	Wellesley College	1
Emory University	2	Concordia University - Irvine	1
Loyola University Maryland	2	University of Northern Colorado	1
University of Maryland, College Park	2	University of Colorado at Boulder	1
University of South Carolina	2	University of Washington	1
The University of Tampa	2	The Catholic University of America	1
Indiana University at Bloomington	1	Delaware Technical & Community College	1
Miami University, Oxford	1	Elon University	1
Michigan State University	1	Florida International University	1
The University of Alabama	1	Florida State University	1
University of Notre Dame	1	University of Central Florida	1
Xavier University	1	Liberty University	1
Albright College	1	Salisbury University	1
Bucknell University	1	Towson University	1
Carnegie Mellon University	1	Palm Beach State College	1
Clarkson University	1	Savannah College of Art and Design	1
Cornell University	1	University of Miami	1
County College of Morris	1	West Virginia University	1
Dickinson College	1	Iowa State University	1

<u>College/University</u>	<u># Attending</u>	<u>College/University</u>	<u># Attending</u>
Drew University	1	Embry-Riddle Aeronautical University	1
Drexel University	1	The Capri Institute	1
Elizabethtown College	1	Parisian Beauty Academy	1

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

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

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

6) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objectives of these budgetary controls are to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at a year-end are either canceled or are included as re-appropriations of fund balance in the subsequent fiscal year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2017.

7) ACCOUNTING SYSTEM AND REPORTS: The District’s accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the district is organized on the basis of funds and account groups. These funds and account groups are explained in “Notes to the Basic Financial Statements”, Note 1.

8) DEBT ADMINISTRATION: At June 30, 2017, the District’s outstanding debt issues included \$9,117,000 of general obligation bonds.

The Honorable President and
Members of the Board of Education
Mahwah Township School District
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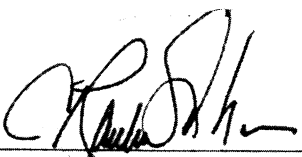
9) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in “Notes to the Basic Financial Statements”, Note 3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect government units from loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

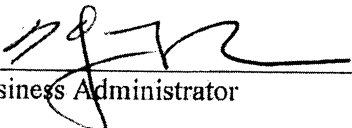
10) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

11) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia, LLP was appointed by the Board of Education for this purpose. 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 is 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.

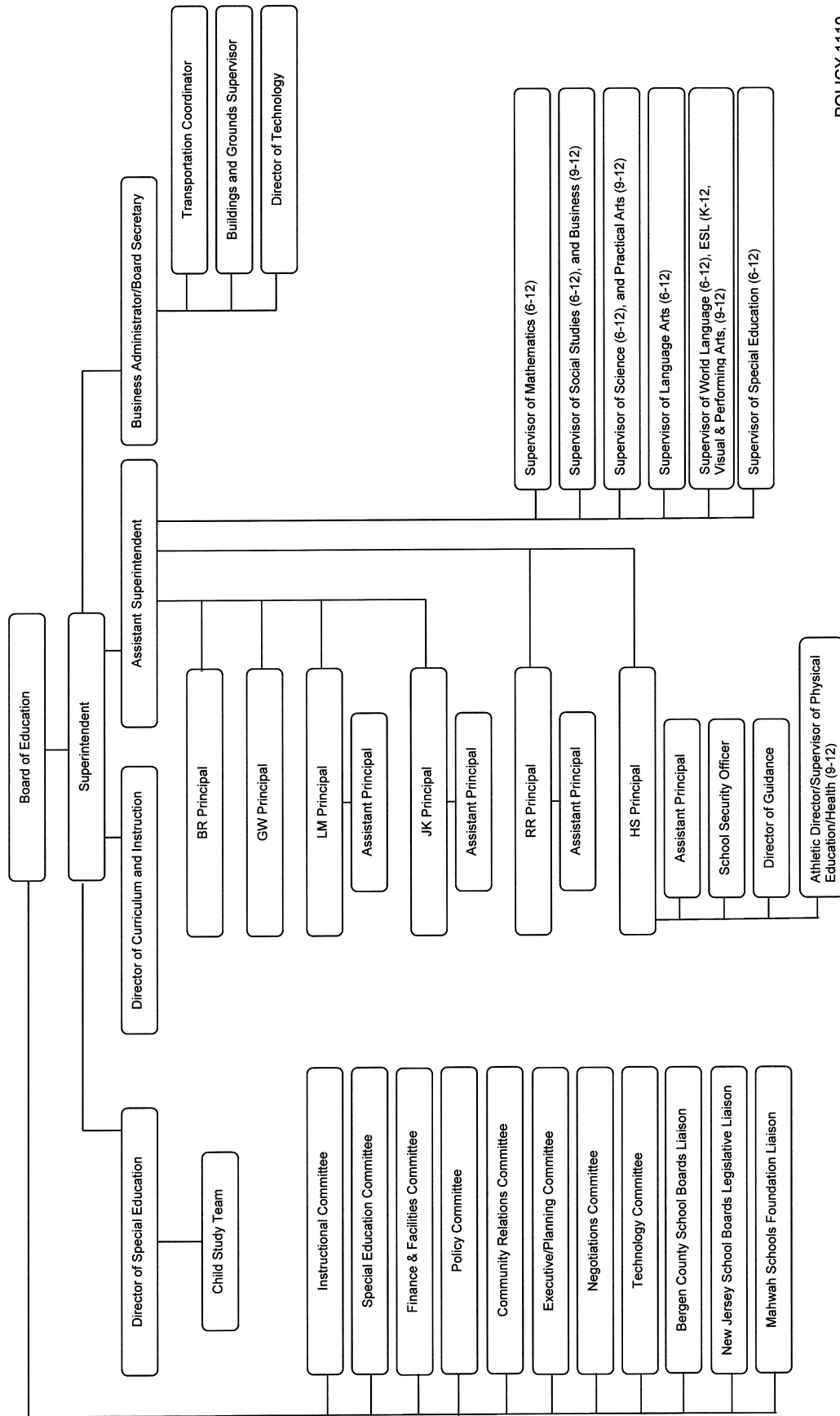
12) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Mahwah Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of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

Respectfully submitted,

Signed: 
Title: Superintendent

Signed: 
Title: Business Administrator

ORGANIZATIONAL CHART – 2016-2017



POLICY 1110
1/4/17

**TOWNSHIP OF MAHWAH SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2017**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Kim Barron, President	2017
Richard A. DeSilva, Jr., First Vice President	2017
John Dinice, Second Vice President	2017
Michael Galow	2018
Benjamin A. Kezmarsky	2017
Leslie Konikow	2018
Linda Mavretish	2019
Dr. Prema C. Moorthy	2019
Peter J. Wendrychowicz	2019

Other Officials

Title

C. Lauren Schoen, Ed.D.	Superintendent of Schools
Kyle J. Bleeker	School Business Administrator/Board Secretary
Kenneth Sesholtz	Treasurer

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
Consultants and Advisors

Architect Firm

Tokarski & Millemann Architects, LLC
228 Brick Boulevard, 2nd Floor
Brick, NJ 08724

Audit Firm

Nisivoccia, LLP
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856

Attorneys

Schwartz Simon Edelstein Celso, LLC
100 S. Jefferson Road, Suite 200
Whippany, NJ 07981

Schenck Price Smith & King, LLP
220 Park Avenue
Florham Park, NJ 07932

Bond Counsel

Hawkins, Delafield, & Wood
One Gateway Center, 24th Floor
Newark, NJ 07102

Risk Management Consultants

Brown & Brown Benefit Advisors
80 Lambert Lane, Suite 140
Lambertville, NJ 08530

PIA McCarthy Forde, LLC
429 Hackensack Street
Carlstadt, NJ 07072

Athletic Training Services

The Valley Hospital Sports Institute
223 North Van Dien Avenue
Ridgewood, NJ 07450

Official Depository

TD Bank
One Interstate Shopping Center
Ramsey, NJ 07446

Financial Advisors

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

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members of
the Board of Education
Township of Mahwah School District
Bergen County, 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 Mahwah School District (the "District") in the County of Bergen, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise of the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Township of Mahwah School District, in the County of Bergen, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements of the District as of June 30, 2016 were audited by the other auditors whose report dated July 19, 2016 expressed an unmodified opinion on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension schedules in Exhibits L-1 through L-4 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state 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 New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate 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 supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable President and Members of
the Board of Education
Township of Mahwah School District
Bergen County, New Jersey
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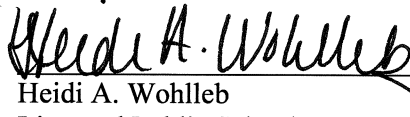
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

November 16, 2017
Mount Arlington, New Jersey

NISIVOCCIA LLP



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**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

**Township of Mahwah School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited**

This section of the Township of Mahwah School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's financial status improved by \$1,149,258 on a District-wide basis.
- Net position from the District's governmental activities increased \$1,193,874.
- Net position from the District's business-type activities decreased \$44,616.
- Overall revenue was \$95.83 million.
- Overall expenditures were \$94.685 million.
- Actual General Fund budgetary basis revenue (net of on-behalf TPAF contributions and reimbursed TPAF social security) was \$408,243 higher than expected, primarily due to interest earned on capital reserve funds, miscellaneous revenues, extraordinary special education costs aid, and nonpublic school transportation costs reimbursement.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services and Region I services.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the fiscal year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Township of Mahwah School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

**Figure A-1
Organization of Township of Mahwah School District's Financial Report**

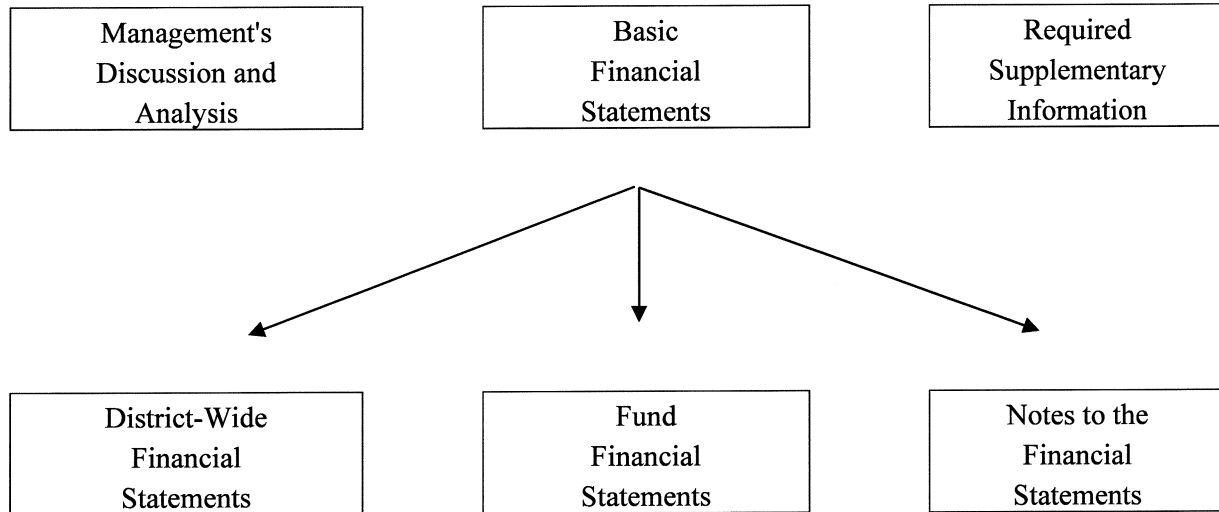


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

**Township of Mahwah School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and Region I services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the fiscal year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the fiscal year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the fiscal year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the fiscal year, regardless of when cash is received or paid	All additions and deductions during the fiscal year, regardless of when cash is received or paid

**Township of Mahwah School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflows and outflows, and liabilities. All of the current fiscal year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how it has changed. Net position – the difference between the District's assets, deferred inflows and outflows, and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service and Region I services are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at fiscal year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows.

**Township of Mahwah School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

Fund Financial Statements

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Notes to the basic financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The Statement of Net Position provides one perspective of the District as a whole. Figure A-3 provides a summary of the District's net position as of June 30, 2017 and 2016. The District's *combined* net position was \$2,703,542 on June 30, 2017, \$1,149,258 or 73.94% more than it was the fiscal year before. The net position of the governmental activities increased by \$1,193,874 and the net position of the business-type activities decreased by \$44,616.

**Figure A-3
Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2016/17
	2016/17	2015/16 (Restated)	2016/17	2015/16 (Restated)	2016/17	2015/16 (Restated)	
Assets:							
Current and Other Assets	\$ 18,417,710	\$ 17,400,615	\$ 797,624	\$ 830,917	\$ 19,215,334	\$ 18,231,532	5.40%
Capital Assets, Net	11,890,013	11,855,737	207,607	181,819	12,097,620	12,037,556	0.50%
Total Assets	30,307,723	29,256,352	1,005,231	1,012,736	31,312,954	30,269,088	3.45%
Deferred Outflows of Resources	5,569,688	2,888,823	220,290	100,321	5,789,978	2,989,144	93.70%
Liabilities:							
Other Liabilities	1,132,869	714,381	56,942	60,265	1,189,811	774,646	53.59%
Long-Term Liabilities	31,638,936	29,605,116	749,562	592,932	32,388,498	30,198,048	7.25%
Total Liabilities	32,771,805	30,319,497	806,504	653,197	33,578,309	30,972,694	8.41%
Deferred Inflows of Resources	786,596	700,542	34,485	30,712	821,081	731,254	12.28%
Net Position:							
Net Investment in Capital Assets	3,293,074	1,279,666	207,607	181,819	3,500,681	1,461,485	139.53%
Restricted	13,838,842	12,773,742			13,838,842	12,773,742	8.34%
Unrestricted (Deficit)	(14,812,906)	(12,928,272)	176,925	247,329	(14,635,981)	(12,680,943)	-15.42%
Total Net Position	\$ 2,319,010	\$ 1,125,136	\$ 384,532	\$ 429,148	\$ 2,703,542	\$ 1,554,284	73.94%

**Township of Mahwah School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

Figure A-4 represents the *Changes in Net Position*. Net investment in capital assets increased \$2,039,196 due to \$806,650 in capital assets additions and the retirement of \$2,060,000 of serial bonds payable, offset by \$608,336 of depreciation expense, amortized deferred amount on refunding of \$80,868, and capital asset disposals of \$138,250. Restricted net position increased \$1,065,100 primarily to an increase in the capital reserve of \$1,456,093, offset by a decrease in the capital projects fund of \$400,795. Unrestricted net position (deficit) increased \$1,955,038 primarily due a net increase in compensated absences, decreases in assigned fund balance for year-end encumbrances and business-type activities unrestricted net position, changes in proportion in pensions, the difference between expected and actual experience in pensions, and the change in net pension liability, offset by increases in unassigned fund balance and fund balance designated for subsequent year's expenditures, decreases in accrued interest, amortized bond issuance premiums, changes in pension assumptions, and the net difference between projected and actual investment earnings on pension plan investments.

Total revenue increased 38.83% to \$95,834,327 and total expenses increased 44.53% to \$94,685,069. One of the main reasons for these large percentage increases is the inclusion of Region I services in the 2017 CAFR. It is important to note here that depreciation of the District's capital assets is computed into the expense total. The depreciation factored into the District's governmental and business-type net position for 2016/17 is \$591,792 and \$16,544, respectively.

**Figure A-4
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	Change
Revenue:							
Program Revenue:							
Charges for Services			\$ 12,144,676	\$ 803,214	\$ 12,144,676	\$ 803,214	1412.01%
Grants and Contributions:							
Operating	\$ 22,362,904	\$ 8,323,920	208,802	207,713	22,571,706	8,531,633	164.56%
Capital	(400,795)				(400,795)		-100.00%
General Revenue:							
Property Taxes	60,977,358	59,274,256			60,977,358	59,274,256	2.87%
Unrestricted State/ Federal Aid	198,014	153,130			198,014	153,130	29.31%
Other	343,299	268,242	69	41	343,368	268,283	27.99%
Total Revenue	83,480,780	68,019,548	12,353,547	1,010,968	95,834,327	69,030,516	38.83%
Expenses:							
Instruction	43,827,365	34,561,959			43,827,365	34,561,959	26.81%
Pupil and Instruction Services	16,830,564	13,867,396			16,830,564	13,867,396	21.37%
Administration and Business	8,897,644	6,425,026			8,897,644	6,425,026	38.48%
Maintenance and Operations	7,196,988	5,141,295			7,196,988	5,141,295	39.98%
Transportation	4,721,661	3,946,228			4,721,661	3,946,228	19.65%
Other	770,352	586,140	12,440,495	983,105	13,210,847	1,569,245	741.86%
Total Expenses	82,244,574	64,528,044	12,440,495	983,105	94,685,069	65,511,149	44.53%
Transfers	(42,332)	(2,600)	42,332	2,600			0.00%
Increase/(Decrease) in Net Position	\$ 1,193,874	\$ 3,488,904	\$ (44,616)	\$ 30,463	\$ 1,149,258	\$ 3,519,367	-67.34%

**Township of Mahwah School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

Revenue Sources. The District's total revenue for the 2016/17 school year was \$95,834,327 (See Figure A-5). Property taxes and state formula aid accounted for most of the District's revenue, \$63,312,411 of the total, or 66.07 percent. Another 20.84 percent came from state and federal aid for specific programs and the remainder from charges for services and miscellaneous sources.

**Figure A-5
Sources of Revenue for Fiscal Year 2017**

Sources of Income:	<u>Amount</u>	<u>Percentage</u>
State Formula Aid	\$ 2,335,053	2.44%
Property Taxes	60,977,358	63.63%
Federal and State Categorical Grants	19,974,266	20.84%
Charges for Services	12,144,676	12.67%
Other	402,974	0.42%
	<u>\$ 95,834,327</u>	<u>100.00%</u>

The total cost of all programs and services was \$94,685,069. The District's expenses are predominantly related to instructing, caring for pupil and instruction services and transporting students (69.05 percent) (See Figure A-6). The District's administrative and business activities accounted for 9.40 percent of total costs.

**Figure A-6
Expenses for Fiscal Year 2017**

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 43,827,365	46.29%
Pupil and Instruction Services	16,830,564	17.77%
Administration and Business	8,897,644	9.40%
Maintenance and Operations	7,196,988	7.60%
Transportation	4,721,661	4.99%
Other	13,210,847	13.95%
	<u>\$ 94,685,069</u>	<u>100.00%</u>

**Township of Mahwah School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

Governmental Activities

Careful management of expenses, streamlining our operations and implementing cost efficiencies allow the District to sustain its financial health. The following measures are evidence of this and have allowed the District to apply its resources to other areas of the budget and expand the offerings to staff and students.

- Transportation efficiencies through participation with Region I
- Participation in a Joint Insurance Fund
- Utilizing cooperative, State, and Federal bids and contracts, when applicable
- Group purchasing and auctioning of Utility costs
- In-District Special Education programs

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-7
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2016/2017	2015/2016	2016/2017	2015/2016
Instruction	\$ 43,827,365	\$ 34,561,959	\$ 28,759,524	\$ 29,741,243
Pupil and Instruction Services	16,830,564	13,867,396	13,785,722	11,740,199
Administration and Business	8,897,644	6,425,026	6,711,858	5,959,358
Maintenance and Operations	7,196,988	5,141,295	6,426,480	5,063,267
Transportation	4,721,661	3,946,228	3,828,529	3,620,374
Other	770,352	586,140	770,352	79,684
	<u>\$ 82,244,574</u>	<u>\$ 64,528,044</u>	<u>\$ 60,282,465</u>	<u>\$ 56,204,125</u>

- The cost of all governmental activities this fiscal year was \$82.245 million.
- The federal and state governments and local organizations subsidized certain programs with operating grants and contributions (\$22.36 million).
- Most of the District's costs, however, were financed by District taxpayers (\$60.977 million).
- A portion of governmental activities was financed with unrestricted state and federal grants and contributions (\$.198 million).
- The remainder of funding came from miscellaneous revenues (\$.343 million).

**Township of Mahwah School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

Business-Type Activities

Net position from the District's business-type activities decreased by \$44,616 (a \$68,506 increase in food service, offset by a decrease of \$113,122 in Region I services. (Refer to Figure A-4).

Financial Analysis of the District's Funds

Although the financial position of the District improved, difficult economic times have had a direct impact upon the District's revenue sources and planned expenditures. Ratables in the municipality remain more or less stable, thus generating concern for the local tax levy in the future.

To maintain a stable financial position, the District must continue to practice sound fiscal management and carefully monitor expenditures.

General Fund Budgetary Highlights

Over the course of the fiscal year, the District revised the annual operating budget several times. These budget amendments fall into two categories:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- The preparation of the 2016/2017 budget was difficult as a result of rising costs. This resulted in the need for line item transfers during the fiscal year.

Capital Asset and Long-Term Liabilities Administration

**Figure A-8
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2016/17	2015/16 (Restated)	2016/17	2015/16 (Restated)	2016/17	2015/16 (Restated)	
Sites (Land)	\$ 535,075	\$ 535,075			\$ 535,075	\$ 535,075	0.00%
Buildings and Building Improvements	9,461,174	9,291,888			9,461,174	9,291,888	1.82%
Machinery and Equipment	1,893,764	2,028,774	\$ 207,607	\$ 181,819	2,101,371	2,210,593	-4.94%
Total Capital Assets, Net of Depreciation	\$ 11,890,013	\$ 11,855,737	\$ 207,607	\$ 181,819	\$ 12,097,620	\$ 12,037,556	0.50%

The District's capital assets (net of depreciation) increased \$60,064, or .50%, during the fiscal year. (More detailed information about the District's capital assets is presented in Note 8 to the Basic Financial Statements). During the 2016/2017 school year, District additions totaled \$806,650 which were offset by \$608,336 in depreciation and \$138,250 in disposals.

**Township of Mahwah School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

Long-Term Liabilities

The District's long-term liabilities increased by \$2,190,450, or 7.25%, during the fiscal year. At fiscal year-end, the District had \$9,117,000 of general obligation bonds outstanding, \$17,846,709 in net pension liability (\$17,097,147 governmental activities and \$749,562 business-type activities), \$648,553 in unamortized bond issuance premiums, and \$4,776,236 in compensated absences payable. (More detailed information about the District's long-term liabilities is presented in Note 9 to the Basic Financial Statements).

**Figure A-9
Outstanding Long-Term Liabilities**

	Total School District		Total Percentage Change
	2016/17	2015/16 (Restated)	2016/17
Governmental Activities:			
General Obligation Bonds, Net (Financed with Property Taxes)	\$ 9,117,000	\$ 11,177,000	-18.43%
Net Pension Liability	17,097,147	13,524,500	26.42%
Other Long-Term Liabilities	5,424,789	4,903,616	10.63%
Total Governmental Activities	31,638,936	29,605,116	6.87%
Business-Type Activities:			
Net Pension Liability	749,562	592,932	26.42%
Total Business-Type Activities	749,562	592,932	26.42%
Total District-wide	\$ 32,388,498	\$ 30,198,048	7.25%

- Principal payments of \$2,060,000 on the District's general obligation bonds were made during the fiscal year.
- The District's net pension liability increased by \$3,729,277 (\$3,572,647 governmental activities and \$156,630 business-type activities).
- Unamortized bond issuance premiums decreased by \$99,170.
- Compensated absences payable increased by the net amount of \$620,343.
- The District's other long-term liabilities as of June 30, 2017 are comprised of unamortized bond issuance premiums and compensated absences payable.

**Township of Mahwah School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

For the Future

Currently, the District is in good financial position. This is due in large part to the hard work of past and present Board members and Administration, as well as the outstanding support of the community for our public school system.

Many factors were considered by the District's Administration during the process of developing and presenting the 2017-2018 budget. The primary factors considered were:

- Enhancements to the educational opportunities for our students
- Forecasted enrollment
- Contractual Costs of Salaries and associated benefits
- Medical benefit costs
- Capital needs

In addition to the factors listed above, the District has recently benefited from staff contributions to their health costs. This contribution was gradually implemented over a 4 year period. That implementation reached its maximum level during the 2015/2016 school year. Subsequently, the most recently approved contract with Mahwah Education Association resulted in a modified contribution schedule that will decrease the contribution received by the District. Medical costs will need to be monitored and examined for opportunities to reduce costs and maintain our contractual obligations.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and 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 financial information, contact the Township of Mahwah School District Board of Education, 60 Ridge Road, Mahwah, New Jersey 07430. Please visit our website at <https://www.mahwah.k12.nj.us>.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 7,470,877	\$ 310,740	\$ 7,781,617
Internal Balances	277,606	(277,606)	
Interfund Receivable	10,000		10,000
Receivables from State Government	1,124,106	473	1,124,579
Receivables from Federal Government	538	10,231	10,769
Other Receivables		738,232	738,232
Inventory		15,554	15,554
Restricted Assets - Cash and Cash Equivalents:			
Capital Reserve Account	9,034,583		9,034,583
Emergency Reserve Account	500,000		500,000
Capital Assets, Net:			
Sites (Land)	535,075		535,075
Depreciable Buildings and Building Improvements and Machinery and Equipment	11,354,938	207,607	11,562,545
Total Assets	<u>30,307,723</u>	<u>1,005,231</u>	<u>31,312,954</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding	520,061		520,061
Changes in Assumptions - Pensions	3,541,616	155,269	3,696,885
Difference Between Expected and Actual Experience - Pensions	317,955	13,940	331,895
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - Pensions	651,930	28,581	680,511
District Contribution Subsequent to the Measurement Date - Pensions	538,126	22,500	560,626
Total Deferred Outflows of Resources	<u>5,569,688</u>	<u>220,290</u>	<u>5,789,978</u>
LIABILITIES			
Current Liabilities:			
Interfund Payable	3,895		3,895
Payable to State Government	7,464		7,464
Accounts Payable	944,956	34,756	979,712
Accrued Interest Payable	150,328		150,328
Unearned Revenue	26,226	22,186	48,412
Noncurrent Liabilities:			
Due Within One Year	2,319,270		2,319,270
Due Beyond One Year	29,319,666	749,562	30,069,228
Total Liabilities	<u>32,771,805</u>	<u>806,504</u>	<u>33,578,309</u>
DEFERRED INFLOWS OF RESOURCES			
Changes in Proportion - Pensions	786,596	34,485	821,081
Total Deferred Inflows of Resources	<u>786,596</u>	<u>34,485</u>	<u>821,081</u>
NET POSITION			
Net Investment in Capital Assets	3,293,074	207,607	3,500,681
Restricted for:			
Capital Projects	9,034,583		9,034,583
Debt Service	763		763
Emergency	500,000		500,000
Excess Surplus	4,303,496		4,303,496
Unrestricted (Deficit)	(14,812,906)	176,925	(14,635,981)
Total Net Position	<u>\$ 2,319,010</u>	<u>\$ 384,532</u>	<u>\$ 2,703,542</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Governmental Activities	Business-type Activities	Total
			Grants and Contributions	Capital Grants and Contributions			
Governmental Activities:							
Instruction:							
Regular	\$ 30,335,322		\$ 8,658,051		\$ (21,677,271)		\$ (21,677,271)
Special Education	9,992,170		5,820,456		(4,171,714)		(4,171,714)
Other Special Instruction	1,788,011		298,597		(1,489,414)		(1,489,414)
Other Instruction	1,711,862		290,737		(1,421,125)		(1,421,125)
Support Services:							
Tuition	5,643,899		650,691		(4,993,208)		(4,993,208)
Student & Instruction Related Services	11,186,665		2,394,151		(8,792,514)		(8,792,514)
General Administrative Services	1,009,474		120,780		(888,694)		(888,694)
School Administrative Services	5,224,374		1,616,659		(3,607,715)		(3,607,715)
Central Services	1,230,828		265,320		(965,508)		(965,508)
Administrative Information Technology	1,432,968		183,027		(1,249,941)		(1,249,941)
Plant Operations and Maintenance	7,196,988		1,171,303	\$ (400,795)	(6,426,480)		(6,426,480)
Pupil Transportation	4,721,661		893,132		(3,828,529)		(3,828,529)
Interest on Long-Term Debt	413,289				(413,289)		(413,289)
Unallocated Depreciation	357,063				(357,063)		(357,063)
Total Governmental Activities	82,244,574	\$ -0-	22,362,904	(400,795)	(60,282,465)		(60,282,465)

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:							
Food Service	\$ 998,918	\$ 816,221	\$ 208,802		\$ 26,105	\$ 26,105	
Region I Transportation	10,904,780	10,783,657			(121,123)	(121,123)	
Region I Administration	391,031	398,961			7,930	7,930	
Region I Summer School	145,766	145,837			71	71	
Total Business-Type Activities	12,440,495	12,144,676	208,802		(87,017)	(87,017)	
Total Primary Government	\$ 94,685,069	\$ 12,144,676	\$ 22,571,706	\$ (400,795)	\$ (60,282,465)	\$ (60,369,482)	

General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net				58,463,214		58,463,214	
Taxes Levied for Debt Service				2,514,144		2,514,144	
Federal and State Aid not Restricted				198,014		198,014	
Investment Earnings				60,580	69	60,649	
Miscellaneous Income				282,719		282,719	
Transfers				(42,332)	42,332		
Total General Revenues and Transfers				61,476,339	42,401	61,518,740	
Change in Net Position				1,193,874	(44,616)	1,149,258	
Net Position - Beginning (Restated)				1,125,136	429,148	1,554,284	
Net Position - Ending				\$ 2,319,010	\$ 384,532	\$ 2,703,542	

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 7,218,021	\$ 66,038	\$ 186,500	\$ 318	\$ 7,470,877
Interfund Receivable	386,021			445	386,466
Receivables from State Government	697,059		427,047		1,124,106
Receivables from Federal Government		538			538
Restricted Cash and Cash Equivalents	9,534,583				9,534,583
Total Assets	\$ 17,835,684	\$ 66,576	\$ 613,547	\$ 763	\$ 18,516,570
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Payable	\$ 99,310	\$ 3,000	\$ 445		\$ 102,755
Payable to State Government		7,464			7,464
Accounts Payable	376,944	29,886			406,830
Unearned Revenue		26,226			26,226
Total Liabilities	476,254	66,576	445		543,275
Fund Balances:					
Restricted:					
Capital Reserve Account	9,034,583				9,034,583
Emergency Reserve Account	500,000				500,000
Excess Surplus - Designated for Subsequent Year's Expenditures	1,896,742				1,896,742
Excess Surplus	2,406,754				2,406,754
Debt Service Fund				\$ 763	763
Committed			613,102		613,102
Assigned:					
Year-End Encumbrances	1,997,852				1,997,852
Designated for Subsequent Year's Expenditures	115,080				115,080
Unassigned	1,408,419				1,408,419
Total Fund Balances	17,359,430		613,102	763	17,973,295
Total Liabilities and Fund Balances	\$ 17,835,684	\$ 66,576	\$ 613,547	\$ 763	\$ 18,516,570

Amounts reported for *Governmental Activities* in the Statement of Net Position (A-1) are different because:

Total Fund Balances (Above)	\$ 17,973,295
Capital Assets Used in Governmental Activities are not Financial Resources and therefore are not reported in the Funds. The cost of the assets is \$28,574,952 and the accumulated depreciation is \$16,684,939.	11,890,013
The Deferred Amount on Refunding is not reported as an expenditure in the Governmental Funds in the year of the refunding. The Deferred Amount on Refunding is \$1,097,314 and the accumulated amortization is \$577,253.	520,061
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(17,097,147)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Changes in Assumptions - Pensions	3,541,616
Difference Between Expected and Actual Experience - Pensions	317,955
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	651,930
Changes in Proportion - Pensions	(786,596)
Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as Liabilities in the Funds.	(13,893,236)
Interest on Long-Term Debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due.	(150,328)
Bond Premiums are reported as revenue in the Funds. These premiums total \$1,334,853 and the accumulated amortization is \$686,300.	(648,553)
Net Position of Governmental Activities	\$ 2,319,010

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 58,463,214			\$ 2,514,144	\$ 60,977,358
Miscellaneous Revenues	342,854	\$ 59,606	\$ 445		402,905
Total - Local Sources	58,806,068	59,606	445	2,514,144	61,380,263
State Sources	9,629,525	29,370	(400,795)		9,258,100
Federal Sources	51,084	953,991			1,005,075
Total Revenues	68,486,677	1,042,967	(400,350)	2,514,144	71,643,438
EXPENDITURES					
Current:					
Regular Instruction	16,714,383	80,892			16,795,275
Special Education Instruction	4,833,594	253,944			5,087,538
Other Special Instruction	1,336,733				1,336,733
Other Instruction	1,265,686				1,265,686
Support Services and Undistributed Costs:					
Tuition	4,993,208	650,691			5,643,899
Student & Instruction Related Services	7,408,324	57,440			7,465,764
General Administrative Services	656,200				656,200
School Administrative Services	2,698,117				2,698,117
Central Services	823,658				823,658
Administration Information Technology	1,085,866				1,085,866
Plant Operations and Maintenance	5,233,048				5,233,048
Pupil Transportation	3,809,159				3,809,159
Unallocated Benefits	15,740,661				15,740,661
Debt Service:					
Principal				2,060,000	2,060,000
Interest and Other Charges				455,387	455,387
Capital Outlay	844,002				844,002
Total Expenditures	67,442,639	1,042,967		2,515,387	71,000,993
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	1,044,038		(400,350)	(1,243)	642,445
OTHER FINANCING SOURCES/(USES)					
Transfers In				445	445
Transfers Out	(42,332)		(445)		(42,777)
Total Other Financing Sources/(Uses)	(42,332)		(445)	445	(42,332)
Net Change in Fund Balances	1,001,706		(400,795)	(798)	600,113
Fund Balance - July 1	16,357,724		1,013,897	1,561	17,373,182
Fund Balance - June 30	\$ 17,359,430	\$ -0-	\$ 613,102	\$ 763	\$ 17,973,295

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

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

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 600,113

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation and disposal of capital assets differs from capital outlay in the period.

Depreciation expense	\$ (591,792)
Capital outlays	764,318
	(138,250)

Disposal of capital assets, net of accumulated depreciation 34,276

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. 2,060,000

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+). 23,796

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Change in Net Pension Liability	(3,572,647)
Changes in Assumptions	2,089,193
Difference Between Expected and Actual Experience	(4,692)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	869,378
Changes in Proportion	(303,502)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used/(paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

The governmental funds report the effect of bond issuance premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (+) 99,170

The governmental funds report the effect of the deferred amount on refunding when debt is first issued, whereas this amount is deferred and amortized in the statement of activities (-)

(80,868)

Change in Net Position of Governmental Activities (A-2)

\$ 1,193,874

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2017

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Major Funds</u>		<u>Total</u>	<u>Total</u>
	<u>Food Service</u>	<u>Region I Transportation</u>	<u>Non-Major Funds</u>	<u>Enterprise Funds</u>
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 176,463		\$ 134,277	\$ 310,740
Receivable from:				
Federal Government	10,231			10,231
State Government	473			473
Interfund Receivable - General Fund	98,415			98,415
Receivables - Other		\$ 664,330	73,902	738,232
Inventories	15,554			15,554
Total Current Assets	301,136	664,330	208,179	1,173,645
Non-Current Assets:				
Capital Assets	414,925			414,925
Less: Accumulated Depreciation	(207,318)			(207,318)
Total Non-Current Assets	207,607			207,607
Total Assets	508,743	664,330	208,179	1,381,252
DEFERRED OUTFLOWS OF RESOURCES:				
Changes in Assumptions - Pensions Difference Between Expected and Actual Experience - Pensions			155,269	155,269
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - Pensions			13,940	13,940
District Contribution Subsequent to the Measurement Date - Pensions			28,581	28,581
			22,500	22,500
Total Deferred Outflows of Resources			220,290	220,290

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2017

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Major Funds</u>		<u>Total</u>	<u>Total</u>
	<u>Food</u>	<u>Region I</u>	<u>Non-Major</u>	<u>Enterprise</u>
	<u>Service</u>	<u>Transportation</u>	<u>Funds</u>	<u>Funds</u>
LIABILITIES:				
Current Liabilities:				
Interfund Payable - General Fund		\$ 376,021		\$ 376,021
Accounts Payable	\$ 12,055		\$ 22,701	34,756
Unearned Revenue:				
Prepaid Student Balances	18,415			18,415
Commodities	3,771			3,771
Noncurrent Liabilities:				
Due Beyond One Year			749,562	749,562
Total Liabilities	34,241	376,021	772,263	1,182,525
DEFERRED INFLOWS OF RESOURCES:				
Changes in Proportion - Pensions			34,485	34,485
Total Deferred Inflows of Resources			34,485	34,485
NET POSITION:				
Investment in Capital Assets	207,607			207,607
Unrestricted/(Deficit)	266,895	288,309	(378,279)	176,925
Total Net Position (Deficit)	\$ 474,502	\$ 288,309	\$ (378,279)	\$ 384,532

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUNDS NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds			
	Major Funds		Total	Total
	Food Service	Region I Transportation	Non-Major Funds	Enterprise Funds
Operating Revenue:				
Charges for Services:				
Daily Sales:				
Reimbursable Programs	\$ 329,908			\$ 329,908
Non-Reimbursable Programs	476,657			476,657
Program Fees			\$ 544,798	544,798
Transportation Fees from Other LEA's Within the State		\$ 10,783,657		10,783,657
	806,565	10,783,657		12,135,020
Special Events	9,656			9,656
Total Operating Revenue	816,221	10,783,657		12,144,676
Operating Expenses:				
Cost of Sales:				
Reimbursable	273,771			273,771
Non-Reimbursable	172,590			172,590
Total Cost of Sales	446,361			446,361
Salaries, Benefits & Payroll Taxes	401,879		457,301	859,180
Contracted Services	43,332	10,904,780		10,948,112
Other Purchased Professional Services			13,909	13,909
Other Purchased Services	2,000		1,099	3,099
Supplies and Materials	77,928			77,928
Rent			43,900	43,900
General Supplies			14,468	14,468
Miscellaneous Expenditures	10,874		6,120	16,994
Operating Expenses:				
Depreciation Expense	16,544			16,544
Total Operating Expenses	998,918	10,904,780	536,797	12,440,495
Operating Income/(Loss)	(182,697)	(121,123)	8,001	(295,819)
Non-Operating Revenue:				
Federal Sources:				
National School Lunch Program	149,421			149,421
Food Distribution Program	52,599			52,599
State Sources:				
School Lunch Program	6,782			6,782
Local Sources:				
Interest Revenue	69			69
Total Non-Operating Revenue	208,871			208,871
Change in Net Position Before Transfers	26,174	(121,123)	8,001	(86,948)
Transfer In - General Fund	42,332			42,332
Change in Net Position After Transfers	68,506	(121,123)	8,001	(44,616)
Net Position (Deficit) - Beginning of Year (Restated)	405,996	409,432	(386,280)	429,148
Net Position (Deficit) - End of Year	\$ 474,502	\$ 288,309	\$ (378,279)	\$ 384,532

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds			
	Major Funds		Total	Total
	Food Service	Region I Transportation	Non-Major Funds	Enterprise Funds
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 815,888	\$ 10,666,121	\$ 480,626	\$ 11,962,635
Payments to/for Employees			(457,301)	(457,301)
Payments to Food Service Vendor	(888,536)			(888,536)
Payments to Transportation Vendors		(10,904,780)		(10,904,780)
Payments to Suppliers	(43,516)		(38,861)	(82,377)
Net Cash Used for Operating Activities	<u>(116,164)</u>	<u>(238,659)</u>	<u>(15,536)</u>	<u>(370,359)</u>
Cash Flows from Investing Activities:				
Interest Income	69			69
Net Cash Provided by Investing Activities	<u>69</u>			<u>69</u>
Cash Flows from Noncapital and Related Financing Activities:				
Federal Subsidy Reimbursements Received from General Fund	74,139			74,139
State Subsidy Reimbursements Received from General Fund	3,280			3,280
Cash Received from Interfund Loan - General Fund		376,021		376,021
Cash Received from Operating Transfers - General Fund	42,332			42,332
Net Cash Provided by Noncapital and Related Financing Activities	<u>119,751</u>	<u>376,021</u>		<u>495,772</u>
Cash Flows from Capital and Related Financing Activities:				
Purchase of Capital Assets	(42,332)			(42,332)
Net Cash Used for Capital and Related Financing Activities	<u>(42,332)</u>			<u>(42,332)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(38,676)	137,362	(15,536)	83,150
Cash and Cash Equivalents, July 1	215,139	(137,362)	149,813	227,590
Cash and Cash Equivalents, June 30	<u>\$ 176,463</u>	<u>\$ - 0 -</u>	<u>\$ 134,277</u>	<u>\$ 310,740</u>
Reconciliation of Operating Income/(Loss) to Net				
Cash Provided by/(Used for) Operating Activities:				
Operating Income/(Loss)	\$ (182,697)	\$ (121,123)	\$ 8,001	\$ (295,819)
Adjustment to Reconcile Operating Income/(Loss) to				
Net Cash Used for Operating Activities:				
Depreciation	16,544			16,544
Federal Food Distribution Program	52,599			52,599
Changes in Assets and Liabilities:				
(Increase)/Decrease in:				
Other Receivables		(117,536)	(64,172)	(181,708)
Inventory	914			914
Change in Assumptions - Pensions			(91,593)	(91,593)
Difference Between Expected and Actual Experience - Pensions			205	205
Net Difference Between Projected and Actual in Investment				
Earnings on Pension Plan Investments - Pensions			(38,114)	(38,114)
Increase/(Decrease) in:				
Change in Proportion - Pensions			13,306	13,306
Net Pension Liability			156,630	156,630
Accounts Payable	(6,962)		201	(6,761)
Unearned Revenue - Commodities	(3,036)			(3,036)
Unearned Revenue - Prepaid Balances	6,474			6,474
Net Cash Used for Operating Activities	<u>\$ (116,164)</u>	<u>\$ (238,659)</u>	<u>\$ (15,536)</u>	<u>\$ (370,359)</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received commodities from the Federal Food Distribution Program valued at \$49,563 and utilized commodities from the Federal Food Distribution Program valued at \$52,599 for the fiscal year ended June 30, 2017.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2017

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Flexible Spending Trust</u>
ASSETS:				
Cash and Cash Equivalents	\$ 822,643	\$ 648,942	\$ 323,883	\$ 45,009
Interfund Receivable:				
General Fund	895			
Special Revenue Fund	3,000			
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>826,538</u>	<u>648,942</u>	<u>323,883</u>	<u>45,009</u>
 LIABILITIES:				
Interfund Payable - General Fund				10,000
Payroll Deductions and Withholdings	1,754			
Due to Student Groups	823,255			
School Store	1,529			
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>826,538</u>	<u>-0-</u>	<u>-0-</u>	<u>10,000</u>
 NET POSITION:				
Held in Trust for:				
Unemployment Benefit Claims		648,942		
Scholarships			323,883	
Flexible Spending Claims				35,009
	<hr/>	<hr/>	<hr/>	<hr/>
Total Net Position	<u>\$ -0-</u>	<u>\$ 648,942</u>	<u>\$ 323,883</u>	<u>\$ 35,009</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:			
Contributions:			
Plan Member	\$ 87,916		\$ 65,587
Donations		\$ 20,295	
Total Additions	<u>87,916</u>	<u>20,295</u>	<u>65,587</u>
DEDUCTIONS:			
Quarterly Contribution Reports and Unemployment Claims	40,659		
Scholarships Awarded		25,350	
Flexible Spending Claims			56,963
Total Deductions	<u>40,659</u>	<u>25,350</u>	<u>56,963</u>
Change in Net Position	47,257	(5,055)	8,624
Net Position - Beginning of the Year (Restated)	<u>601,685</u>	<u>328,938</u>	<u>26,385</u>
Net Position - End of the Year	<u>\$ 648,942</u>	<u>\$ 323,883</u>	<u>\$ 35,009</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Township of Mahwah School District (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. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. 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.

B. Basis of Presentation:

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.

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.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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 in the 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 in 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 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.

The District reports the following governmental funds:

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.

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.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary funds:

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 and report financial resources that are restricted, committed or assigned to expenditures for principal and interest.

Enterprise Funds: The Enterprise Funds account for all revenue and expenses pertaining to the Board's cafeteria and Region I special education services operations. The food service and Region I services are 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 to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities and Payroll Agency Funds and the Unemployment Insurance (SUI), Flexible Benefits and Private Purpose Scholarship Trust Funds.

C. Measurement Focus and Basis of Accounting

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 this method, revenue is recognized when measurable and available. 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. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus and Basis of Accounting (Cont'd)

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2017 was submitted to the County office and was approved by the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary 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 budgets during the fiscal year).

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

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

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the June state aid payments for the current fiscal year. Since the State is recording the June state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 68,497,860	\$ 1,088,333
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and revenue, whereas the GAAP basis does not.		
Current Year Encumbrances		(52,072)
Prior Year Encumbrances		6,706
Prior Year State aid payments recognized for GAAP statements, not recognized for budgetary purposes	105,060	
Current Year State aid payments recognized for budgetary purposes, not recognized for GAAP statements	(116,243)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 68,486,677	\$ 1,042,967
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 67,442,639	\$ 1,088,333
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.		
Current Year Encumbrances		(52,072)
Prior Year Encumbrances		6,706
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 67,442,639	\$ 1,042,967

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. 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.

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.

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.

F. Interfund Transactions:

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Interfund Transactions: (Cont'd)

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation.

Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, committed or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year end.

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

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses:

Inventories, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise funds represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets:

During the fiscal year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost, including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	20 to 50 years
Machinery and Equipment	5 to 15 years
Vehicles	8 years

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

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond issuance premiums and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. 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 during the entire twelve-month year; therefore, there are no accrued salaries and wages as of June 30, 2017.

N. Compensated Absences:

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. Compensated Absences: (Cont'd)

Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent fiscal years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

In the District-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due beyond one year.

O. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the \$17,359,430 General Fund balance at June 30, 2017, \$9,034,583 is restricted in the capital reserve account; \$500,000 is restricted in the emergency reserve account; \$4,303,496 is restricted for excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (\$1701) (\$1,896,742 is prior year excess surplus which is included as anticipated budget revenue for the fiscal year ending June 30, 2018 and \$2,406,754 is current year excess surplus which will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2019); \$1,997,852 is assigned for encumbrances; \$115,080 is designated for subsequent year's expenditures; and \$1,408,419 is unassigned which is \$116,243 less on the GAAP basis than the calculated maximum unassigned fund balance (budgetary basis) due to the June state aid payments which are not recognized until the fiscal year ended June 30, 2018.

Capital Projects Fund: The \$613,102 Capital Projects Fund balance at June 30, 2017 is committed.

Debt Service Fund: The Debt Service Fund balance at June 30, 2017 of \$763 is restricted of which \$318 has been included as anticipated budget revenue for the fiscal year ending June 30, 2018.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended, 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). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent fiscal year's budget. The District has excess surplus at June 30, 2017 as outlined above.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Fund Balance Appropriated: (Cont'd)

The District's fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$116,243 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 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. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

Q. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus, a capital reserve, an emergency reserve, and the debt service fund.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the Capital Projects Fund at June 30, 2017.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. 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. The District has assigned resources for fiscal year-end encumbrances and for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2017.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. Deficit Net Position:

The District has a \$14,812,906 deficit in unrestricted net position in governmental activities as of June 30, 2017 primarily due to the non-recognition of the June state aid payments as explained in Note 1P on the previous page, the accrual of \$4,776,236 in compensated absences payable, \$150,328 in accrued interest payable, \$648,553 of unamortized bond issuance premiums, changes in proportion in pensions of \$786,596, and net pension liability of \$17,097,147, offset by changes in pension assumptions of \$3,541,616, the difference between expected and actual experience in pensions of \$317,955, the net difference between projected and actual investment earnings on pension plan investments of \$651,930, and \$4,134,453 governmental funds committed, assigned and unassigned fund balances. The District also has a \$133,710 deficit in unrestricted net position in Region I Administration as of June 30, 2017 primarily due to net pension liability of \$749,562, offset by changes in proportions in pensions of \$34,485. These deficits do not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

S. Net Position:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2017 for the deferred amount on refunding of debt related to the District's 2011 and 2009 refunding bonds, and, with regard to pensions, changes in assumptions, the difference between expected and actual experience, the net difference between projected and actual investment earnings on pension plan investments, and the District contribution subsequent to the measurement date.

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows of resources at June 30, 2017, with regard to pensions, for changes in proportion.

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.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

T. 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 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. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School 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 fiscal 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 School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest and tuition.

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activities of the Enterprise Funds. For the School District, these revenues are sales for food service and fees for Region I. Operating expenses are necessary costs incurred to provide the services that are the primary activities of the Enterprise Funds.

V. Management Estimates:

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

W. Pensions

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

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

Credit Risk – The Board limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below and on the following page.

Custodial Credit Risk – The District does not have a policy with respect to custodial credit risk. However, the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

Deposits:

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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

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

In addition to the above collateral requirement, if 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, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the District 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;

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

Investments: (Cont'd)

- (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 Local Government Services in the Department of Community Affairs 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 if:
 - (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.

As of June 30, 2017, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents			Total
	Restricted			
	Reserve Accounts			
	Capital	Maintenance		
Checking Accounts	\$ 9,622,094	\$ 9,034,583	\$ 500,000	\$ 19,156,677

During the period ended June 30, 2017, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2017 was \$19,156,677 and the bank balance was \$22,287,750.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Board by inclusion of \$10,000 on October 4, 2000 for the accumulation of funds for use as capital-outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the 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 or by transfer by Board resolution at fiscal year-end of any unanticipated revenue or unexpended line item appropriation amounts or both. 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 for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$ 7,578,490
Budgeted Withdrawal:	
Capital Outlay	(1,174,000)
Interest Earned	21,023
Increase Approved by Board Resolution June 28, 2017	2,500,000
Unexpended Balances Returned:	
Capital Outlay	<u>109,070</u>
Ending Balance, June 30, 2017	<u>\$ 9,034,583</u>

The balance in the capital reserve account at June 30, 2017 does not exceed the balance of local support costs of uncompleted capital projects in the District’s Long Range Facilities Plan (“LRFP”). Withdrawals from the capital reserve were for use in DOE approved facilities projects, consistent with the District’s LRFP.

NOTE 5: EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established by Board resolution in fiscal year 2011-12 by inclusion of \$500,000 for the accumulation of funds for use as unanticipated General Fund expenditures in subsequent fiscal years. The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The emergency reserve is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a through and efficient education. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution between June 1st and June 30th of any unanticipated revenue or unexpended line item appropriation or both. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent or the withdrawal is included in the original budget certified for taxes to finance school security improvements pursuant to N.J.S.A. 18A:7G-6(c)1.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 5: EMERGENCY RESERVE ACCOUNT (Cont'd)

The activity of the emergency reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$ 500,000
Ending Balance, June 30, 2017	\$ 500,000

NOTE 6. RECEIVABLES FROM OTHER GOVERNMENTS

The following receivables due from other governments existed as of June 30, 2017:

	Governmental Activities			Business-Type Activities
	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Federal		\$ 538		\$ 10,231
State	\$ 697,059		\$ 427,047	473
	\$ 697,059	\$ 538	\$ 427,047	\$ 10,704

NOTE 7: TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2017, the District transferred \$169,067 to the capital outlay accounts for equipment for which County Superintendent approval was not required.

NOTE 8. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2017 were as follows:

	Beginning Balance (Restated)	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 535,075			\$ 535,075
Total Capital Assets Not Being Depreciated	535,075			535,075
Capital Assets Being Depreciated:				
Buildings and Building Improvements	23,255,131	\$ 515,471		23,770,602
Machinery and Equipment	4,514,622	248,847	\$ (494,194)	4,269,275
Total Capital Assets Being Depreciated	27,769,753	764,318	(494,194)	28,039,877
Governmental Activities Capital Assets	28,304,828	764,318	(494,194)	28,574,952
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(13,963,243)	(346,185)		(14,309,428)
Machinery and Equipment	(2,485,848)	(245,607)	355,944	(2,375,511)
	(16,449,091)	(591,792)	355,944	(16,684,939)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 11,855,737	\$ 172,526	\$ (138,250)	\$ 11,890,013

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. CAPITAL ASSETS (Cont'd)

Capital asset balances and activity for the fiscal year ended June 30, 2017 were as follows: (Cont'd)

	Beginning Balance (Restated)	Increases	Adjustments/ Decreases	Ending Balance
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 392,197	\$ 42,332	\$ (19,604)	\$ 414,925
Less Accumulated Depreciation	(210,378)	(16,544)	19,604	(207,318)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 181,819</u>	<u>\$ 25,788</u>	<u>\$ -0-</u>	<u>\$ 207,607</u>

The increases totaling \$806,650 represent current fiscal year capitalized expenditures in the general fund and the food service enterprise fund.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 22,695
Student and Instruction Related Services	21,570
General Administrative Services	52,145
School Administrative Services	8,921
Plant Operations and Maintenance	87,689
Pupil Transportation	41,709
Unallocated	357,063
	<u>\$ 591,792</u>

NOTE 9. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2017, the following changes occurred in liabilities reported in the District-wide financial statements:

	Balance 6/30/2016 (Restated)	Issued/ Added	Retired/ Matured	Balance 6/30/2017
Governmental Activities:				
Serial Bonds Payable	\$ 11,177,000		\$ 2,060,000	\$ 9,117,000
Unamortized Bond Issuance Premiums	747,723		99,170	648,553
Net Pension Liability	13,524,500	\$ 3,572,647		17,097,147
Compensated Absences Payable	4,155,893	912,781	292,438	4,776,236
Total Governmental Activities	<u>29,605,116</u>	<u>4,485,428</u>	<u>2,451,608</u>	<u>31,638,936</u>
Business-Type Activities:				
Net Pension Liability	592,932	156,630		749,562
Total Business-Type Activities	<u>592,932</u>	<u>156,630</u>		<u>749,562</u>
Total District-wide	<u>\$ 30,198,048</u>	<u>\$ 4,642,058</u>	<u>\$ 2,451,608</u>	<u>\$ 32,388,498</u>

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be liquidated through the debt service fund.

The District had bonds outstanding as of June 30, 2017 as follows:

<u>Purpose</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
School Bonds	07/15/97	07/15/17	5.10%	\$ 737,000
School Refunding Bonds	12/02/09	09/15/22	4.25% - 5.00%	4,350,000
School Refunding Bonds	10/05/11	08/15/23	4.00% - 5.00%	4,030,000
				<u>\$ 9,117,000</u>

Principal and interest due on the District's serial bonds outstanding is as follows:

<u>Fiscal Year Ended</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 2,032,000	\$ 366,775	\$ 2,398,775
2019	1,335,000	293,469	1,628,469
2020	1,360,000	236,650	1,596,650
2021	1,380,000	176,000	1,556,000
2022	1,380,000	113,000	1,493,000
Thereafter: 2023-24	1,630,000	68,000	1,698,000
	<u>\$ 9,117,000</u>	<u>\$ 1,253,894</u>	<u>\$ 10,370,894</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2017, the Board had no bonds authorized but not issued.

C. Operating Leases Payable:

As of June 30, 2017, the Board has commitments to lease copiers, postage meters and computers under operating leases which expire in 2017-18, 2018-19, 2019-20 and 2022-23. Operating leases will be liquidated by the General Fund. Total operating lease payments made during the year ended June 30, 2017 were \$234,079 and future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 300,484
2019	280,784
2020	85,892
2021	77,940
2022	77,940
2023	6,495
Total future minimum lease payments	<u>\$ 829,535</u>

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

D. Capital Leases Payable:

As of June 30, 2017, the Board had no capital leases payable.

E. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of compensated absences payable at June 30, 2017 is \$188,100 and the long-term portion is \$4,588,136. There is no current portion of the payable.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2017, no liability existed for compensated absences in the Proprietary Funds.

F. Unamortized Bond Issuance Premiums:

The liability for unamortized bond issuance premiums of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of unamortized bond issuance premiums at June 30, 2017 is \$99,170 and the long-term portion is \$549,383.

G. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2017 is \$-0- and the long-term portion is \$17,846,709 (\$17,097,147 governmental activities and \$749,562 business-type activities). See Note 10 for further information on the PERS.

NOTE 10. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$535,324 for 2017 (\$512,824 governmental activities and \$22,500 business-type activities).

The employee contribution rate was 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2017, the District reported a liability of \$17,846,709 for its proportionate share of the net pension liability (\$17,097,147 governmental activities and \$749,562 business-type activities). The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The 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, 2016, the District's proportion was 0.0603%, which was a decrease of 0.0026% from its proportion measured as of June 30, 2015.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 10. 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)

For the fiscal year ended June 30, 2017, the District recognized pension expense of \$1,497,998. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Amortization Period</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions:			
2014	6.44 years	\$ 224,337	
2015	5.72 years	916,689	
2016	5.57 years	<u>2,555,859</u>	
Subtotal		<u>3,696,885</u>	
Changes in Proportion:			
2014	6.44 years		\$ 301,018
2015	5.72 years		91,227
2016	5.57 years		<u>428,836</u>
Subtotal			<u>821,081</u>
Difference Between Expected and Actual Experience:			
2015	5.72 years	254,332	
2016	5.57 years	<u>77,563</u>	
Subtotal		<u>331,895</u>	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:			
2014	5 years	(336,172)	
2015	5 years	215,080	
2016	5 years	<u>801,603</u>	
Subtotal		<u>680,511</u>	
District Contribution Subsequent to the Measurement Date - 2016			
	1 year	<u>560,626</u>	
		<u>\$ 5,269,917</u>	<u>\$ 821,081</u>

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 10. 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)

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and District contribution subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2017	\$ 1,060,254
2018	1,060,254
2019	1,228,340
2020	1,031,985
2021	328,458
	\$ 4,709,291

Actuarial Assumptions

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

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.65%

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

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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' target asset allocation as of June 30, 2016 are summarized in the following table.

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

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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, 2016 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2016		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's proportionate share of the Net Pension Liability	\$ 21,869,059	\$ 17,846,709	\$ 14,525,911

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division).

For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

Benefits Provided

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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 with 25 or more years of service credit before age 62 and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing 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 2016, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2017, the State of New Jersey contributed \$2,623,690 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$14,461,032.

The employee contribution rate was 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 10. 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

At June 30, 2017, the State's proportionate share of the net pension liability attributable to the District was \$192,464,540. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The 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, 2016, the District's proportion was 0.2447%, which was an increase of 0.0019% from its proportion measured as of June 30, 2015.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		<u>192,464,540</u>
Total	\$	<u><u>192,464,540</u></u>

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the District in the amount of \$14,461,032 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2017 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Amortization Period	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions:			
2014	8.5 years	\$ 1,691,524,165	
2015	8.3 years	4,488,602,746	
2016	8.3 years	9,522,623,964	
Difference Between Expected and Actual Experience:			
2014	8.5 years		\$ 16,110,615
2015	8.3 years	277,221,464	
2016	8.3 years		118,421,979
Net Difference Between Projected and Actual			
Investment Earnings on Pension Plan Investments:			
2014	5 years	(870,618,286)	
2015	5 years	577,926,182	
2016	5 years	<u>1,727,420,767</u>	
		<u><u>\$ 17,414,701,002</u></u>	<u><u>\$ 134,532,594</u></u>

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 10. 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)

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

Fiscal Year Ending June 30,	Total
2017	\$ 2,538,535,636
2018	2,538,535,636
2019	2,973,844,781
2020	2,781,202,718
2021	2,349,347,527
Thereafter	4,098,702,110
	\$ 17,280,168,408

Actuarial Assumptions

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

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

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

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

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

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation 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 30% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the net pension liability of the State as of June 30, 2016 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:

	June 30, 2016		
	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 229,845,672	\$ 192,464,540	\$ 161,938,022

Pension Plan Fiduciary Net Position

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$36,926 for the fiscal year ended June 30, 2017. Employee contributions to DCRP amounted to \$67,991 for the fiscal year ended June 30, 2017.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 11. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required the TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126 which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members for Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at <http://www.nj.gov/treasury/pensions/pdf/financial/2015/divisioncombined.pdf>.

The State's on-behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$2,265,339, \$2,332,433 and \$2,083,790 for 2017, 2016 and 2015, respectively.

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District has health benefits coverage for its employees under the State of New Jersey Employees' Health Benefit Plan.

Property, Liability and Health Benefits - Insurance

A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the Northeast Bergen County School Board Insurance Group (the "Group"). This public entity risk management pool provided general liability, workers compensation, property and automobile coverage for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Group is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the Group are elected.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

As a member of the Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group's liabilities. The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

The June 30, 2017 audit report for the Group is not available as of the date of this report. Selected financial information for the Group as of June 30, 2016 is as follows:

	Northeast Bergen County School Board Insurance Group (NESBIG)
Total Assets	\$ 27,909,834
Net Position	\$ 17,959,092
Total Revenue	\$ 13,953,880
Total Expenses	\$ 11,937,228
Member Dividends	\$ 1,626,692
Change in Net Position for the Year Ended June 30, 2016	\$ 389,960

Financial statements for the Group are available at the Group's Executive Director's Office:

Burton Agency
44 Burton Street
PO Box 270
Westwood, NJ 07675
(201) 664-0310

New Jersey Unemployment Compensation Insurance

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

Fiscal Year	District Contributions	Interest Earned	Employee Contributions	Amount Reimbursed	Ending Balance
2016-2017	\$ -0-	\$ -0-	\$ 87,916	\$ 40,659	\$ 648,942
2015-2016	-0-	1,017	78,093	69,327	601,685
2014-2015	-0-	900	80,125	89,748	591,902

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 13. ECONOMIC DEPENDENCY

The Board of Education 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 effect on the Board of Education's programs and activities.

NOTE 14. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The following interfund balances remained on the balance sheet at June 30, 2017:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 386,021	\$ 99,310
Special Revenue Fund		3,000
Capital Projects Fund		445
Debt Service Fund	445	
Proprietary Funds:		
Region I Transportation		376,021
Food Service Enterprise	98,415	
Fiduciary Funds:		
Student Activity Agency	3,000	
Payroll Agency	895	
Flexible Benefits Trust		10,000
	<u>\$ 488,776</u>	<u>\$ 488,776</u>

The General Fund interfund receivable of \$386,021 is comprised of a \$376,021 interfund loan due from the Region I Transportation Fund due to receivables which had not yet been received as of June 30, 2017 and a \$10,000 interfund loan due from the Flexible Benefits Trust Fund for the initial establishment of the fund and to ensure the adequate availability of funds for the payment of claims. The Food Service Enterprise Fund interfund receivable of \$98,415 is due from the General Fund for subsidy reimbursement claims not remitted as of June 30, 2017.

During the fiscal year, the General Fund transferred \$42,332 to the Food Service Enterprise Fund for the purchase of capital assets and the Capital Projects Fund transferred \$445 of interest earnings to the Debt Service Fund.

NOTE 15. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future fiscal years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 15. DEFERRED COMPENSATION (Cont'd)

The plan administrators are as follows:

<u>403(b)</u> AXA Equitable Life Insurance Company American Century Services LLC FTJ FundChoice Lincoln Investment Security Benefit The Variable Annuity Life Insurance Company	<u>457</u> AXA Equitable Life Insurance Company
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NOTE 16. TAX CALENDAR

Property taxes are levied by the District's constituent municipality as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the District on a predetermined mutually agreed-upon schedule.

NOTE 17. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2017:

	Governmental Funds		District Contribution Subsequent	Total
	General Fund	Special Revenue Fund	to Measurement Date	Governmental Activities
Vendors	\$ 280,372	\$ 343		\$ 280,715
Due to:				
Other Governmental Units	96,572			96,572
State of New Jersey		29,543	\$ 538,126	567,669
	\$ 376,944	\$ 29,886	\$ 538,126	\$ 944,956

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 17. ACCOUNTS PAYABLE (Cont'd)

The following accounts payable balances existed as of June 30, 2017: (Cont'd)

	<u>Business-type Activities</u>	
	<u>Food Service</u>	<u>Region I Administration</u>
Vendors	\$ 12,055	\$ 201
Due to:		
State of New Jersey		22,500
	<u>\$ 12,055</u>	<u>\$ 22,701</u>

NOTE 18. CONTINGENCIES

Litigation

The Board is periodically involved in claims and lawsuits arising in the normal course of business. The Board does not believe that the ultimate outcome of these claims will have a material adverse effect on the District's financial position.

Grant Programs

The District participates in federally and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management of the District is not aware of any material items of noncompliance which would result in the disallowance of grant program expenditures.

Encumbrances

At June 30, 2017, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

<u>Governmental Funds</u>		
<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
<u>\$ 1,997,852</u>	<u>\$ 52,072</u>	<u>\$ 2,049,924</u>

On the District's Governmental Funds Balance Sheet as of June 30, 2017, \$-0- is assigned for encumbrances in the Special Revenue Fund, which is \$52,072 less than the actual encumbrances on a budgetary basis. On the GAAP basis in the Special Revenue Fund, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 19. PRIOR PERIOD ADJUSTMENTS

The District made prior year adjustments in the District Wide Financial Statements to include the Region I services funds, the deferred amount on refunding of debt and unamortized bond issuance premiums; to allocate its pension liability, deferred inflows, deferred outflows and contribution subsequent to the measurement date with regard to PERS between governmental activities and business-type activities; to reclassify the governmental activities PERS contribution subsequent to the measurement date; to correct the amount recorded for compensated absences payable to include unused vacation time; and to adjust capital assets due to an updated appraisal report and certain buildings being reported at replacement cost instead of historical cost as of June 30, 2016. As a result, the District Wide Financial Statements as of June 30, 2016 have been restated as follows:

	Balance 6/30/2016 as Previously Reported	Retroactive Adjustments	Balance 6/30/2016 Restated
<u>Statement of Net Position - Governmental Activities:</u>			
Assets:			
Capital Assets, Net:			
Site Improvements	\$ 2,149,086	\$ (2,149,086)	\$ -0-
Depreciable Buildings and Building Improvements and Machinery and Equipment	32,645,183	(21,324,521)	11,320,662
Total Assets	52,729,959	(23,473,607)	29,256,352
Deferred Outflows of Resources:			
Deferred Amount on Refunding	-0-	600,929	600,929
Pensions:			
Changes in Assumptions	1,516,099	(63,676)	1,452,423
Difference Between Expected and Actual Experience	336,792	(14,145)	322,647
District Contribution Subsequent to the Measurement Date	518,181	(5,357)	512,824
Total Deferred Outflows of Resources	2,371,072	517,751	2,888,823
Liabilities:			
Current Liabilities:			
Accounts Payable	-0-	512,824	512,824
Noncurrent Liabilities:			
Due Within One Year	2,156,204	107,304	2,263,508
Due Beyond One Year	26,848,012	493,596	27,341,608
Total Liabilities	29,205,773	1,113,724	30,319,497
Deferred Inflows of Resources - Pensions:			
Net Difference Between Projected and Actual			
Investment Earnings on Pension Plan Investments	226,981	(9,533)	217,448
Changes in Proportion	504,273	(21,179)	483,094
Total Deferred Inflows of Resources	731,254	(30,712)	700,542
Net Position:			
Net Investment in Capital Assets	24,152,344	(22,872,678)	1,279,666
Restricted	15,903,387	(3,129,645)	12,773,742
Unrestricted (Deficit)	(14,891,727)	1,963,455	(12,928,272)
Total Net Position	25,164,004	(24,038,868)	1,125,136

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 19. PRIOR PERIOD ADJUSTMENTS (Cont'd)

As a result, the District Wide Financial Statements as of June 30, 2016 have been restated as follows: (Cont'd)

	Balance 6/30/2016 as Previously Reported	Retroactive Adjustments	Balance 6/30/2016 Restated
<u>Statement of Net Position - Business-Type Activities:</u>			
Assets:			
Current Assets:			
Cash and Cash Equivalents	\$ 215,139	\$ 12,451	\$ 227,590
Receivables - Other	30,334	556,524	586,858
Capital Assets, Net:			
Depreciable Buildings and Building Improvements and Machinery and Equipment	22,700	159,119	181,819
Total Assets	284,642	728,094	1,012,736
Deferred Outflows of Resources - Pensions:			
Changes in Assumptions	-0-	63,676	63,676
Difference Between Expected and Actual Experience	-0-	14,145	14,145
District Contribution Subsequent to the Measurement Date	-0-	22,500	22,500
Total Deferred Outflows of Resources	-0-	100,321	100,321
Liabilities:			
Current Liabilities:			
Accounts Payable	19,017	22,500	41,517
Noncurrent Liabilities:			
Due Beyond One Year	-0-	592,932	592,932
Total Liabilities	37,765	615,432	653,197
Deferred Inflows of Resources - Pensions:			
Net Difference Between Projected and Actual			
Investment Earnings on Pension Plan Investments	-0-	9,533	9,533
Changes in Proportion	-0-	21,179	21,179
Total Deferred Inflows of Resources	-0-	30,712	30,712
Net Position:			
Investment in Capital Assets	22,700	159,119	181,819
Unrestricted	224,177	23,152	247,329
Total Net Position	246,877	182,271	429,148

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 19. PRIOR PERIOD ADJUSTMENTS (Cont'd)

The District made prior year adjustments in the Fund Financial Statements to reclassify the flexible spending trust balance and to separate scholarship balances from student activities balances as of June 30, 2016. As a result, the Fund Financial Statements as of June 30, 2016 have been restated as follows:

	Balance 6/30/2016 as Previously Reported	Retroactive Adjustments	Balance 6/30/2016 Restated
<u>Statement of Fiduciary Net Position:</u>			
Liabilities:			
Due to Student Groups	\$ 1,211,384	\$ (328,938)	\$ 882,446
Flexible Spending Trust	26,385	(26,385)	-0-
Total Liabilities	1,249,590	(355,323)	894,267
Net Position:			
Held in Trust for:			
Scholarships	-0-	328,938	328,938
Flexible Spending Trust	-0-	26,385	26,385
Total Net Position	628,070	355,323	983,393

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
District's proportion of the net pension liability	0.0636181678%	0.0628894962%	0.0602580602%
District's proportionate share of the net pension liability	\$ 11,911,061	\$ 14,117,432	\$ 17,846,709
District's covered employee payroll	\$ 4,257,820	\$ 4,130,496	\$ 4,142,788
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	279.75%	341.79%	430.79%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 524,459	\$ 540,681	\$ 535,324
Contributions in relation to the contractually required contribution	<u>(524,459)</u>	<u>(540,681)</u>	<u>(535,324)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 4,311,146	\$ 4,257,820	\$ 4,130,496
Contributions as a percentage of covered employee payroll	12.17%	12.70%	12.96%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
State's proportion of the net pension liability attributable to the District	0.2361649679%	0.2427921080%	0.2446592460%
State's proportionate share of the net pension liability attributable to the District	\$ 126,222,489	\$ 153,454,980	\$ 192,464,540
District's covered employee payroll	\$ 24,275,683	\$ 24,508,618	\$ 23,984,530
State's proportionate share of the net pension liability attributable to the District as a percentage of District's covered employee payroll	519.95%	626.13%	802.45%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 6,791,955	\$ 9,369,808	\$ 14,461,032
Contributions in relation to the contractually required contribution	(1,312,623)	(1,958,837)	(2,623,690)
Contribution deficiency/(excess)	<u>\$ 5,479,332</u>	<u>\$ 7,410,971</u>	<u>\$ 11,837,342</u>
District's covered employee payroll	\$ 24,508,618	\$ 23,984,530	\$ 23,663,322
Contributions as a percentage of covered employee payroll	27.71%	39.07%	61.11%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

	<u>As of June 30,</u>	
	<u>2016</u>	<u>2015</u>
Discount Rate	3.98%	4.90%
Municipal Bond Rate	2.85%	3.80%
Inflation Rate	3.08%	3.04%
Long-Term Expected Rate of Return on Pension Plan Investments	7.65%	7.90%
Salary Increases Based on Age:		
Through 2026	1.65% - 4.15%	
2012 - 2021		2.15% - 4.40%
Thereafter	2.65% - 5.15%	3.15% - 5.40%

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

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

The mortality rates in the July 1, 2015 actuarial valuation were based on the following:

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)
(Continued)

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

	<u>As of June 30,</u>	
	<u>2016</u>	<u>2015</u>
Discount Rate	3.22%	4.13%
Municipal Bond Rate	2.85%	3.80%
Long-Term Expected Rate of Return on Pension Plan Investments	7.65%	7.90%

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

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

The mortality rates in the July 1, 2015 actuarial valuation were based on the following:

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

**BUDGETARY COMPARISON SCHEDULES
(UNAUDITED)**

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 58,463,214		\$ 58,463,214	\$ 58,463,214	
Unrestricted Miscellaneous Revenues	20,000		20,000	89,791	\$ 69,791
Interest Earned on Capital Reserve Funds	100		100	21,023	20,923
Other Restricted Miscellaneous Revenues	225,000		225,000	232,040	7,040
Total - Local Sources	58,708,314		58,708,314	58,806,068	97,754
State Sources:					
Transportation Aid	288,066		288,066	288,066	
Extraordinary Special Education Costs Aid	250,000		250,000	528,956	278,956
Special Education Categorical Aid	1,908,970		1,908,970	1,908,970	
Categorical Security Aid	59,339		59,339	59,339	
Nonpublic School Transportation Costs Adjustment Aid	1		1	31,533	31,533
PARCC Readiness Aid	30,305		30,305	30,305	
Per Pupil Growth Aid	30,305		30,305	30,305	
Professional Learning Community Aid	29,250		29,250	29,250	
On-Behalf TPAF Contributions (Non-Budgeted):					
Post-Retirement Medical Benefits				2,265,339	2,265,339
Pension				2,623,690	2,623,690
Non-Contributory Insurance				95,062	95,062
Long-Term Disability Insurance				5,636	5,636
Reimbursed TPAF Social Security (Non-Budgeted)				1,744,256	1,744,256
Total State Sources	2,596,236		2,596,236	9,640,708	7,044,472
Federal Sources:					
Medicaid Reimbursement (SEMI)	20,946		20,946	51,084	30,138
Total Federal Sources	20,946		20,946	51,084	30,138
TOTAL REVENUES	61,325,496		61,325,496	68,497,860	7,172,364

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 840,397	\$ 35,925	\$ 876,322	\$ 861,393	\$ 14,929
Grades 1-5 - Salaries of Teachers	5,124,995	(187,750)	4,937,245	4,709,221	228,024
Grades 6-8 - Salaries of Teachers	4,081,174	(224,580)	3,856,594	3,515,699	340,895
Grades 9-12 - Salaries of Teachers	6,188,906	(224,520)	5,964,386	5,653,781	310,605
Regular Programs - Home Instruction:					
Salaries of Teachers	54,927		54,927	35,663	19,264
Purchased Professional - Educational Services	10,000		10,000	7,836	2,164
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	588,528	74,145	662,673	640,566	22,107
Purchased Professional - Educational Services	400,000	650	400,650	367,822	32,828
Other Purchased Services (400-500 series)	239,050	(31,931)	207,119	199,109	8,010
General Supplies	530,674	520,513	1,051,187	624,170	427,017
Textbooks	88,832	(33,846)	54,986	40,560	14,426
Other Objects	76,769	(8,847)	67,922	58,563	9,359
Total Regular Programs - Instruction	18,224,252	(80,241)	18,144,011	16,714,383	1,429,628
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	762,168	(36,450)	725,718	615,141	110,577
Other Salaries for Instruction	223,938	82,785	306,723	267,540	39,183
General Supplies	25,304	1,068	26,372	18,297	8,075
Textbooks	1,161	(451)	710	300	410
Total Learning and/or Language Disabilities	1,012,571	46,952	1,059,523	901,278	158,245

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Special Education - Instruction: (Cont'd)					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 3,567,123	\$ (30,715)	\$ 3,536,408	\$ 3,420,190	\$ 116,218
Other Salaries for Instruction	503,921	(153,120)	350,801	149,528	201,273
Other Purchased Services (400-500 series)		200	200	200	
General Supplies	44,423	1,040	45,463	37,913	7,550
Textbooks	5,092	(3,895)	1,197	1,167	30
Total Resource Room/Resource Center	4,120,559	(186,490)	3,934,069	3,608,998	325,071
Preschool Disabilities - Part-Time:					
Salaries of Teachers	183,373	18,785	202,158	202,155	3
Other Salaries for Instruction	33,000	34,335	67,335	67,332	3
General Supplies	4,147	185	4,332	4,284	48
Total Preschool Disabilities - Part-Time	220,520	53,305	273,825	273,771	54
Home Instruction:					
Salaries of Teachers	53,574	(2,910)	50,664	48,942	1,722
Purchased Professional - Educational Services	15,000	(185)	14,815	605	14,210
Total Home Instruction	68,574	(3,095)	65,479	49,547	15,932
Total Special Education Instruction	5,422,224	(89,328)	5,332,896	4,833,594	499,302
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	1,205,227	(67,340)	1,137,887	1,131,993	5,894
General Supplies	40,724		40,724	35,304	5,420
Textbooks	5,350	(2,782)	2,568	2,567	1
Total Basic Skills/Remedial - Instruction	1,251,301	(70,122)	1,181,179	1,169,864	11,315

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 198,531		\$ 198,531	\$ 166,051	\$ 32,480
General Supplies	3,388		3,388	679	2,709
Textbooks	880		880	139	741
Total Bilingual Education - Instruction	202,799		202,799	166,869	35,930
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	396,032	\$ 2,185	398,217	388,176	10,041
Purchased Services (300-500 series)		2,000	2,000	1,650	350
Supplies and Materials	22,500	(1,715)	20,785	16,030	4,755
Other Objects	26,125	13,000	39,125	15,505	23,620
Total School-Sponsored Cocurricular Activities - Instruction	444,657	15,470	460,127	421,361	38,766
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	607,355	(15,000)	592,355	536,589	55,766
Purchased Services (300-500 series)	196,489	12,630	209,119	201,559	7,560
Supplies and Materials	83,064	24,620	107,684	101,954	5,730
Other Objects	15,508	(11,276)	4,232	4,223	9
Total School-Sponsored Cocurricular Athletics - Instruction	902,416	10,974	913,390	844,325	69,065
Total Instruction	26,447,649	(213,247)	26,234,402	24,150,396	2,084,006

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	\$ 1,340,496	\$ (545,650)	\$ 794,846	\$ 684,743	\$ 110,103
Tuition to County Vocational Schools - Regular	409,860		409,860	398,706	11,154
Tuition to County Vocational Schools - Special	160,200	23,355	183,555	183,552	3
Tuition to County Special Services Schools and Regional Day Schools	1,444,640	14,170	1,458,810	1,265,616	193,194
Tuition to Private Schools for the Disabled - Within the State	2,146,103	392,125	2,538,228	2,446,660	91,568
Tuition to Private Schools for the Disabled and Other LEA's - Outside the State	82,000	(62,000)	20,000	13,931	6,069
Total Undistributed Expenditures - Instruction	5,583,299	(178,000)	5,405,299	4,993,208	412,091
Attendance and Social Work Services:					
Other Objects		1,305	1,305	1,304	1
Total Attendance and Social Work Services		1,305	1,305	1,304	1
Health Services:					
Salaries	385,005	(600)	384,405	365,990	18,415
Purchased Professional and Technical Services	24,000	30,700	54,700	54,496	204
Supplies and Materials	16,755	(1,800)	14,955	11,904	3,051
Total Health Services	425,760	28,300	454,060	432,390	21,670
Speech, OT, PT and Related Services:					
Salaries	372,932	(4,600)	368,332	292,254	76,078
Purchased Professional - Educational Services	1,538,701	178,000	1,716,701	1,597,221	119,480
Supplies and Materials	10,000	(3,600)	6,400	6,225	175
Other Objects	11,867	8,200	20,067	16,649	3,418
Total - Speech, OT, PT and Related Services	1,933,500	178,000	2,111,500	1,912,349	199,151

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Other Support Services - Students - Extraordinary Services:					
Salaries	\$ 1,093,000	\$ 177,000	\$ 1,270,000	\$ 1,264,396	\$ 5,604
Total Other Support Services - Students - Extraordinary Services	1,093,000	177,000	1,270,000	1,264,396	5,604
Guidance:					
Salaries of Other Professional Staff	778,911		778,911	756,578	22,333
Salaries of Secretarial and Clerical Assistants	81,501		81,501	72,305	9,196
Other Purchased Professional and Technical Services		6,000	6,000	6,000	
Supplies and Materials	41,996		41,996	36,743	5,253
Other Objects	129,920	(13,125)	116,795	21,066	95,729
Total Guidance	1,032,328	(7,125)	1,025,203	892,692	132,511
Child Study Team:					
Salaries of Other Professional Staff	1,131,422		1,131,422	1,077,969	53,453
Salaries of Secretarial and Clerical Assistants	104,789		104,789	101,836	2,953
Miscellaneous Purchased Services (400-500 series)	17,500		17,500	1,477	16,023
Supplies and Materials	24,870		24,870	20,050	4,820
Other Objects	12,500		12,500	1,435	11,065
Total Child Study Team	1,291,081		1,291,081	1,202,767	88,314

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	\$ 153,000	\$ 4,550	\$ 157,550	\$ 154,334	\$ 3,216
Salaries of Other Professional Staff	709,373	24,630	734,003	733,283	720
Salaries of Secretarial and Clerical Assistants	49,160	(4,770)	44,390	43,604	786
Other Salaries	70,159	(25,000)	45,159	40,536	4,623
Other Purchased Professional and Technical Services	23,500		23,500	12,450	11,050
Other Purchased Services (400-500 series)	5,000		5,000	152	4,848
Supplies and Materials	6,000		6,000	2,683	3,317
Other Objects	17,000		17,000	3,118	13,882
Total Improvement of Instructional Services	1,033,192	(590)	1,032,602	990,160	42,442
Educational Media Services/School Library:					
Salaries	562,267		562,267	387,766	174,501
Supplies and Materials	355,036	(77,350)	277,686	233,156	44,530
Other Objects	8,500		8,500	3,195	5,305
Total Educational Media Services/School Library	925,803	(77,350)	848,453	624,117	224,336
Instructional Staff Training Services:					
Other Salaries		900	900	900	
Purchased Professional - Educational Services	2,000	1,550	3,550	1,540	2,010
Other Purchased Professional and Technical Services	115,290	(8,350)	106,940	77,815	29,125
Other Purchased Services (400-500 series)	2,000	5,900	7,900	7,894	6
Supplies and Materials	2,000		2,000	2,000	2,000
Other Objects	4,000		4,000	4,000	4,000
Total Instructional Staff Training Services	125,290		125,290	88,149	37,141

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Support Services - General Administration:					
Salaries	\$ 264,760		\$ 264,760	\$ 262,548	\$ 2,212
Legal Services	184,030	\$ (19,310)	164,720	97,557	67,163
Audit Fees	31,400	20,000	51,400	30,100	21,300
Architect Fees		30,950	30,950	927	30,023
Other Purchased Professional Services	36,000	11,100	47,100	47,087	13
Purchased Technical Services	40,287	(6,100)	34,187	33,572	615
Communications/Telephone	277,571	(105,470)	172,101	137,096	35,005
BOE Other Purchased Services	7,000		7,000	5,669	1,331
Miscellaneous Purchased Services (400-500 series)	5,500		5,500	3,981	1,519
General Supplies	26,000		26,000	5,176	20,824
BOE In-House Training/Meeting Supplies	3,300		3,300	2,999	301
Miscellaneous Expenditures	29,500	(15,000)	14,500	2,897	11,603
BOE Membership Dues and Fees	29,000		29,000	26,591	2,409
Total Support Services - General Administration	934,348	(83,830)	850,518	656,200	194,318
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	1,388,934	70,320	1,459,254	1,458,979	275
Salaries of Other Professional Staff	378,866	3,945	382,811	380,364	2,447
Salaries of Secretarial and Clerical Assistants	639,682	19,355	659,037	656,560	2,477
Other Purchased Services (400-500 series)	10,000		10,000	5,623	4,377
Supplies and Materials	184,235	960	185,195	154,110	31,085
Other Objects	62,808	(16,735)	46,073	42,481	3,592
Total Support Services - School Administration	2,664,525	77,845	2,742,370	2,698,117	44,253

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Central Services:					
Salaries	\$ 658,084	\$ 10,000	\$ 668,084	\$ 663,433	\$ 4,651
Purchased Technical Services	174,500	(30,405)	144,095	134,250	9,845
Miscellaneous Purchased Services (400-500 series)	5,092		5,092	3,706	1,386
Supplies and Materials	25,251	(875)	24,376	12,119	12,257
Miscellaneous Expenditures	9,000	1,405	10,405	10,150	255
Total Central Services	871,927	(19,875)	852,052	823,658	28,394
Administration Information Technology:					
Salaries	418,430	(2,540)	415,890	412,253	3,637
Purchased Professional Services	65,834	44,960	110,794	86,976	23,818
Other Purchased Services (400-500 series)	33,000	(18,785)	14,215	9,487	4,728
Supplies and Materials	580,048	100,040	680,088	577,150	102,938
Total Administration Information Technology	1,097,312	123,675	1,220,987	1,085,866	135,121
Required Maintenance for School Facilities:					
Salaries	425,764	(1,150)	424,614	417,238	7,376
Cleaning, Repair and Maintenance Services	1,034,947	475,620	1,510,567	842,488	668,079
General Supplies	232,110	(92,430)	139,680	78,094	61,586
Total Required Maintenance for School Facilities	1,692,821	382,040	2,074,861	1,337,820	737,041

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Custodial Services:					
Salaries	\$ 301,726	\$ (114,000)	\$ 187,726	\$ 174,543	\$ 13,183
Purchased Professional and Technical Services	1,540,270	(70,870)	1,469,400	1,442,939	26,461
Cleaning, Repair and Maintenance Services	513,681	(153,139)	360,542	223,561	136,981
Insurance	311,000	(7,255)	303,745	303,159	586
Miscellaneous Purchased Services	69,420	8,215	77,635	56,663	20,972
General Supplies	462,566	39,840	502,406	369,350	133,056
Energy (Natural Gas)	393,226		393,226	213,393	179,833
Energy (Electricity)	964,346	(475)	963,871	882,553	81,318
Total Custodial Services	4,556,235	(297,684)	4,258,551	3,666,161	592,390
Care and Upkeep of Grounds:					
Purchased Professional and Technical Services		265,408	265,408	227,628	37,780
Total Care and Upkeep of Grounds		265,408	265,408	227,628	37,780
Security:					
Purchased Professional and Technical Services		2,030	2,030	540	1,490
General Supplies		960	960	899	61
Total Security		2,990	2,990	1,439	1,551

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	\$ 345,000	\$ 7,485	\$ 352,485	\$ 352,481	\$ 4
Between Home and School - Special	50,000	(32,965)	17,035	1,436	15,599
Other Than Between Home and School - Regular	61,119		61,119	48,961	12,158
Cleaning, Repair and Maintenance Services	30,000		30,000	11,976	18,024
Contracted Services:					
Between Home and School - Vendors	1,672,000	(1,532,200)	139,800	118,182	21,618
Other Than Between Home and School - Vendors	82,000	1,587,995	1,669,995	1,646,056	23,939
Regular Students - ESCs & CTSA's	230,000	(9,995)	220,005	180,677	39,328
Special Education Students - ESCs & CTSA's	1,226,076	36,995	1,263,071	1,263,068	3
Aid in Lieu Payments - Nonpublic Schools	158,713	(9,000)	149,713	138,832	10,881
Miscellaneous Purchased Services	14,650		14,650	7,503	7,147
General Supplies	173,412	(147,612)	25,800	15,451	10,349
Transportation Supplies		6,787	6,787	3,222	3,565
Fuel Costs Funded by Advertising Revenue		21,315	21,315	21,314	1
Total Student Transportation Services	4,042,970	(71,195)	3,971,775	3,809,159	162,616
Unallocated Benefits:					
Social Security Contributions	620,000	3,660	623,660	623,655	5
Group Insurance		13,000	13,000	12,921	79
Other Retirement Contributions - PERS	655,600	(49,900)	605,700	532,763	72,937
Other Retirement Contributions - DCRP		36,930	36,930	36,926	4
Workmen's Compensation	285,000	(13,000)	272,000	205,607	66,393
Health Benefits	8,311,530	(563,714)	7,747,816	7,128,717	619,099
Tuition Reimbursement	125,075		125,075	92,860	32,215
Other Employee Benefits	87,437	45,600	133,037	93,920	39,117
Unused Sick Payment to Terminated/Retired Staff	210,000	69,310	279,310	279,309	1
Total Unallocated Benefits	10,294,642	(458,114)	9,836,528	9,006,678	829,850

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
On-Behalf TPAF Contributions (Non-Budgeted):					
Post-Retirement Medical Benefits				\$ 2,265,339	\$ (2,265,339)
Pension				2,623,690	(2,623,690)
Non-Contributory Insurance				95,062	(95,062)
Long-Term Disability Insurance				5,636	(5,636)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				1,744,256	(1,744,256)
Total On-Behalf and Reimbursed TPAF Contributions				6,733,983	(6,733,983)
Total Personal Services - Employee Benefits	\$ 10,294,642	\$ (458,114)	\$ 9,836,528	15,740,661	(5,904,133)
Total Undistributed Expenses	39,598,033	42,800	39,640,833	42,448,241	(2,807,408)
TOTAL GENERAL CURRENT EXPENSE	66,045,682	(170,447)	65,875,235	66,598,637	(723,402)
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures:					
Instruction		4,992	4,992	4,992	
Administration Information Technology		17,100	17,100	8,550	8,550
Required Maintenance of School Facilities		20,275	20,275	20,228	47
Student Transportation	159,832	126,700	286,532	215,077	71,455
Total Equipment	159,832	169,067	328,899	248,847	80,052
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	69,000	8,665	77,665	62,187	15,478
Construction Services	1,188,721	(8,665)	1,180,056	453,284	726,772
Other Objects (Debt Service Assessment)	79,684		79,684	79,684	
Total Facilities Acquisition and Construction Services	1,337,405		1,337,405	595,155	742,250
TOTAL CAPITAL OUTLAY	1,497,237	169,067	1,666,304	844,002	822,302

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
TOTAL EXPENDITURES	\$ 67,542,919	\$ (1,380)	\$ 67,541,539	\$ 67,442,639	\$ 98,900
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(6,217,423)</u>	<u>1,380</u>	<u>(6,216,043)</u>	<u>1,055,221</u>	<u>7,271,264</u>
Other Financing Uses:					
Transfers Out:					
Board Contribution - Food Service Enterprise Fund	(43,299)	(1,380)	(44,679)	(42,332)	2,347
Total Other Financing Uses	<u>(43,299)</u>	<u>(1,380)</u>	<u>(44,679)</u>	<u>(42,332)</u>	<u>2,347</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Uses	(6,260,722)		(6,260,722)	1,012,889	7,273,611
Fund Balance, July 1	16,462,784		16,462,784	16,462,784	
Fund Balance, June 30	<u>\$ 10,202,062</u>	<u>\$ -0-</u>	<u>\$ 10,202,062</u>	<u>\$ 17,475,673</u>	<u>\$ 7,273,611</u>
Recapitulation:					
Restricted:				\$ 2,406,754	
Excess Surplus				1,896,742	
Excess Surplus - Designated for Subsequent Year's Expenditures				9,034,583	
Capital Reserve				500,000	
Emergency Reserve					
Assigned:					
Year-End Encumbrances				1,997,852	
Designated for Subsequent Year's Expenditures				115,080	
Unassigned				<u>1,524,662</u>	
				<u>17,475,673</u>	
Reconciliation to Governmental Funds Statement (GAAP):				<u>(116,243)</u>	
June State Aid Payments not Recognized on GAAP Basis					
Fund Balance per Governmental Funds (GAAP)				<u>\$ 17,359,430</u>	

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	\$ 20,000	\$ 16,310	\$ 36,310	\$ 28,846	\$ (7,464)
Federal Sources	787,000	166,192	953,192	953,192	
Local Sources		107,291	107,291	106,295	(996)
Total Revenues	807,000	289,793	1,096,793	1,088,333	(8,460)
EXPENDITURES:					
Instruction					
Personal Services - Salaries	187,000	52,018	239,018	239,018	
Tuition	600,000	50,691	650,691	650,691	
General Supplies		8,378	8,378	8,318	60
Textbooks	3,300	1,946	5,246	5,246	
Other Objects	16,700	119,320	136,020	127,620	8,400
Total Instruction	807,000	232,353	1,039,353	1,030,893	8,460
Support Services					
Personal Services - Salaries		6,400	6,400	6,400	
Personal Services - Employee Benefits		40,165	40,165	40,165	
Other Purchased Services		10,875	10,875	10,875	
Total Support Services		57,440	57,440	57,440	
Total Expenditures	807,000	289,793	1,096,793	1,088,333	8,460
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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	\$ 68,497,860	\$ 1,088,333
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		
Current Year Encumbrances		(52,072)
Prior Year Encumbrances		6,706
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	105,060	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(116,243)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 68,486,677</u>	<u>\$ 1,042,967</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 67,442,639	\$ 1,088,333
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, not in the Year the Supplies are Received for Financial Reporting Purposes		
Current Year Encumbrances		(52,072)
Prior Year Encumbrances		6,706
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 67,442,639</u>	<u>\$ 1,042,967</u>

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2017 was submitted to the County office and was approved by the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary 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 budgets during the year).

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

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

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the June state aid payments for the current year. Since the State is recording the June state aid payments in the subsequent fiscal year, the District cannot recognize these payments in the GAAP financial statements.

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	No Child Left Behind		I.D.E.A. - Part B, Basic	
	Title I	Title IIA	Regular	Preschool
REVENUE:				
State Sources				
Federal Sources	\$ 213,896	\$ 71,689	\$ 618,214	\$ 32,477
Local Sources				
Total Revenue	\$ 213,896	\$ 71,689	\$ 618,214	\$ 32,477
EXPENDITURES:				
Instruction:				
Personal Services - Salaries	\$ 180,058	\$ 47,615	\$ 618,214	\$ 32,477
Tuition				
General Supplies	3,617			
Textbooks				
Other Objects				
Total Instruction	183,675	47,615	618,214	32,477
Support Services:				
Personal Services - Salaries	6,400			
Personal Services - Employee Benefits	23,821	13,199		
Other Purchased Services		10,875		
Total Support Services	30,221	24,074		
Total Expenditures	\$ 213,896	\$ 71,689	\$ 618,214	\$ 32,477

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Nonpublic Handicapped Services (Chapter 193)			
	Supplementary Instruction	Examination & Classification	Corrective Speech	NJ Nonpublic Security Technology
REVENUE:				
State Sources	\$ 1,020	\$ 4,502	\$ 2,562	\$ 4,700
Federal Sources				\$ 2,340
Local Sources				
Total Revenue	\$ 1,020	\$ 4,502	\$ 2,562	\$ 4,700
EXPENDITURES:				
Instruction:				
Personal Services - Salaries				
Tuition				
General Supplies				
Textbooks				
Other Objects	\$ 1,020	\$ 4,502	\$ 2,562	\$ 4,700
Total Instruction	1,020	4,502	2,562	4,700
Support Services:				
Personal Services - Salaries				
Personal Services - Employee Benefits				
Other Purchased Services				
Total Support Services				
Total Expenditures	\$ 1,020	\$ 4,502	\$ 2,562	\$ 4,700
				\$ 2,340

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	NJ Nonpublic		Local Programs			Totals June 30, 2017
	Textbooks	Nursing	Mahwah School Foundation	Mahwah Home School Organization	Other	
REVENUE:						
State Sources	\$ 5,246	\$ 8,476				\$ 28,846
Federal Sources			\$ 101,999	\$ 3,356	\$ 940	953,192
Local Sources						106,295
Total Revenue	\$ 5,246	\$ 8,476	\$ 101,999	\$ 3,356	\$ 940	\$ 1,088,333
EXPENDITURES:						
Instruction:						
Personal Services - Salaries						\$ 239,018
Tuition				\$ 1,335	\$ 940	650,691
General Supplies						8,318
Textbooks	\$ 5,246		\$ 101,999	2,021		5,246
Other Objects						127,620
Total Instruction	5,246	8,476	101,999	3,356	940	1,030,893
Support Services:						
Personal Services - Salaries						6,400
Personal Services - Employee Benefits						40,165
Other Purchased Services						10,875
Total Support Services						57,440
Total Expenditures	\$ 5,246	\$ 8,476	\$ 101,999	\$ 3,356	\$ 940	\$ 1,088,333

CAPITAL PROJECTS FUND

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Revenue and Other Financing Sources:	
State Sources - SDA Grant	\$ (400,795)
Interest Revenue	445
	<hr/>
Total Revenue and Other Financing Sources	(400,350)
	<hr/>
Expenditures and Other Financing Uses:	
Transfer to Debt Service Fund - Interest Earned	445
	<hr/>
Total Expenditures and Other Financing Uses	445
	<hr/>
Deficit of Revenue and Other Financing Sources	
Under Expenditures and Other Financing Uses	(400,795)
	<hr/>
Fund Balance - Beginning	1,013,897
	<hr/>
Fund Balance - Ending	\$ 613,102
	<hr/> <hr/>
<u>Recapitulation of Fund Balance at June 30, 2017:</u>	
Committed Fund Balance per Governmental Funds (Budgetary Basis)	\$ 613,102
	<hr/>
Total Fund Balance per Governmental Funds (GAAP Basis)	\$ 613,102
	<hr/> <hr/>
<u>Reconciliation of Revenue from Budgetary Basis to GAAP Basis:</u>	
State SDA Grant Revenue Realized (Budgetary Basis)	\$ (400,795)
	<hr/>
State SDA Grant Revenue Realized (GAAP Basis)	\$ (400,795)
	<hr/> <hr/>

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MAHWAH HIGH SCHOOL ELECTRICAL SWITCHGEAR/GENERATOR
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 373,905	\$ (69,630)	\$ 304,275	\$ 373,905
Transfer from Capital Reserve	560,857		560,857	560,857
Total Revenue and Other Financing Sources	934,762	(69,630)	865,132	934,762
Expenditures:				
Purchased Professional and Technical Services	21,800		21,800	30,000
Construction Services	733,769		733,769	904,762
Total Expenditures	755,569	-0-	755,569	934,762
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 179,193	\$ (69,630)	\$ 109,563	\$ -0-

Additional Project Information:

Project Number	SP-2900-050-14-1001
Grant Date	06/09/2014
Bond Authorization Date	N/A
Bonds Authorized	\$ -0-
Bonds Issued	\$ -0-
Original Authorized Cost	\$ 934,762
Change Order Percentage	0.00%
Percentage Completion	100.00%
Original Target Completion Date	09/01/2015

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
BETSY ROSS SCHOOL BOILER
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 132,802	\$ (64,132)	\$ 68,670	\$ 132,802
Transfer from Capital Reserve	199,202		199,202	199,202
Total Revenue and Other Financing Sources	<u>332,004</u>	<u>(64,132)</u>	<u>267,872</u>	<u>332,004</u>
Expenditures:				
Purchased Professional and Technical Services	19,500		19,500	30,000
Construction Services	151,016		151,016	302,004
Total Expenditures	<u>170,516</u>	<u>-0-</u>	<u>170,516</u>	<u>332,004</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	<u>\$ 161,488</u>	<u>\$ (64,132)</u>	<u>\$ 97,356</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	SP-2900-060-14-1004
Grant Date	06/09/2014
Bond Authorization Date	N/A
Bonds Authorized	\$ -0-
Bonds Issued	\$ -0-
Original Authorized Cost	\$ 332,004
Change Order Percentage	0.00%
Percentage Completion	100.00%
Original Target Completion Date	09/01/2014

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
JOYCE KILMER SCHOOL UNIT VENTILATORS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 264,215	\$ (141,443)	\$ 122,772	\$ 264,215
Transfer from Capital Reserve	396,322		396,322	396,322
Total Revenue and Other Financing Sources	<u>660,537</u>	<u>(141,443)</u>	<u>519,094</u>	<u>660,537</u>
Expenditures:				
Purchased Professional and Technical Services	38,000		38,000	40,000
Construction Services	265,615		265,615	620,537
Total Expenditures	<u>303,615</u>	<u>-0-</u>	<u>303,615</u>	<u>660,537</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	<u>\$ 356,922</u>	<u>\$ (141,443)</u>	<u>\$ 215,479</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Number	SP-2900-075-14-1002			
Grant Date	06/09/2014			
Bond Authorization Date	N/A			
Bonds Authorized	\$ -0-			
Bonds Issued	\$ -0-			
Original Authorized Cost	\$ 660,537			
Change Order Percentage	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	09/01/2014			

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
RAMAPO RIDGE MIDDLE SCHOOL BOILER
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 132,802	\$ (61,726)	\$ 71,076	\$ 132,802
Transfer from Capital Reserve	199,202		199,202	199,202
Total Revenue and Other Financing Sources	332,004	(61,726)	270,278	332,004
Expenditures:				
Purchased Professional and Technical Services	19,500		19,500	30,000
Construction Services	157,029		157,029	302,004
Total Expenditures	176,529	-0-	176,529	332,004
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 155,475	\$ (61,726)	\$ 93,749	\$ -0-

Additional Project Information:

Project Number	SP-2900-076-14-1003
Grant Date	06/09/2014
Bond Authorization Date	N/A
Bonds Authorized	\$ -0-
Bonds Issued	\$ -0-
Original Authorized Cost	\$ 332,004
Change Order Percentage	0.00%
Percentage Completion	100.00%
Original Target Completion Date	09/01/2014

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
GEORGE WASHINGTON SCHOOL BOILER
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 132,802	\$ (63,864)	\$ 68,938	\$ 132,802
Transfer from Capital Reserve	199,202		199,202	199,202
Total Revenue and Other Financing Sources	332,004	(63,864)	268,140	332,004
Expenditures:				
Purchased Professional and Technical Services	19,500		19,500	30,000
Construction Services	151,685		151,685	302,004
Total Expenditures	171,185	-0-	171,185	332,004
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 160,819	\$ (63,864)	\$ 96,955	\$ -0-
Additional Project Information:				
Project Number	SP-2900-080-14-1005			
Grant Date	06/09/2014			
Bond Authorization Date	N/A			
Bonds Authorized	\$ -0-			
Bonds Issued	\$ -0-			
Original Authorized Cost	\$ 332,004			
Change Order Percentage	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	09/01/2014			

PROPRIETARY FUNDS

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2017

	Business-Type Activities - Enterprise Funds					
	Major Funds			Non-Major Funds		
	Food Service	Region I Transportation	Region I Administration	Region I Summer School	Non-Major Funds	Total Enterprise Funds
ASSETS:						
Current Assets:						
Cash and Cash Equivalents	\$ 176,463		\$ 105,452	\$ 28,825	\$ 134,277	\$ 310,740
Receivable from:						
Federal Government	10,231					10,231
State Government	473					473
Interfund Receivable - General Fund	98,415		73,902		73,902	98,415
Receivables - Other	\$	664,330				738,232
Inventories	15,554					15,554
Total Current Assets	301,136	664,330	179,354	28,825	208,179	1,173,645
Non-Current Assets:						
Capital Assets	414,925					414,925
Less: Accumulated Depreciation	(207,318)					(207,318)
Total Non-Current Assets	207,607					207,607
Total Assets	508,743	664,330	179,354	28,825	208,179	1,381,252
DEFERRED OUTFLOWS OF RESOURCES:						
Changes in Assumptions - Pensions			155,269		155,269	155,269
Difference Between Expected and Actual Experience - Pensions			13,940		13,940	13,940
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - Pensions			28,581		28,581	28,581
District Contribution Subsequent to the Measurement Date - Pensions			22,500		22,500	22,500
Total Deferred Outflows of Resources			220,290		220,290	220,290

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2017

	Business-Type Activities - Enterprise Funds						
	Major Funds			Non-Major Funds			
	Food Service	Region I Transportation	Administration	Region I Summer School	Non-Major Funds	Total Region I	Total Enterprise Funds
LIABILITIES:							
Current Liabilities:							
Interfund Payable - General Fund		\$ 376,021				\$ 376,021	\$ 376,021
Accounts Payable	\$ 12,055		\$ 22,701		\$ 22,701	22,701	34,756
Unearned Revenue:							
Prepaid Student Balances	18,415						18,415
Commodities	3,771						3,771
Noncurrent Liabilities:							
Due Beyond One Year			749,562		749,562	749,562	749,562
Total Liabilities	34,241	376,021	772,263		772,263	1,148,284	1,182,525
DEFERRED INFLOWS OF RESOURCES:							
Changes in Proportion - Pensions			34,485		34,485	34,485	34,485
Total Deferred Inflows of Resources			34,485		34,485	34,485	34,485
NET POSITION:							
Investment in Capital Assets	207,607						207,607
Unrestricted/(Deficit)	266,895	288,309	(407,104)	\$ 28,825	(378,279)	(89,970)	176,925
Total Net Position (Deficit)	\$ 474,502	\$ 288,309	\$ (407,104)	\$ 28,825	\$ (378,279)	\$ (89,970)	\$ 384,532

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUNDS NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds						Total Enterprise Funds
	Major Funds			Non-Major Funds			
	Food Service	Region I Transportation	Administration	Region I Summer School	Non-Major Funds	Total Region I	
Operating Revenue:							
Charges for Services:							
Daily Sales:							
Reimbursable Programs	\$ 329,908						\$ 329,908
Non-Reimbursable Programs	476,657						476,657
Program Fees			\$ 398,961	\$ 145,837	\$ 544,798	\$ 544,798	\$ 544,798
Transportation Fees from Other LEA's Within the State		\$ 10,783,657				10,783,657	10,783,657
Special Events		10,783,657	398,961	145,837		11,328,455	12,135,020
		9,656					9,656
Total Operating Revenue	816,221	10,783,657	398,961	145,837		11,328,455	12,144,676
Operating Expenses:							
Cost of Sales:							
Reimbursable	273,771						273,771
Non-Reimbursable	172,590						172,590
Total Cost of Sales	446,361						446,361
Salaries, Benefits & Payroll Taxes	401,879		336,634	120,667	457,301	457,301	859,180
Contracted Services	43,332	10,904,780				10,904,780	10,948,112
Other Purchased Professional Services			109	13,800	13,909	13,909	13,909
Other Purchased Services	2,000		1,099		1,099	1,099	3,099
Supplies and Materials	77,928						77,928
Rent							
General Supplies			35,000	8,900	43,900	43,900	43,900
Miscellaneous Expenditures	10,874		12,069	2,399	14,468	14,468	14,468
Depreciation Expense	16,544		6,120		6,120	6,120	16,994
Total Operating Expenses	998,918	10,904,780	391,031	145,766	536,797	11,441,577	12,440,495

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds						
	Major Funds			Non-Major Funds			
	Food Service	Region I Transportation	Region I Administration	Region I Summer School	Non-Major Funds	Total Region I	Total Enterprise Funds
Operating Income/(Loss)	\$ (182,697)	\$ (121,123)	\$ 7,930	\$ 71	\$ 8,001	\$ (113,122)	\$ (295,819)
Non-Operating Revenue:							
Federal Sources:							
National School Lunch Program	149,421						149,421
Food Distribution Program	52,599						52,599
State Sources:							
School Lunch Program	6,782						6,782
Local Sources:							
Interest Revenue	69						69
Total Non-Operating Revenue	208,871						208,871
Change in Net Position Before Transfers	26,174	(121,123)	7,930	71	8,001	(113,122)	(86,948)
Transfer In - General Fund	42,332						42,332
Change in Net Position After Transfers	68,506	(121,123)	7,930	71	8,001	(113,122)	(44,616)
Net Position (Deficit) - Beginning of Year (Restated)	405,996	409,432	(415,034)	28,754	(386,280)	23,152	429,148
Net Position (Deficit) - End of Year	\$ 474,502	\$ 288,309	\$ (407,104)	\$ 28,825	\$ (378,279)	\$ (89,970)	\$ 384,532

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds						
	Major Funds			Non-Major Funds			Total Enterprise Funds
	Food Service	Region I Transportation	Region I Administration	Region I Summer School	Non-Major Funds	Total Region I	
Cash Flows from Operating Activities:							
Receipts from Customers	\$ 815,888	\$ 10,666,121	\$ 334,789	\$ 145,837	\$ 480,626	\$ 11,146,747	\$ 11,962,635
Payments to/for Employees			(336,634)	(120,667)	(457,301)	(457,301)	(457,301)
Payments to Food Service Vendor	(888,536)					(10,904,780)	(888,536)
Payments to Transportation Vendors		(10,904,780)				(38,861)	(10,904,780)
Payments to Suppliers			(13,762)	(25,099)		(38,861)	(82,377)
Net Cash Provided by/(Used for) Operating Activities	(116,164)	(238,659)	(15,607)	71	(15,536)	(254,195)	(370,359)
Cash Flows from Investing Activities:							
Interest Income	69						69
Net Cash Provided by Investing Activities	69						69
Cash Flows from Noncapital and Related Financing Activities:							
Federal Subsidy Reimbursements Received from General Fund	74,139						74,139
State Subsidy Reimbursements Received from General Fund	3,280					376,021	3,280
Cash Received from Interfund Loan - General Fund		376,021					376,021
Cash Received from Transfers - General Fund	42,332						42,332
Net Cash Provided by Noncapital and Related Financing Activities	119,751	376,021				376,021	495,772
Cash Flows from Capital and Related Financing Activities:							
Purchase of Capital Assets	(42,332)						(42,332)
Net Cash Used for Capital and Related Financing Activities	(42,332)						(42,332)
Net Increase/(Decrease) in Cash and Cash Equivalents	(38,676)	137,362	(15,607)	71	(15,536)	121,826	83,150
Cash and Cash Equivalents, July 1	215,139	(137,362)	121,059	28,754	149,813	12,451	227,590
Cash and Cash Equivalents, June 30	\$ 176,463	\$ - 0 -	\$ 105,452	\$ 28,825	\$ 134,277	\$ 134,277	\$ 310,740

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds						
	Major Funds			Non-Major Funds			Total Enterprise Funds
	Food Service	Region I Transportation	Region I Administration	Region I Summer School	Non-Major Funds	Total Region I	
	\$ (182,697)	\$ (121,123)	\$ 7,930	\$ 71	\$ 8,001	\$ (113,122)	\$ (295,819)
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:							
Operating Income/(Loss)	16,544						16,544
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:							
Depreciation	52,599						52,599
Federal Food Distribution Program							
Changes in Assets and Liabilities:							
(Increase)/Decrease in:							
Other Receivables		(117,536)	(64,172)		(64,172)	(181,708)	(181,708)
Inventory	914					914	914
Change in Assumptions - Pensions			(91,593)		(91,593)	(91,593)	(91,593)
Difference Between Expected and Actual Experience - Pensions			205		205	205	205
Net Difference Between Projected and Actual in Investment Earnings on Pension Plan Investments - Pensions			(38,114)		(38,114)	(38,114)	(38,114)
Increase/(Decrease) in:							
Change in Proportion - Pensions			13,306		13,306	13,306	13,306
Net Pension Liability			156,630		156,630	156,630	156,630
Accounts Payable	(6,962)		201		201	201	(6,761)
Unearned Revenue - Commodities	(3,036)						(3,036)
Unearned Revenue - Prepaid Balances	6,474						6,474
Net Cash Provided by/(Used for) Operating Activities	\$ (116,164)	\$ (238,659)	\$ (15,607)	\$ 71	\$ (15,536)	\$ (254,195)	\$ (370,359)

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received commodities from the Federal Food Distribution Program valued at \$49,563 and utilized commodities from the Federal Food Distribution Program valued at \$52,599 for the fiscal year ended June 30, 2017.

FIDUCIARY FUNDS

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Agency</u>		<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Flexible Spending Trust</u>
	<u>Student Activity</u>	<u>Payroll</u>			
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 821,784	\$ 859	\$ 822,643	\$ 648,942	\$ 45,009
Interfund Receivable					
General Fund		895	895		
Special Revenue Fund	3,000		3,000		
Total Assets	<u>824,784</u>	<u>1,754</u>	<u>826,538</u>	<u>648,942</u>	<u>45,009</u>
<u>LIABILITIES:</u>					
Interfund Payable - General Fund					10,000
Payroll Deductions and Withholdings		1,754	1,754		
Due to Student Groups	823,255		823,255		
School Store	1,529		1,529		
Total Liabilities	<u>824,784</u>	<u>1,754</u>	<u>826,538</u>	<u>-0-</u>	<u>10,000</u>
<u>NET POSITION:</u>					
Held in Trust for:					
Unemployment Benefit Claims			648,942		
Scholarships				323,883	
Flexible Spending Claims					35,009
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 648,942</u>	<u>\$ 35,009</u>

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Flexible Spending Trust</u>	<u>Totals</u>
ADDITIONS:				
Contributions:				
Plan Member	\$ 87,916		\$ 65,587	\$ 153,503
Donations		\$ 20,295		20,295
Total Additions	<u>87,916</u>	<u>20,295</u>	<u>65,587</u>	<u>173,798</u>
DEDUCTIONS:				
Quarterly Contribution Reports and Unemployment Claims	40,659			40,659
Scholarships Awarded		25,350		25,350
Flexible Spending Claims			56,963	56,963
Total Deductions	<u>40,659</u>	<u>25,350</u>	<u>56,963</u>	<u>122,972</u>
Change in Net Position	47,257	(5,055)	8,624	50,826
Net Position - Beginning of the Year (Restated)	<u>601,685</u>	<u>328,938</u>	<u>26,385</u>	<u>957,008</u>
Net Position - End of the Year	<u>\$ 648,942</u>	<u>\$ 323,883</u>	<u>\$ 35,009</u>	<u>\$ 1,007,834</u>

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	Balance July 1, 2016 (Restated)	Additions	Deletions	Balance June 30, 2017
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 882,446	\$ 744,099	\$ 804,761	\$ 821,784
Interfund Receivable: Special Revenue Fund		3,000		3,000
Total Assets	<u>\$ 882,446</u>	<u>\$ 747,099</u>	<u>\$ 804,761</u>	<u>\$ 824,784</u>
<u>LIABILITIES:</u>				
Due to Student Groups	\$ 881,463	\$ 743,718	\$ 801,926	\$ 823,255
School Store	983	3,381	2,835	1,529
Total Liabilities	<u>\$ 882,446</u>	<u>\$ 747,099</u>	<u>\$ 804,761</u>	<u>\$ 824,784</u>

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	Balance July 1, 2016 (Restated)	Additions	Deletions	Balance June 30, 2017
Mahwah Schools	\$ 881,463	\$ 743,718	\$ 801,926	\$ 823,255
School Store	983	3,381	2,835	1,529
Total	<u>\$ 882,446</u>	<u>\$ 747,099</u>	<u>\$ 804,761</u>	<u>\$ 824,784</u>

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 1,821	\$ 56,349,854	\$ 56,350,816	\$ 859
Interfund Receivable:				
General Fund		895		895
Total Assets	<u>\$ 1,821</u>	<u>\$ 56,350,749</u>	<u>\$ 56,350,816</u>	<u>\$ 1,754</u>
<u>LIABILITIES:</u>				
Liabilities:				
Payroll Deductions and Withholdings	<u>\$ 1,821</u>	<u>\$ 56,350,749</u>	<u>\$ 56,350,816</u>	<u>\$ 1,754</u>
Total Liabilities	<u>\$ 1,821</u>	<u>\$ 56,350,749</u>	<u>\$ 56,350,816</u>	<u>\$ 1,754</u>

LONG-TERM DEBT

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds				Retired/ Matured	Balance June 30, 2017
			Date	June 30, 2017 Amount	Interest Rate	Balance July 1, 2016		
School Bonds	07/15/97	\$ 13,650,000	07/15/17	\$ 737,000	5.100%	\$ 1,537,000	\$ 800,000	\$ 737,000
School Refunding Bonds	12/02/09	7,950,000	09/15/17	755,000	4.250%			
			09/15/18	775,000	4.250%			
			09/15/19	780,000	4.500%			
			09/15/20-21	780,000	5.000%			
			09/15/22	480,000	5.000%	5,085,000	735,000	4,350,000
School Refunding Bonds	10/05/11	5,550,000	08/15/17	540,000	4.00%			
			08/15/18	560,000	4.00%			
			08/15/19	580,000	4.00%			
			08/15/20-21	600,000	4.00%			
			08/15/22	605,000	5.00%			
			08/15/23	545,000	5.00%	4,555,000	525,000	4,030,000
						\$ 11,177,000	\$ 2,060,000	\$ 9,117,000

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

NOT APPLICABLE

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,514,144		\$ 2,514,144	\$ 2,514,144	
Total Revenues	<u>2,514,144</u>		<u>2,514,144</u>	<u>2,514,144</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	455,387		455,387	455,387	
Redemption of Principal	2,060,000		2,060,000	2,060,000	
Total Regular Debt Service	<u>2,515,387</u>		<u>2,515,387</u>	<u>2,515,387</u>	
Total Expenditures	<u>2,515,387</u>		<u>2,515,387</u>	<u>2,515,387</u>	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(1,243)</u>		<u>(1,243)</u>	<u>(1,243)</u>	
Other Financing Sources:					
Transfers In - Capital Projects Fund:					
Interest Earned				445	\$ 445
Total Other Financing Sources				<u>445</u>	<u>445</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(1,243)	\$ -0-	(1,243)	(798)	445
Fund Balance, July 1	<u>1,561</u>		<u>1,561</u>	<u>1,561</u>	
Fund Balance, June 30	<u>\$ 318</u>	<u>\$ -0-</u>	<u>\$ 318</u>	<u>\$ 763</u>	<u>\$ 445</u>

Recapitulation of Fund Balance at June 30, 2017:

Restricted - Designated for Subsequent Year's Expenditures	\$ 318
Restricted	<u>445</u>
	<u>\$ 763</u>

STATISTICAL SECTION
(UNAUDITED)

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health.

Contents

	<u>Exhibit</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.	J-1 thru J-5
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	J-6 thru J-9
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.	J-10 thru J-13
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 and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 23,514,321	\$ 23,601,775	\$ 23,415,618	\$ 22,730,683	\$ 22,325,235	\$ 23,806,884	\$ 23,572,905	\$ 23,679,032	\$ 23,720,946	\$ 30,335,322
Special Education	5,604,266	5,838,538	5,893,422	6,537,015	6,949,744	7,000,275	7,337,373	7,278,721	7,374,663	9,992,170
Other Special Instruction	1,050,091	1,115,930	1,158,515	962,707	1,055,544	1,152,787	1,262,005	1,237,216	1,308,823	1,788,011
Other Instruction	1,820,717	1,875,831	1,904,192	1,586,206	1,925,041	2,024,631	1,887,480	1,973,003	2,157,527	1,711,862
Support Services:										
Tuition	2,855,202	2,429,116	2,745,506	2,603,901	2,498,790	3,009,961	3,803,762	4,337,067	4,483,777	5,643,899
Student & Instruction Related Services	7,285,458	7,454,519	7,763,541	7,566,562	8,208,086	8,789,889	9,022,126	9,564,208	9,383,619	11,186,665
General Administrative Services	1,775,125	1,956,928	1,662,089	1,970,567	1,548,465	1,638,448	1,439,456	1,720,600	1,927,941	1,009,474
School Administrative Services	2,878,980	2,738,693	3,009,152	2,692,798	3,146,546	2,952,463	3,308,362	3,017,075	2,896,896	5,224,374
Central Services	729,101	728,055	756,726	783,967	849,296	838,088	967,967	799,771	764,078	1,230,828
Administrative Information Technology	858,156	633,583	933,142	618,659	959,511	866,024	1,014,923	874,769	836,111	1,432,968
Plant Operations and Maintenance	5,251,430	4,782,759	5,702,269	5,700,503	5,655,134	6,346,986	6,677,836	5,929,083	5,220,979	7,196,988
Pupil Transportation	3,446,823	3,267,140	3,279,246	3,279,741	3,390,980	3,333,208	3,554,637	3,715,677	3,946,228	4,721,661
Charter Schools				23,079	23,370	51,863				
Interest on Long-term Debt	1,218,960	1,141,873	1,025,225	918,719	788,180	737,273	658,940	583,489	506,456	413,289
Unallocated Depreciation										357,063
Total Governmental Activities Expenses	58,288,630	57,564,740	59,248,643	57,975,107	59,323,922	62,548,780	64,507,772	64,709,711	64,528,044	82,244,574
Business-Type Activities:										
Food Service	905,917	887,639	913,955	940,643	988,396	1,033,906	992,627	1,014,778	983,105	998,918
Region I Transportation										10,904,780
Region I Administration										391,031
Region I Summer School										145,766
Total Business-Type Activities Expenses	905,917	887,639	913,955	940,643	988,396	1,033,906	992,627	1,014,778	983,105	12,440,495
Total District-Wide Expenses	59,194,547	58,452,379	60,162,598	58,915,750	60,312,318	63,582,686	65,500,399	65,724,489	65,511,149	94,685,069
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Tuition	26,633	46,334	1,494		7,546,552	8,649,222	7,911,541	7,529,294	7,817,464	22,362,904
Operating Grants and Contributions	9,145,944	7,673,604	6,955,882	5,834,182	7,546,552	8,649,222	7,911,541	7,529,294	7,817,464	22,362,904
Capital Grants and Contributions	(66,128)	(66,128)	828,782	558,811						(400,795)
Total Governmental Activities Program Revenues	9,172,577	7,653,810	7,786,158	6,392,993	7,546,552	8,649,222	7,911,541	7,529,294	7,817,464	21,962,109

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-Type Activities:										
Charges for Services:										
Food Service	\$ 723,606	\$ 728,490	\$ 733,219	\$ 802,645	\$ 856,376	\$ 814,373	\$ 822,951	\$ 818,289	\$ 803,214	\$ 816,221
Region I Transportation										10,783,657
Region I Administration										398,961
Region I Summer School										145,837
Operating Grants and Contributions	139,095	156,732	172,361	161,171	163,738	200,523	195,209	190,304	207,713	208,802
Total Business-Type Activities Revenues	862,701	885,222	905,580	963,816	1,020,114	1,014,896	1,018,160	1,008,593	1,010,927	12,353,478
Total District-Wide Program Revenues	10,035,278	8,539,032	8,691,738	7,356,809	8,566,666	9,664,118	8,929,701	8,537,887	8,828,391	34,315,587
Net (Expense)/Revenue:										
Governmental Activities	(49,116,053)	(49,910,930)	(51,462,485)	(51,582,114)	(51,777,370)	(53,899,558)	(56,596,231)	(57,180,417)	(56,710,580)	(60,282,465)
Business-type Activities	(43,216)	(2,417)	(8,375)	23,173	31,718	(19,010)	25,533	(6,185)	27,822	(87,017)
Total District-Wide Net (Expense)/Revenue	(49,159,269)	(49,913,347)	(51,470,860)	(51,558,941)	(51,745,652)	(53,918,568)	(56,570,698)	(57,186,602)	(56,682,758)	(60,369,482)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	46,221,773	48,070,644	50,145,221	51,901,030	52,861,361	53,918,588	54,996,960	56,096,899	57,218,837	58,463,214
Taxes Levied for Debt Service	2,870,579	2,849,549	2,822,163	2,774,337	2,721,403	2,682,985	2,603,783	2,607,816	2,561,875	2,514,144
Unrestricted Grants and Contributions	379,550	465,884	357,197	366,811	138,799	(246,259)	1,214,071	171,132	153,130	198,014
Refunding Bond Proceeds, Net			25,503		132,000					
Investment Earnings	302,870	116,316	82,090	87,276	18,658	23,550	24,501	27,025	33,006	60,580
Miscellaneous Income	180,991	231,614	190,261	184,671	288,590	371,215	300,331	323,407	312,600	282,719
Adjustment to Capital Assets	(243,751)	(220,823)	(176,325)	(60,147)		(238,103)	(905,334)	157,512	(77,364)	
Transfers	(11,351)	(10,200)						(2,600)		(42,332)
Total Governmental Activities General Revenues and Other Changes in Net Position	49,700,661	51,502,984	53,446,110	55,253,978	56,160,811	56,511,976	58,234,312	59,383,791	60,199,484	61,476,339
Business-type Activities:										
Miscellaneous	4,311	1,314	898	984	5	19	5	40	41	69
Transfers		10,200							2,600	42,332
Total Business-type Activities General Revenues and Other Changes in Net Position	4,311	11,514	898	984	5	19	5	40	2,641	42,401
Total District-Wide General Revenues and Other Changes in Net Position	49,704,972	51,514,498	53,447,008	55,254,962	56,160,816	56,511,995	58,234,317	59,383,831	60,202,125	61,518,740
Change in Net Position:										
Governmental Activities	584,608	1,592,054	1,983,625	3,671,864	4,383,441	2,612,418	1,638,081	2,203,374	3,488,904	1,193,874
Business-Type Activities	(38,905)	9,097	(7,477)	24,157	31,723	(18,991)	25,538	(6,145)	30,463	(44,616)
Total District-Wide Change in Net Position	\$ 545,703	\$ 1,601,151	\$ 1,976,148	\$ 3,696,021	\$ 4,415,164	\$ 2,593,427	\$ 1,663,619	\$ 2,197,229	\$ 3,519,367	\$ 1,149,258

Source: Township of Mahwah School District Financial Reports.

Note: The operations of the Region I enterprise funds are included in the financial statements of the District beginning with the fiscal year ended June 30, 2017

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Tax Levy	\$ 49,092,352	\$ 50,920,193	\$ 52,967,384	\$ 54,675,367	\$ 55,582,764	\$ 56,601,573	\$ 57,600,743	\$ 58,704,715	\$ 59,780,712	\$ 60,977,358
Tuition Charges	26,633	46,334	1,494							
Interest Earnings	302,870	116,316	82,090	87,276	18,658	23,550	24,501	27,025	33,006	60,135
Miscellaneous	180,991	231,614	190,261	184,671	267,363	371,215	300,332	323,407	312,600	283,164
Local Sources					21,227		77,578	68,525	72,598	59,606
State Sources	8,608,598	7,187,608	6,309,017	4,730,958	6,143,444	7,375,171	8,150,533	6,587,961	6,856,555	9,258,100
Federal Sources	916,895	951,880	1,004,062	1,470,035	1,541,907	1,027,792	897,500	1,043,940	1,041,441	1,005,075
Total Revenues	59,128,339	59,453,945	60,554,308	61,148,307	63,575,363	65,399,301	67,051,187	66,755,573	68,096,912	71,643,438
Expenditures:										
Instruction:										
Regular Instruction	16,227,639	16,371,184	16,790,174	16,393,507	16,495,532	16,562,024	16,642,133	16,975,012	16,258,610	16,795,275
Special Education Instruction	4,177,151	4,271,454	4,383,036	5,071,239	5,082,108	5,060,104	5,388,786	5,450,617	5,287,002	5,087,538
Other Special Instruction	1,050,091	1,115,930	1,158,515	962,707	1,055,544	1,152,787	1,262,005	1,237,216	1,308,823	1,336,733
Other Instruction	1,026,005	1,115,052	1,136,824	1,048,403	1,084,847	1,152,796	1,117,209	1,184,641	1,228,979	1,265,686
Support Services:										
Tuition	2,855,203	2,429,117	2,745,506	2,603,901	2,498,790	3,009,961	3,803,762	4,337,067	4,483,777	5,643,899
Student & Instruction Related Services	5,509,478	5,697,535	5,952,610	5,941,932	6,071,346	6,719,355	6,993,599	7,584,567	7,100,831	7,465,764
General Administrative Services	723,304	803,216	892,540	765,193	744,771	698,958	749,061	823,890	639,864	656,200
School Administrative Services	2,394,118	2,378,005	2,518,677	2,525,619	2,324,118	2,389,730	2,492,001	2,478,935	2,484,779	2,698,117
Central Services	729,101	728,055	756,726	783,967	849,296	838,088	967,967	799,771	764,078	823,658
Administrative Information Technology	858,156	633,583	933,142	618,659	959,511	866,024	1,014,923	874,769	836,111	1,085,866
Plant Operations and Maintenance	4,620,181	4,411,110	5,324,656	5,346,287	5,265,156	5,987,488	6,312,559	5,582,776	4,838,122	5,233,048
Pupil Transportation	3,259,904	3,072,623	3,051,282	3,083,276	3,158,197	3,136,353	3,369,639	3,546,408	3,737,090	3,809,159
Unallocated Benefits	11,728,997	11,599,650	11,097,790	10,308,826	11,434,078	12,501,817	11,923,725	11,603,931	12,709,512	15,740,661
Charter Schools				23,079	23,370	51,863				
Capital Outlay	839,424	1,526,358	2,131,559	863,168	716,010	304,573	1,901,469	2,082,613	936,353	844,002
Debt Service:										
Principal	1,630,000	1,685,000	1,735,000	1,830,000	1,875,000	1,915,000	1,950,000	1,995,000	2,025,000	2,060,000
Interest and Other Charges	1,248,295	1,172,163	1,074,083	951,089	827,703	767,985	690,060	613,355	537,137	455,387
Total Expenditures	58,877,047	59,010,035	61,682,120	59,120,852	60,465,377	63,114,906	66,578,898	67,170,568	65,176,068	71,000,993

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 251,292	\$ 443,910	\$ (1,127,812)	\$ 2,027,455	\$ 3,109,986	\$ 2,284,395	\$ 472,289	\$ (414,995)	\$ 2,920,844	\$ 642,445
Other Financing Sources (Uses):										
Proceeds from Borrowing			65,503							
SDA Grants		(66,128)	828,782	558,811						
Transfers In	6,460	291	1,354,550	3,712	300,231	540	375,144	1,556,028	317	445
Transfers Out	(17,811)	(10,491)	(1,354,550)	(3,712)	(300,231)	(540)	(375,144)	(1,556,028)	(2,917)	(42,777)
Total Other Financing Sources (Uses)	(11,351)	(76,328)	894,285	558,811			(2,600)			(42,332)
Net Change in Fund Balances	\$ 239,941	\$ 367,582	\$ (233,527)	\$ 2,586,266	\$ 3,109,986	\$ 2,284,395	\$ 472,289	\$ (414,995)	\$ 2,918,244	\$ 600,113

	4.96%	4.97%	4.72%	4.77%	4.52%	4.27%	4.08%	4.01%	3.98%	3.58%
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TOWNSHIP OF MAHWAH SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Prior Year Refunds	Rentals	Other	Total
2008	\$ 296,410	\$ 26,633	\$ 111,855	\$ 61,805	\$ 7,331	\$ 504,034
2009	116,316	46,334	157,108	67,130	7,376	394,264
2010	81,536	1,494	111,305	70,640	8,316	273,291
2011	83,564		89,277	80,093	15,301	268,235
2012	18,427		102,708	158,812	5,843	285,790
2013	18,617		197,295	153,328	20,592	389,832
2014	24,501		116,315	160,246	23,771	324,833
2015	25,782		145,601	139,441	38,365	349,189
2016	32,689		126,531	149,251	36,818	345,289
2017	60,135		155,865	89,791	37,063	342,854

Source: Township of Mahwah School District Records.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2007	\$ 93,175,400	\$ 3,264,954,200	\$ 6,252,600	\$ 475,892,000	\$ 228,921,000	\$ 31,751,800	\$ 4,100,947,000	\$ 4,505,839	\$ 4,105,452,839	\$ 1.1820	\$ 6,794,306,951
2008	89,819,900	3,282,523,000	12,848,400	475,560,100	231,148,000	31,751,800	4,123,651,200	4,444,235	4,128,095,435	1.2110	6,794,306,951
2009	85,259,100	3,306,757,000	12,833,400	474,772,000	230,606,800	31,751,800	4,141,980,100	4,557,002	4,146,537,102	1.2520	7,114,552,732
2010	82,587,000	3,307,176,900	12,326,100	486,416,800	222,957,200	31,751,800	4,143,215,800	4,931,194	4,148,146,994	1.2980	6,841,606,324
2011*	101,431,400	4,340,294,700	14,509,400	859,860,855	361,833,700	51,338,000	5,729,268,055	6,107,242	5,735,375,297	0.9610	5,735,375,297
2012	98,254,900	4,334,976,500	14,456,400	840,148,055	357,168,100	51,338,000	5,696,341,955	5,269,822	5,701,611,777	0.9840	6,314,882,225
2013	98,683,500	4,344,961,000	14,456,400	820,024,655	330,679,100	49,592,700	5,658,397,355	5,347,200	5,663,744,555	1.0090	6,206,660,611
2014	98,654,000	4,337,511,000	14,449,400	789,730,155	339,535,700	49,592,700	5,629,472,955	4,740,139	5,634,213,094	1.0320	5,634,213,094
2015	97,182,300	4,374,675,800	13,819,800	770,650,255	374,621,600	49,592,700	5,680,542,455	4,740,139	5,685,282,594	1.0420	6,030,661,715
2016	99,182,100	4,386,777,000	14,540,400	797,400,700	339,170,900	49,592,700	5,686,663,800	4,774,230	5,691,438,030	1.0610	5,923,219,890

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when ordered by the County Board of Taxation.

*- A Revaluation of Real Property was effective in this year.

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

b - Tax rates are per \$100 of assessed value.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(Rate per \$100 of Assessed Value)

Year Ended December 31,	School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Township of Mahwah	Bergen County	
2007	\$ 1.1110	\$ 0.0710	\$ 1.182	\$ 0.430	\$ 0.288	\$ 1.900
2008	1.1410	0.0700	1.211	0.461	0.304	1.976
2009	1.1830	0.0690	1.252	0.481	0.330	2.063
2010	1.2300	0.0680	1.298	0.503	0.323	2.124
2011*	0.9130	0.0480	0.961	0.391	0.228	1.580
2012	0.9370	0.0470	0.984	0.395	0.247	1.626
2013	0.9620	0.0470	1.009	0.405	0.250	1.664
2014	0.9850	0.0470	1.032	0.423	0.239	1.694
2015	0.9960	0.0460	1.042	0.427	0.254	1.723
2016	1.0155	0.0455	1.061	0.430	0.256	1.747

* - A Revaluation of Real Property was effective in this year.

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.

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

<u>Taxpayer</u>	<u>2017</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
MacArthur Boulevard, LLC	\$ 100,000,000	1	1.75%
Vista Distribution Center, Inc.	83,000,000	2	1.46%
Howmedia Osteonics, Inc.	60,000,000	3	1.05%
Crossroads Developers	55,350,200	4	0.97%
933 Inspiration, LLC	30,918,900	5	0.54%
Inwood Realty Group	24,555,400	6	0.43%
Jaguar Land Rover North America LLC	21,000,000	7	0.37%
Garden Crossroads, LLC	20,100,000	8	0.35%
Mindray DS USA, Inc.	19,437,900	9	0.34%
Sharp Office Holdings	19,000,000	10	0.33%
Total	<u>\$ 433,362,400</u>		<u>7.59%</u>

	<u>2008</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
Vista Distribution Center, Inc.	\$ 57,000,000	1	1.39%
Crossroads Developers Assoc.	41,000,000	2	1.00%
Sharp Electronics	36,675,100	3	0.89%
Hawmedia Osteonics Corporation	30,937,700	4	0.75%
Meristar Mahwah	19,210,000	5	0.47%
Footstar HQ LLC	17,500,000	6	0.43%
Jaquar Cars, Inc.	17,200,000	7	0.42%
Teacher Insurance Annuity Assoc.	16,483,800	8	0.40%
Datascope Corp.	14,540,700	9	0.35%
Inwood Realty Group	13,945,800	10	0.34%
Total	<u>\$ 264,493,100</u>		<u>6.44%</u>

NOTE - A Revaluation of Real Property was effective in 2011.

Source: Municipal Tax Assessor.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 49,092,352	\$ 49,092,352	100.00%	\$ -0-
2009	50,920,193	50,920,193	100.00%	-0-
2010	52,967,384	52,967,384	100.00%	-0-
2011	54,675,367	54,675,367	100.00%	-0-
2012	55,582,764	55,582,764	100.00%	-0-
2013	56,601,573	56,601,573	100.00%	-0-
2014	57,600,743	57,600,743	100.00%	-0-
2015	58,704,715	58,704,715	100.00%	-0-
2016	59,780,712	59,780,712	100.00%	-0-
2017	60,977,358	60,977,358	100.00%	-0-

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.

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

Fiscal Year Ended June 30,	Governmental Activities					Business-Type Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	School Facilities Loans	Capital Leases					
2008	\$ 26,279,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 26,279,000	1.97%	\$ 1,160	
2009	24,594,000	-0-	-0-	-0-	-0-	-0-	-0-	24,594,000	1.49%	1,021	
2010	22,859,000	-0-	-0-	-0-	-0-	-0-	-0-	22,859,000	1.46%	945	
2011	21,069,000	-0-	-0-	-0-	-0-	-0-	-0-	21,069,000	1.24%	812	
2012	19,062,000	-0-	-0-	-0-	-0-	-0-	-0-	19,062,000	1.07%	730	
2013	17,147,000	-0-	-0-	-0-	-0-	-0-	-0-	17,147,000	0.92%	653	
2014	15,197,000	-0-	-0-	-0-	-0-	-0-	-0-	15,197,000	0.82%	576	
2015	13,202,000	-0-	-0-	-0-	-0-	-0-	-0-	13,202,000	0.68%	499	
2016	11,177,000	-0-	-0-	-0-	-0-	-0-	-0-	11,177,000	0.55%	420	
2017	9,117,000	-0-	-0-	-0-	-0-	-0-	-0-	9,117,000	0.45%	344	

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

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

Source: Mahwah Township School District Financial Reports.

TOWNSHIP OF MAHWAH 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 Net Valuation Taxable ^a	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2008	\$ 26,279,000	\$ -0-	\$ 26,279,000	0.640%	\$ 1,160
2009	24,594,000	-0-	24,594,000	0.596%	1,021
2010	22,859,000	-0-	22,859,000	0.551%	945
2011	21,069,000	-0-	21,069,000	0.508%	812
2012	19,062,000	-0-	19,062,000	0.332%	730
2013	17,147,000	-0-	17,147,000	0.301%	653
2014	15,197,000	-0-	15,197,000	0.268%	576
2015	13,202,000	-0-	13,202,000	0.234%	499
2016	11,177,000	-0-	11,177,000	0.197%	420
2017	9,117,000	-0-	9,117,000	0.160%	344

a - See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b - See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

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

Source: Mahwah Township District Financial Reports.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2016
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Mahwah Township	\$ 29,206,696	100.00%	\$ 29,206,696
Bergen County General Obligation Debt	1,205,030,344	3.53%	<u>42,495,227</u>
Subtotal, Overlapping Debt			71,701,923
Mahwah Township School District Direct Debt			<u>9,117,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 80,818,923</u></u>

a - For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of another governmental unit's equalized property value that is within the district's boundaries and dividing it by each unit's total equalized property value.

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 residents and businesses of Mahwah Township. This process recognizes that, when considering the District's ability to issue and repay long-term, 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 unit.

Sources: Assessed value data used to estimate applicable percentages provided by the Bergen County Board of Taxation; debt outstanding data provided by each governmental unit.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2017

<u>Year Ended</u> <u>December 31,</u>	<u>Equalized</u> <u>Valuation Basis</u>
2014	\$ 5,946,416,980
2015	5,886,572,492
2016	6,007,462,286
	<u>\$ 17,840,451,758</u>
Average Equalized Valuation of Taxable Property	<u>\$ 5,946,817,253</u>
Debt Limit (4% of Average Equalization Value) ^a	\$ 237,872,690
Net Bonded School Debt	<u>9,117,000</u>
Legal Debt Margin	<u>\$ 228,755,690</u>

	Fiscal Year				
	2008	2009	2010	2011	2012
Debt Limit	\$ 252,416,860	\$ 269,024,421	\$ 274,170,435	\$ 274,665,794	\$ 266,469,440
Total Net Debt Applicable to Limit	<u>26,279,000</u>	<u>24,594,000</u>	<u>22,859,000</u>	<u>21,069,000</u>	<u>19,062,000</u>
Legal Debt Margin	<u>\$ 226,137,860</u>	<u>\$ 244,430,421</u>	<u>\$ 251,311,435</u>	<u>\$ 253,596,794</u>	<u>\$ 247,407,440</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	10.41%	9.14%	8.34%	7.67%	7.15%

	Fiscal Year				
	2013	2014	2015	2016	2017
Debt Limit	\$ 258,653,452	\$ 247,028,578	\$ 240,588,360	\$ 236,223,123	\$ 237,872,690
Total Net Debt Applicable to Limit	<u>17,147,000</u>	<u>15,197,000</u>	<u>13,202,000</u>	<u>11,177,000</u>	<u>9,117,000</u>
Legal Debt Margin	<u>\$ 241,506,452</u>	<u>\$ 231,831,578</u>	<u>\$ 227,386,360</u>	<u>\$ 225,046,123</u>	<u>\$ 228,755,690</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	6.63%	6.15%	5.49%	4.73%	3.83%

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

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
UNAUDITED

Year	Population ^a	Bergen County Per Capita Personal Income ^b	Personal Income ^c	Township Unemployment Rate ^d
2008	24,079	\$ 68,548	\$ 1,650,567,292	4.5%
2009	24,185	64,571	1,561,649,635	8.1%
2010	25,934	65,275	1,692,841,850	8.3%
2011	26,113	68,244	1,782,055,572	4.3%
2012	26,247	71,380	1,873,510,860	7.4%
2013	26,370	70,498	1,859,032,260	6.4%
2014	26,476	73,536	1,946,939,136	5.1%
2015	26,590	75,849	2,016,824,910	4.4%
2016	26,541	75,849 *	2,013,108,309 *	4.1%
2017	26,541 *	75,849 *	2,013,108,309 *	N/A

* - Latest Bergen County per capita personal income (2015) and population data (2016) available was used for calculation purposes.

N/A - Not Available.

Source:

- a** - Population information provided by the US Department of Census - Population Division.
- b** - Per Capita Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.
- c** - Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.
- d** - Unemployment data provided by the NJ Department of Labor and Workforce Development.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - COUNTY OF BERGEN
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Information was not available as of the date of these financial statements.

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

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction:					
Regular	221	217	215	205	210
Special Education/Other Special Instruction	66	65	64	62	60
Other Instruction	15	15	15	12	14
Support Services:					
Student & Instruction Related Services	78	78	78	86	84
School Administrative Services	28	28	28	28	27
General Administrative Services	3	3	3	3	3
Central Services	6	6	6	6	7
Administration Information Technology	4	4	4	4	4
Plant Operations and Maintenance	31	14	13	10	9
Pupil Transportation	7	7	7	8	7
Total	<u>459</u>	<u>437</u>	<u>433</u>	<u>424</u>	<u>425</u>
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Function/Program</u>					
Instruction:					
Regular	211	216	222	216	216
Special Education/Other Special Instruction	71	81	78	84	84
Other Instruction	13	15	17	10	8
Support Services:					
Student & Instruction Related Services	97	101	93	98	102
Related Services	27	29	26	26	25
General Administrative Services	3	2	2	3	3
Central Services	7	8	8	8	9
Administration Information Technology	4	4	4	4	5
Plant Operations and Maintenance	9	9	9	9	8
Pupil Transportation	6	4	8	8	6
Total	<u>448</u>	<u>469</u>	<u>467</u>	<u>466</u>	<u>466</u>

Source: Mahwah Township School District Personnel Records.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Pupil/Teacher Ratio										Student Attendance Percentage	
	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff ^d	Elementary School	Middle School	High School	Average Daily Enrollment (ADE) ^e	Average Daily Attendance (ADA) ^e		% Change in Average Daily Enrollment
2008	3,479	\$ 55,159,328	\$ 15,855	2.70%	303	17.5:1	18.1:1	14.0:1	3,456	3,344	1.03%	96.76%
2009	3,529	54,626,514	15,479	-2.37%	303	17.0:1	18.1:1	14.0:1	3,484	3,355	0.81%	96.30%
2010	3,453	56,741,478	16,433	6.16%	296	17.0:1	18.1:1	14.0:1	3,438	3,313	-1.31%	96.36%
2011	3,371	55,476,595	15,886	-3.33%	294	17.0:1	20.9:1	21.2:1	3,369	3,220	-2.01%	95.58%
2012	3,294	57,046,664	17,318	9.01%	292	19.6:1	22.2:1	22.1:1	3,299	3,172	-2.06%	96.14%
2013	3,241	60,127,348	17,777	2.65%	295	18.0:1	22.2:1	22.1:1	3,222	3,086	-2.35%	95.78%
2014	3,183	62,037,369	19,490	9.64%	299	18.9:1	10.0:1	8.0:1	3,177	3,043	-1.40%	95.81%
2015	3,068	62,479,600	20,368	4.50%	298	12.5:1	15.5:1	3.0:1	3,068	2,946	-3.44%	96.04%
2016	2,996	61,677,578	20,587	1.08%	300	17.5:1	16.5:1	12.2:1	2,970	2,852	-3.18%	96.03%
2017	2,922	67,641,604	23,149	12.45%	300	17.7:1	15.6:1	11.9:1	2,913	2,788	-1.93%	95.72%

a - Enrollment is obtained from October 15 Enrollment Summary, including students placed out of district.
b - Operating expenditures equal total expenditures less debt service and capital outlay.
c - Cost per pupil is calculated based upon enrollment and operating expenditures as presented and may not be the same as other (State) cost per pupil calculations.
d - Teaching staff includes only full-time equivalents of certificated staff.
e - Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Source: Mahwah Township School District records.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>District Building</u>										
<u>Elementary Schools:</u>										
Betsy Ross School										
Square Feet	33,526	33,526	33,526	33,526	33,526	33,526	33,526	33,526	33,526	27,096
Capacity (students)	275	275	275	275	275	275	275	275	275	216
Enrollment	334	305	305	261	236	233	237	234	222	217
George Washington School										
Square Feet	34,365	34,365	34,365	34,365	34,365	34,365	34,365	34,365	34,365	30,867
Capacity (students)	241	241	241	241	241	241	241	241	241	241
Enrollment	277	259	259	236	210	178	193	193	201	202
Lenape Meadows School										
Square Feet	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000	76,597
Capacity (students)	578	578	578	578	578	578	578	578	578	564
Enrollment	467	482	482	492	483	469	473	486	461	425
Joyce Kilmer School										
Square Feet	82,220	82,220	82,220	82,220	82,220	82,220	82,220	82,220	82,220	71,555
Capacity (students)	558	558	558	558	558	558	558	558	558	578
Enrollment	520	537	537	492	527	527	473	444	438	447
<u>Middle School:</u>										
Ramapo Ridge Middle School										
Square Feet	100,037	100,037	100,037	100,037	100,037	100,037	100,037	100,037	100,037	112,040
Capacity (students)	826	826	826	826	826	826	826	826	826	820
Enrollment	878	887	887	839	798	798	773	752	753	702
<u>High School:</u>										
Mahwah High School										
Square Feet	187,844	187,844	187,844	187,844	187,844	187,844	187,844	187,844	187,844	164,791
Capacity (students)	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,143
Enrollment	992	1,027	1,027	1,051	1,048	1,017	1,028	970	911	929

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

<u>District Building</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Athletic Building										
Square Feet	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	9,660
Central Administration										
Square Feet	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	7,181
Maintenance Garage										
Square Feet	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,584

Number of Schools at June 30, 2017

- Elementary School = 4
- Middle School = 1
- High School = 1
- Other = 3

Source: Mahwah Township School District.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures - Required Maintenance
For School Facilities - Account #11-000-261-XXX:

<u>School Facilities*</u>	Project # (s)	Project				
		2008	2009	2010	2011	2012
Mahwah High School	N/A	\$ 378,737	\$ 313,398	\$ 571,033	\$ 510,661	\$ 731,338
Betsy Ross	N/A	58,217	40,343	52,578	74,650	183,389
Joyce Kilmer	N/A	168,052	127,484	201,326	142,433	279,942
Ramapo Ridge	N/A	232,127	261,848	215,969	232,352	212,155
George Washington	N/A	65,887	50,587	140,156	132,081	111,994
Lenape Meadows	N/A	141,909	94,587	104,457	125,488	110,149
Total School Facilities		<u>1,044,929</u>	<u>888,247</u>	<u>1,285,519</u>	<u>1,217,665</u>	<u>1,628,967</u>
Grand Total		<u>\$ 1,044,929</u>	<u>\$ 888,247</u>	<u>\$ 1,285,519</u>	<u>\$ 1,217,665</u>	<u>\$ 1,628,967</u>

<u>School Facilities*</u>	Project # (s)	Project				
		2013	2014	2015	2016	2017
Mahwah High School	N/A	\$ 1,063,843	\$ 862,880	\$ 618,465	\$ 339,673	\$ 603,471
Betsy Ross	N/A	362,955	142,309	65,139	81,194	67,674
Joyce Kilmer	N/A	214,008	285,589	396,551	130,277	149,747
Ramapo Ridge	N/A	402,290	701,730	441,479	217,011	215,894
George Washington	N/A	98,488	108,521	97,937	68,091	123,793
Lenape Meadows	N/A	114,521	210,679	157,998	227,614	177,241
Total School Facilities		<u>2,256,105</u>	<u>2,311,708</u>	<u>1,777,569</u>	<u>1,063,860</u>	<u>1,337,820</u>
Grand Total		<u>\$ 2,256,105</u>	<u>\$ 2,311,708</u>	<u>\$ 1,777,569</u>	<u>\$ 1,063,860</u>	<u>\$ 1,337,820</u>

N/A - Not Applicable.

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

Source: Mahwah Township School District records.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2017
UNAUDITED

	Coverage	Deductible
Northeast Bergen County School		
Board Insurance Group:		
Property - Blanket Building & Contents	\$ 152,737,341	\$ 5,000
Earthquake/Flood	5,000,000	50,000
Comprehensive General Liability Coverage	2,000,000	
Additional Comprehensive General Liability Coverage	1,000,000	
Excess Liability	9,000,000	10,000
Umbrella Liability	50,000,000	
Comprehensive Automobile Liability & Physical Damage	1,000,000	1,000
Pollution Liability	4,000,000	25,000
School Board Legal Liability	1,000,000	25,000
Cyber Liability	1,000,000/ 2,000,000	15,000/25,000
Boiler & Machinery	Up to the Property Limit	1,000
Workers Compensation - Coverage through Northeast Bergen County School Board Insurance Group		
Health Insurance through New Jersey State Health Benefits Plan		
Volunteer Accident Policy - QBE Insurance Company		
Student & Athletic Insurance through Zurich Ins. Company		
Accident Policy through Garber Life Insurance Company		
Traveler's Insurance Public Employee Bonds-		
Kyle J. Bleeker Secretary	5,000	
Kenneth Sesholtz Treasurer	350,000	
Blanket Employee Dishonesty (Per Employee)	1,000	5,000
Per Loss (Excess)	400,000	

Source: Mahwah Township School District records.

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 Auditors' Report

The Honorable President and Members
of the Board of Education
Township of Mahwah School District
County of Bergen, New Jersey

We have audited, in accordance with the 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 the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the 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 Mahwah School District, in the County of Bergen (the "District") as of and for the fiscal year ended June 30, 2017, 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 16, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of the 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.

The Honorable President and Members
of the Board of Education
Township of Mahwah School District
Page 2

Compliance and Other Matters

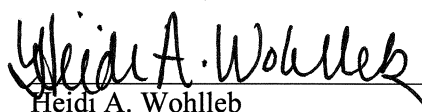
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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*.

Purpose of this Report

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

Mount Arlington, New Jersey
November 16, 2017

NISIVOCCIA LLP



Heidi A. Wohlleb
Licensed Public School Accountant #2140
Certified Public Accountant



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Report on Compliance For Each Major Federal and State Program;
Report on Internal Control Over Compliance

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Township of Mahwah School District
County of Bergen, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Township of Mahwah School District (the "District's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2017. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey's 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 or state program occurred. An audit includes examining, on a test basis, evidence about the 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 District's compliance.

The Honorable President and Members
of the Board of Education
Township of Mahwah School District
Page 2

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the 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 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 the Uniform Guidance and NJOMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

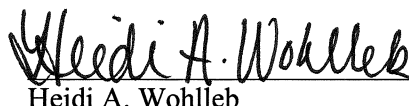
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

Mount Arlington, New Jersey
November 16, 2017

NISIVOCCIA LLP


Heidi A. Wohlleb
Licensed Public School Accountant #2140
Certified Public Accountant

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program or Award Amount	Due to Grantor	Cash Received	Budgetary Expenditures	Adjustment	Balance at June 30, 2017		Amount Provided to Subrecipients
			From	To						Unearned Revenue/ (Accounts Receivable)	Due to Grantor	
U.S. Department of Education:												
Passed-through State Department of Education:												
Special Revenue Fund:												
Special Education Cluster:												
I.D.E.A. - Part B, Basic Regular	84.027	IDEA-2900-17	7/1/16	6/30/17	\$ 618,214	\$ 618,214	\$ (618,214)					
I.D.E.A. - Part B, Preschool	84.173	IDEA-2900-17	7/1/16	6/30/17	32,477	31,939	(32,477)			\$ (538)		
Subtotal Special Education Cluster						650,153	(650,691)			(538)		
No Child Left Behind:												
Title I	84.010	NCLB-2900-17	7/1/16	6/30/17	213,896	213,896	(213,896)					
Title II A	84.367A	NCLB-2900-17	7/1/16	6/30/17	71,689	71,689	(71,689)					
Title III	84.365A	NCLB-2900-17	7/1/16	6/30/17	16,916	16,916	(16,916)					
Indian Education Program	84.060	N/A	7/1/13	6/30/14	32,866	\$	\$ (4)					
Total Special Revenue Fund						952,654	(953,192)	(4)		(538)		
Total U.S. Department of Education												
U.S. Department of Health and Human Services -												
Passed-through State Department of Human Services:												
Medical Assistance Program (SEMI)	93.778	N/A	7/1/16	6/30/17	51,084	51,084	(51,084)					
Total General Fund/Medicaid Cluster						51,084	(51,084)					
Total U.S. Department of Health and Human Services												
U.S. Department of Agriculture - Passed-through												
State Department of Agriculture:												
Child Nutrition Cluster:												
National School Lunch Program	10.555	N/A	7/1/16	6/30/17	149,421	139,190	(149,421)			(10,231)		
National School Lunch Program	10.555	N/A	7/1/15	6/30/16	152,675	29,055	(29,055)					
Federal Food Distribution Program	10.555	N/A	7/1/16	6/30/17	49,563	49,563	(45,792)			\$ 3,771		
Federal Food Distribution Program	10.555	N/A	7/1/15	6/30/16	48,076	6,807	(6,807)					
Subtotal Child Nutrition Cluster						217,808	(202,020)			(10,231)		
Total U.S. Department of Agriculture						217,808	(202,020)			(10,231)		
TOTAL FEDERAL AWARDS						\$ 1,221,546	\$ (1,206,296)	\$ (4)		\$ (10,769)	\$ 3,771	\$ -0-

N/A - Not Available/Applicable

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWNSHIP OF MAHAH SCHOL DISTRCT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2016		Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Receivable Canceled	Repayment of Prior Years' Balances	Balance at June 30, 2017		MEMO		
		From	To		Budgetary Unearned (Accounts Receivable)	Due to Grantor						GAAP (Accounts Receivable)	Budgetary Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:																
General Fund:																
Special Education Categorical Aid	17-495-034-5120-089	7/1/16	6/30/17	\$ 1,908,970	\$ 1,814,391	\$ (1,908,970)							\$ 94,579	\$ 1,908,970		
Special Education Categorical Aid	16-495-034-5120-089	7/1/15	6/30/16	1,940,400	88,373											
Categorical Security Aid	17-495-034-5120-084	7/1/16	6/30/17	59,339	56,399	(59,339)								2,940	59,339	
Categorical Security Aid	16-495-034-5120-084	7/1/15	6/30/16	51,859	2,362											
Transportation Aid	17-495-034-5120-014	7/1/16	6/30/17	288,066	273,794	(288,066)								14,272	288,066	
Transportation Aid	16-495-034-5120-014	7/1/15	6/30/16	253,921	11,565											
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16	6/30/17	30,305	28,804	(30,305)								1,501	30,305	
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15	6/30/16	30,305	1,380											
PARCC Readiness Aid	17-495-034-5120-098	7/1/16	6/30/17	30,305	28,804	(30,305)								1,501	30,305	
PARCC Readiness Aid	16-495-034-5120-098	7/1/15	6/30/16	30,305	1,380											
Professional Learning Community Aid	17-495-034-5120-101	7/1/16	6/30/17	29,250	27,800	(29,250)								1,450	29,250	
Additional Adjustment Aid	17-495-034-5120-085	7/1/16	6/30/17	1	1	(1)										
Extraordinary Special Education Costs Aid	17-495-034-5120-044	7/1/16	6/30/17	528,956	479,910	(528,956)								528,956	528,956	
Extraordinary Special Education Costs Aid	16-495-034-5120-044	7/1/15	6/30/16	479,910	(479,910)											
Nonpublic School Transportation Costs	17-495-034-5120-014	7/1/16	6/30/17	31,533		(31,533)								31,533	31,533	
Nonpublic School Transportation Costs	16-495-034-5120-014	7/1/15	6/30/16	28,530	(28,530)											
On-Behalf TPAF Contributions:																
Post-Retirement Medical	17-495-034-5094-001	7/1/16	6/30/17	2,265,339	2,265,339	(2,265,339)										
Pension	17-495-034-5094-002	7/1/16	6/30/17	2,623,690	2,623,690	(2,623,690)										
Non-Contributory Insurance	17-495-034-5094-004	7/1/16	6/30/17	95,062	95,062	(95,062)										
Long-Term Disability Insurance	17-495-034-5094-004	7/1/16	6/30/17	5,636	5,636	(5,636)										
Reimbursed TPAF Contributions:																
Social Security Aid	17-495-034-5094-003	7/1/16	6/30/17	1,744,256	1,607,686	(1,744,256)								136,570	1,744,256	
Social Security Aid	16-495-034-5094-003	7/1/15	6/30/16	1,702,132	83,367											
Total General Fund State Aid					(83,367)									813,302	9,640,708	
Special Revenue Fund:					(696,867)									(697,059)		
NJ Nonpublic Aid:																
Textbook Aid (Chapter 194)	17-100-034-5120-064	7/1/16	6/30/17	5,246	5,246	(5,246)										
Nursing Services (Chapter 226)	17-100-034-5120-070	7/1/16	6/30/17	8,550	8,550	(8,476)								74	8,476	
Auxiliary Services (Chapter 192):																
Compensatory Education	17-100-034-5120-067	7/1/16	6/30/17	1,792	1,792									1,792		
Compensatory Education	16-100-034-5120-067	7/1/15	6/30/16	3,046												
Handicapped Services (Chapter 193):																
Supplementary Instruction	17-100-034-5120-066	7/1/16	6/30/17	2,197	2,197	(1,020)								1,177	1,020	
Supplementary Instruction	16-100-034-5120-066	7/1/15	6/30/16	1,337	1,040											
Examination and Classification	17-100-034-5120-066	7/1/16	6/30/17	5,224	5,224	(4,502)								722	4,502	
Examination and Classification	16-100-034-5120-066	7/1/15	6/30/16	7,326	3,066											
Corrective Speech	17-100-034-5120-066	7/1/16	6/30/17	6,185	6,185	(2,562)								3,623	2,562	
Corrective Speech	16-100-034-5120-066	7/1/15	6/30/16	4,180	4,180											
Security Aid	17-100-034-5120-509	7/1/16	6/30/17	4,750	4,750	(4,700)								50	4,700	
Technology Initiative	17-100-034-5120-373	7/1/16	6/30/17	2,366	2,366	(2,340)								26	2,340	
Total Special Revenue Fund					5,953									7,464	28,846	
Enterprise Fund:																
State School Lunch Program	17-100-010-3350-023	7/1/16	6/30/17	6,782	6,309	(6,782)										
State School Lunch Program	16-100-010-3350-023	7/1/15	6/30/16	6,967	1,279									(473)	6,782	
Total Enterprise Fund					(1,279)									(473)	6,782	

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2016		Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Receivable Canceled	Repayment of Prior Years' Balances	Balance at June 30, 2017		MEMO			
		From	To		Budgetary Unearned Revenue/(Accounts Receivable)	Due to Grantor						GAAP (Accounts Receivable)	Budgetary Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
Schools Development Authority:																	
Capital Projects Fund:																	
Educational Facilities Construction & Financing Act																	
HS Electrical Switchgear/Generator	SP-2900-050-14-1001	6/9/14	6/30/17	\$ 373,905	\$ (373,905)					\$ 69,630		\$ (304,275)		\$ 304,275			
Beisy Ross School Boiler	SP-2900-060-14-1004	6/9/14	6/30/17	132,802	(64,132)					64,132							
Joyce Kilmer School Unit Ventilators	SP-2900-075-14-1002	6/9/14	6/30/17	264,215	(264,215)					141,443		(122,772)		122,772			
Ramapo Ridge Middle School Boiler	SP-2900-076-14-1003	6/9/14	6/30/17	132,802	(61,726)					61,726							
George Washington School Boiler	SP-2900-080-14-1005	6/9/14	6/30/17	132,802	(63,864)					63,864							
Total Capital Projects Fund				(827,842)						400,795		(427,047)		427,047			
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT DETERMINATION				\$ (1,525,988)	\$ 5,953	\$ -0-	\$ 9,568,171	\$ (9,676,336)	\$ 400,795	\$ (5,953)	\$ (1,124,579)	\$ -0-	\$ 7,464	\$ 1,240,822	\$ 9,676,336		
Less - State Awards Not Subject to Single Audit Major Program Determination:																	
On-Behalf TPAF Pension System Contributions:																	
Post-Retirement Medical	17-495-034-5094-001	7/1/16	6/30/17	2,265,339					2,265,339								
Pension	17-495-034-5094-002	7/1/16	6/30/17	2,623,690					2,623,690								
Non-Contributory Insurance	17-495-034-5094-004	7/1/16	6/30/17	95,062					95,062								
Long-Term Disability Insurance	17-495-034-5094-004	7/1/16	6/30/17	5,636					5,636								
Subtotal On-Behalf TPAF Pension System Contributions				4,989,727					4,989,727								
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT MAJOR PROGRAM DETERMINATION				\$ (4,686,609)													

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Township of Mahwah School District under programs of the federal and state governments for the fiscal year ended June 30, 2017. 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 New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District’s basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes these payments are not recognized until the subsequent budget year due to the state deferral and recording of the June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. The special revenue fund also does not recognize the June state aid payments in the current year. Grant revenue in the capital projects fund is recognized on the budgetary basis in the fiscal year of award but is not recognized on the GAAP basis until expended and submitted for reimbursement.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(11,183) for the general fund and \$(45,366) for the special revenue fund (of which \$(46,689) is attributable to encumbrances for local grants which are not included on the schedules of expenditures of state and federal awards). See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 51,084	\$ 9,629,525	\$ 9,680,609
Special Revenue Fund	953,991	29,370	983,361
Capital Projects Fund		(400,795)	(400,795)
Food Service Enterprise Fund	<u>202,020</u>	<u>6,782</u>	<u>208,802</u>
Total Financial Assistance	<u>\$ 1,207,095</u>	<u>\$ 9,264,882</u>	<u>\$ 10,471,977</u>

NOTE 5. 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 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2017. Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

NOTE 7. SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANT

The District was awarded \$1,036,526 in a prior year for grants from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2017, \$208,684 of grant funds were collected in a prior year and \$427,047 of the grant funds have been expended and requested for reimbursement and is receivable on the GAAP basis and the budgetary basis. The remaining grant balances of \$400,795 were canceled.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's federal and state programs tested as major for the current fiscal year were the following:

	<u>C.F.D.A. Number/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Special Education Cluster:				
I.D.E.A. - Part B, Basic:				
Regular	84.027	7/1/16-6/30/17	\$ 618,214	\$ 618,214
Preschool	84.173	7/1/16-6/30/17	32,477	32,477
<u>State:</u>				
Special Education				
Categorical Aid	17-495-034-5120-089	7/1/16-6/30/17	1,908,970	1,908,970
Categorical Security Aid	17-495-034-5120-084	7/1/16-6/30/17	59,339	59,339
Additional Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	1	1
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	30,305	30,305
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	30,305	30,305
Professional Learning				
Community Aid	17-495-034-5120-101	7/1/16-6/30/17	29,250	29,250

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

Summary of Auditors' Results: (Cont'd)

- The threshold used for distinguishing between both state and federal Type A and Type B programs was \$750,000.
- The single audit threshold identified in the Uniform Guidance and New Jersey's OMB Circular 15-08 was \$750,000.
- The District was determined to be a "low-risk" auditee for both state and federal programs.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under General Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in 2 CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Status of Prior Year Findings:

There were no prior year audit findings.