

MAYWOOD BOARD OF EDUCATION

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

MAYWOOD, NEW JERSEY

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Maywood Board of Education

Maywood, New Jersey

For The Fiscal Year Ended June 30, 2017

Prepared by

Business Office

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INTRODUCTORY SECTION

MAYWOOD BOARD OF EDUCATION
452 Maywood Avenue
Maywood, NJ 07607

Jennifer Pfohl
**School Business Administrator/
Board Secretary**

Phone (201)843-4598
Fax (201)843-2744

September 29, 2017

Honorable President and
Members of the Board of Education
Maywood School District
County of Bergen, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Maywood School District for the fiscal year ended June 30, 2017 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds 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 organization chart and a list of principal officials. The financial section includes the basic financial statements and required supplementary information, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The district is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 as amended in 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States and Local Governments, and Non-Profit Organizations", and the same New Jersey OMB 15-08 Circular, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid" and are not a required part of the basic financial statements. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES: Maywood School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds of the District are included in this report. The Maywood Board of Education and both of its schools constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels K through 8. These include regular and special education for handicapped youngsters. The District completed the 2016/2017 fiscal year with an average daily enrollment of 976 students, which is an increase of 9 students over the previous year's average daily enrollment. The following details the changes in the student enrollment of the District over the last ten years:

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	
	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	976	0.93%
2015-2016	967	2.22%
2014-2015	945	-2.10%
2013-2014	965	1.26 %
2012-2013	953	4.27 %
2011-2012	914	(1.40%)
2010-2011	927	(.43%)
2009-2010	931	2.65%
2008-2009	907	7.34 %
2007- 2008	845	(1.5%)

ECONOMIC OUTLOOK AND MAJOR INITIATIVES: The district seeks to achieve multiple initiatives in this school year and beyond. The major initiatives that will be of great focus are that of curriculum enhancement, technology infusion, teacher evaluation systems, professional development, and shared services. The District continues to align curricula and related enhancements to encompass the transition to the New Jersey Student Learning Standards and the Next Generation Science Standards as well as the technology upgrades and new program implementations that come with the shift including Edmentum, MyHRW, Google Classroom, Thinkcentral and the 1:1 Chromebook district initiative. This will be achieved through continued participation in the tri-district curriculum consortium, as well as the Region V Consortium and Northern Valley Consortium. All curricula has been reviewed and revised as per 21st Century Learning standards and has been articulated with and among the send and receive districts.

Maywood will continue its focus on technology, through further investment in Chromebook and Smartboard technology and online learning tools. Chromebooks will be used to increase our technology base and its relationship to the new generation of assessments while all classrooms at the elementary school will now contain smartboards for teacher and student usage. This year, the District is in the midst of a 1:1 Chromebook initiative at the grades 6-8 level. Each student is provided a unique Chromebook for full use during the school day. All teachers are fully linked with Google Classroom and Go Guardian for student support.

The district will further explore revenue-generating opportunities and cost-savings measures, with particular focus on potential areas for shared-service agreement and development of programs designed to educate students with multiple needs. These efforts will extend upon the existing shared services that have already been developed, including the Business Office shared services with a neighboring district, the shared curriculum coordinator created by Maywood and the three send receive districts in the consortium, the Multiple Abilities Program which welcomes both in district and out of district students with multiple disabilities and autism, and the relationship with the South Bergen Jointure Commission.

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 accounting principles generally accepted in the United States of America (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.

BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General Fund, the Special Revenue Fund, and the Debt Service Fund.

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

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

CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 1. 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 a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

RISK MANAGEMENT: The Board carried 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.

OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountant or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP's was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also designed to meet the requirements of the Single Audit Act of 1984 as amended in 1996 and the related OMB Circular A-133 and state Treasury Circular Letter 15-08 OMB. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.


Honorable President and
Members of the Board of Education
Maywood School District
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ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Maywood School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and administrative staff.

Respectfully submitted,

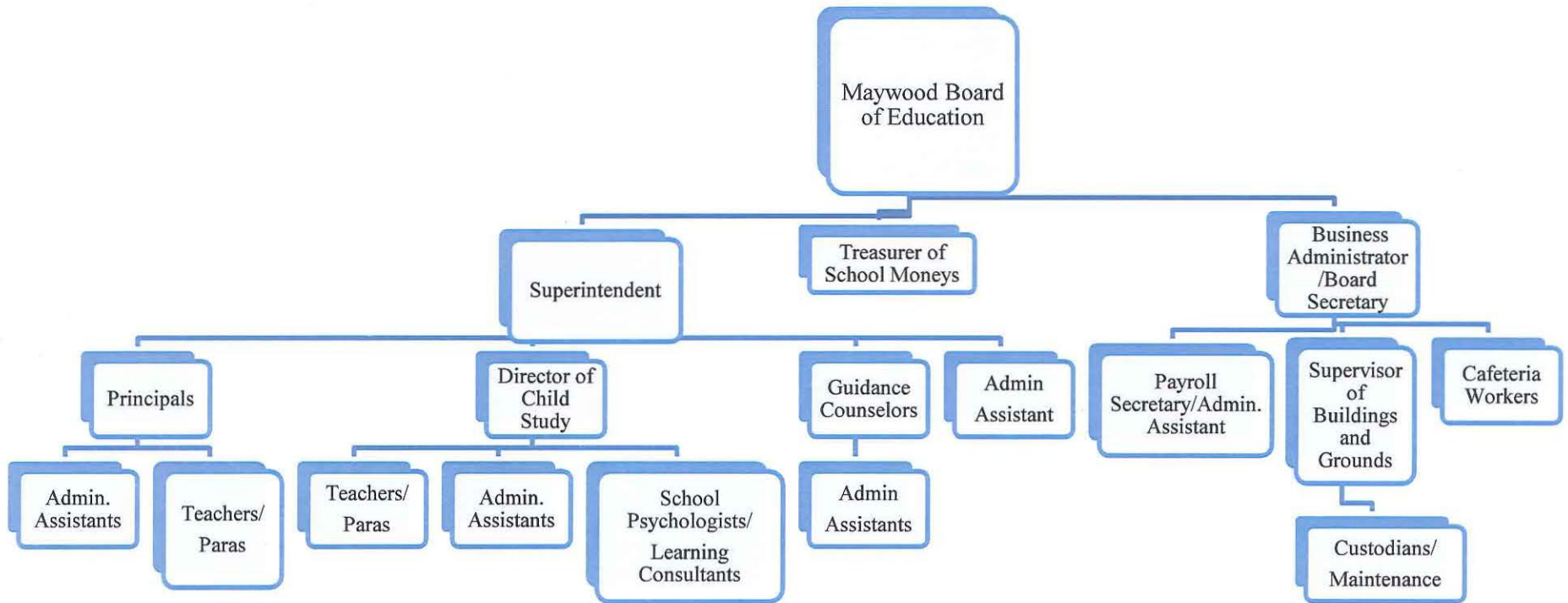


Michael Jordan
Superintendent



Jennifer Pfohl
Board Secretary/Business Administrator

Organizational Chart



MAYWOOD BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2017

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

KEVIN TAYLOR, PRESIDENT	2018
JULIO BENDEZU, VICE PRESIDENT	2018
FRANK CILENTO	2019
GINA-MARIE KIELY	2017
DANYEL CICARELLI	2017
LYNN WIEBE	2018
RAY VELEZ	2019

OTHER OFFICIALS

MICHAEL JORDAN, SUPERINTENDENT OF SCHOOLS

JENNIFER PFOHL, BUSINESS ADMINISTRATOR/BOARD SECRETARY

CHARLES HANGLEY, TREASURER OF SCHOOL MONIES

MAYWOOD BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

ARCHITECT

**Lan Associates
445 Godwin Avenue
Midland Park, NJ 07432**

AUDIT FIRM

**Lerch, Vinci & Higgins, LLP
17 - 17 Route 208
Fair Lawn, NJ 07410**

ATTORNEY

**Fogarty & Hara
16-00 Route 208 South
Fair Lawn, NJ 07410**

OFFICIAL DEPOSITORY

**TD Bank
560 Maywood Ave.
Maywood, NJ 07607**

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA, PSA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Maywood Board of Education
Maywood, 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 Maywood Board of Education, as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Maywood Board of Education 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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information 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

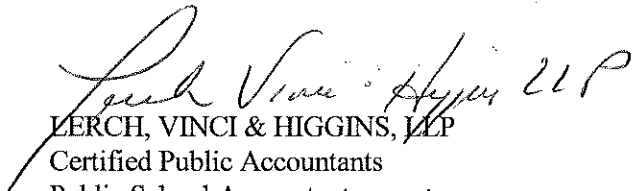
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Maywood Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Maywood Board of Education.

The combining fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance 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 combining fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

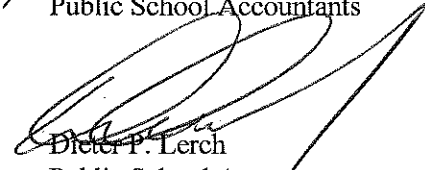
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated September 29, 2017 on our consideration of the Maywood Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Maywood Board of Education's 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 Maywood Board of Education's internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
September 29, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

MAYWOOD BOARD OF EDUCATION

Management Discussion and Analysis Fiscal Year Ended June 30, 2017

This section of Maywood School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on 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 follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2016-2017 fiscal year include the following:

The district wide assets and deferred outflows of resources of the Maywood School District exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$4,960,710 (net position).

Overall governmental activities revenues were \$25,051,169, which were \$145,445 more than expenses. General revenues of \$19,184,712 accounted for 76 percent of total revenues.

As of the close of the current fiscal year, the District's governmental funds reported combining ending fund balances of \$2,214,631. Of this amount, \$331,097 is available for spending at the District's discretion (unassigned fund balance) in the General Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

- The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental 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 were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short-term and long-term financial information about the activities the district operated like businesses.

MAYWOOD BOARD OF EDUCATION

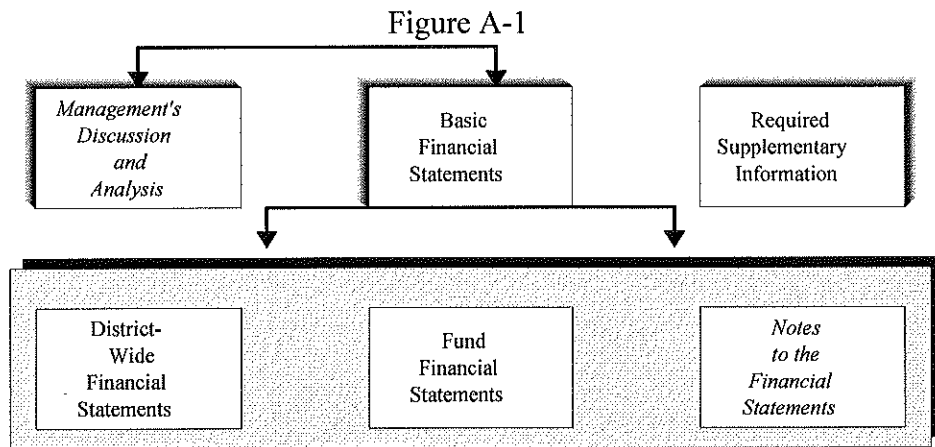
Management Discussion and Analysis (Continued)
Fiscal Year Ended June 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- 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 to whom the resources belong.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

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 the structure and contents of each of the statements.



Summary-----Details

MAYWOOD BOARD OF EDUCATION

Management Discussion and Analysis (continued) Fiscal Year Ended June 30, 2017

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 outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues 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 they have changed. Net position- the difference between the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources – is one way to measure the District's financial health or *position*.

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Governmental Fund	Financial Proprietary Funds	Statements Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as instruction, building maintenance, transportation, and administration.	Activities the district operates similar to private businesses: Enterprise Funds	Instances in which the district administers resources on behalf of someone else, such as unemployment, student activities, and payroll deduction.
Required Financial Statements	Statements of net position Statements of activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balance	Statement of Net position Statement of revenues, expenses, and changes in fund net position, Statement of cash flows	Statements 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 focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and 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 revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

MAYWOOD BOARD OF EDUCATION

Management Discussion and Analysis (continued)

Fiscal Year Ended June 30, 2017

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 overall health of the District you need to consider additional non-financial 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 shown in two categories:

- Governmental activities – Most of the District's basic services are included here, such as regular and special education, transportation, administration and support services, which are supported by Local property taxes and State and Federal aid.
- Business type activities – These are activities for operations that are financed and operated in a manner similar to private business enterprises. The District's Food Service operations is included under this category.

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.
- The District establishes other funds in accordance with the State of New Jersey Uniform Chart of Accounts to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state 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 year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to 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, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.

MAYWOOD BOARD OF EDUCATION

Management Discussion and Analysis (continued) Fiscal Year Ended June 30, 2017

- 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.

Enterprise Funds – this fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has one enterprise fund for its food service (cafeteria) program.

Internal Service Funds – This fund is established to account for activities that provide services primarily for the District's other programs and activities. The District currently uses an internal service fund to account for occupational and physical therapy services provided to out-of-district students and the reimbursements from the respective local education agencies. Since these services benefit governmental rather than business-type functions,, they have been included in governmental activities in the district-wide financial statements.

- Fiduciary funds – The District is the trustee, or fiduciary, for assets that belong to others. 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. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The Statement of Net Position provides one perspective of the District as a whole.

MAYWOOD BOARD OF EDUCATION

Management Discussion and Analysis (continued) Fiscal Year Ended June 30, 2017

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Table 1 provides a summary of the District's net position as of June 30, 2017 and 2016.

The District's combined net position were \$4,960,710 and \$4,818,446 on June 30, 2017 and 2016, respectively.

Table 1
Statement of Net Position
As of June 30, 2017 and 2016

	Net Position					
	Governmental		Business-Type		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 2,722,244	\$ 4,220,082	\$ 83,926	\$ 57,684	\$ 2,806,170	\$ 4,277,766
Capital Assets	<u>17,925,204</u>	<u>16,926,801</u>	<u>1,823</u>	<u>2,640</u>	<u>17,927,027</u>	<u>16,929,441</u>
Total Assets	<u>20,647,448</u>	<u>21,146,883</u>	<u>85,749</u>	<u>60,324</u>	<u>20,733,197</u>	<u>21,207,207</u>
Deferred Outflows of Resources						
Deferred Amounts on Refunding of Debt	453,746	503,421			453,746	503,421
Deferred Amounts on Net Pension Liability	<u>1,156,941</u>	<u>444,940</u>	<u>-</u>	<u>-</u>	<u>1,156,941</u>	<u>444,940</u>
Total Deferred Outflows of Resources	<u>1,610,687</u>	<u>948,361</u>	<u>-</u>	<u>-</u>	<u>1,610,687</u>	<u>948,361</u>
Total Assets and Deferred Outflows of Resources	<u>22,258,135</u>	<u>22,095,244</u>	<u>85,749</u>	<u>60,324</u>	<u>22,343,884</u>	<u>22,155,568</u>
Noncurrent Liabilities	16,483,324	16,100,078			16,483,324	16,100,078
Other Liabilities	<u>647,138</u>	<u>937,988</u>	<u>36,443</u>	<u>8,960</u>	<u>683,581</u>	<u>946,948</u>
Total Liabilities	<u>17,130,462</u>	<u>17,038,066</u>	<u>36,443</u>	<u>8,960</u>	<u>17,166,905</u>	<u>17,047,026</u>
Deferred Inflows of Resources						
Deferred Amounts on Net Pension Liability	213,817	288,767			213,817	288,767
Deferred Commodities Revenue	<u>-</u>	<u>-</u>	<u>2,452</u>	<u>1,329</u>	<u>2,452</u>	<u>1,329</u>
Total Deferred Inflows of Resources	<u>213,817</u>	<u>288,767</u>	<u>2,452</u>	<u>1,329</u>	<u>216,269</u>	<u>290,096</u>
Total Liabilities and Deferred Inflows of Resources	<u>17,344,279</u>	<u>17,326,833</u>	<u>38,895</u>	<u>10,289</u>	<u>17,383,174</u>	<u>17,337,122</u>
Net Position						
Net investment in capital assets	6,510,974	6,274,515	1,823	2,640	6,512,797	6,277,155
Restricted	337,953	248,994			337,953	248,994
Unrestricted	<u>(1,935,071)</u>	<u>(1,755,098)</u>	<u>45,031</u>	<u>47,395</u>	<u>(1,890,040)</u>	<u>(1,707,703)</u>
Total Net Position	<u>\$ 4,913,856</u>	<u>\$ 4,768,411</u>	<u>\$ 46,854</u>	<u>\$ 50,035</u>	<u>\$ 4,960,710</u>	<u>\$ 4,818,446</u>

MAYWOOD BOARD OF EDUCATION

**Management Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017**

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

**Table 2
Change in Net Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues						
Program Revenues						
Charges for Services	\$ 58,885	\$ 246,424	\$ 213,004	\$ 199,132	\$ 271,889	\$ 445,556
Operating Grants and Contributions	5,807,572	4,608,922	91,521	96,565	5,899,093	4,705,487
General Revenues						
Local Taxes	18,572,237	17,898,301			18,572,237	17,898,301
State Aid - Unrestricted	344,441	348,064			344,441	348,064
Other	268,034	173,077	-	-	268,034	173,077
Total Revenues	25,051,169	23,274,788	304,525	295,697	25,355,694	23,570,485
Expenses						
Instruction						
Regular Education	12,025,441	11,112,674			12,025,441	11,112,674
Special Education	5,414,290	5,107,862			5,414,290	5,107,862
Other Instruction	633,148	506,521			633,148	506,521
School Sponsored Activities	100,650	87,632			100,650	87,632
Community Services	7,146	6,549			7,146	6,549
Support Services						
School Administrative Services	630,824	570,507			630,824	570,507
Student & Inst. Related Svcs.	1,807,689	1,668,171			1,807,689	1,668,171
Support Services - General Administration	588,308	521,160			588,308	521,160
Plant Operations and Maintenance	2,156,981	1,959,383			2,156,981	1,959,383
Pupil Transportation	542,935	557,414			542,935	557,414
Central Services	614,821	541,772			614,821	541,772
Interest and Other Charges on Debt	383,491	359,274			383,491	359,274
Food Service	-	-	307,706	301,339	307,706	301,339
Total Expenses	24,905,724	22,998,919	307,706	301,339	25,213,430	23,300,258
Change in Net Position	145,445	275,869	(3,181)	(5,642)	142,264	270,227
Beginning of Year, Net Position	4,768,411	4,492,542	50,035	55,677	4,818,446	4,548,219
End of Year, Net Position	\$ 4,913,856	\$ 4,768,411	\$ 46,854	\$ 50,035	\$ 4,960,710	\$ 4,818,446

MAYWOOD BOARD OF EDUCATION

**Management Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017**

Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for District operations. Property taxes made up 74 percent of revenues for governmental activities for the Maywood School District in fiscal year 2017. The District's total governmental revenues were \$25,051,169 for the fiscal year ended June 30, 2017. Federal, state, and local grants accounted for another 24 percent of revenue. The total cost of all programs and services was \$24,905,724. Instruction comprises 72 percent of District expenses.

Business-Type Activities

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

Food Service Program

- Food service expenses exceeded revenues by \$3,181.
- Charges for services represent 69 percent of revenue.
- Revenues include lunches and ala carte meals paid for by the students and partial or total reimbursement provided by the district's participation in the National School Lunch Program.

Governmental Activities

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

Table 3

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Instruction	\$ 18,180,675	\$ 16,821,238	\$ 13,350,239	\$ 12,695,324
Support Services:				
Pupils and Instructional Staff	1,807,689	1,668,171	1,287,957	1,307,367
General Admin. & School Admin.				
Business Operation and Maintenance of Facilities	3,990,934	3,592,822	3,544,729	3,282,969
Pupil Transportation	542,935	557,414	472,851	498,639
Interest and Fiscal Charges	383,491	359,274	383,491	359,274
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ 24,905,724	\$ 22,998,919	\$ 19,039,267	\$ 18,143,573

MAYWOOD BOARD OF EDUCATION

**Management Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017**

Governmental Activities (Continued)

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

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

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

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

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

Interest on debt involves the transactions associated with the payment of interest and other related charges to debt of the District.

The District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$22,381,946 and expenditures were \$23,592,392.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal years ended June 30, 2017 and 2016.

<u>Revenue</u>	<u>Amount</u>	<u>Amount</u>	Amount of	Percent
	<u>2017</u>	<u>2016</u>	Increase/ (Decrease)	Increase/ (Decrease)
Local Sources	\$ 18,900,156	\$ 18,266,546	\$ 633,610	3%
State Sources	3,083,350	2,806,894	276,456	10%
Federal Sources	<u>398,440</u>	<u>427,248</u>	<u>(28,808)</u>	-7%
 Total	 <u>\$ 22,381,946</u>	 <u>\$ 21,500,688</u>	 <u>\$ 881,258</u>	 4%

MAYWOOD BOARD OF EDUCATION

**Management Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017**

The District's Funds (Continued)

The following schedule represents a summary of general fund, special revenue fund, capital projects fund, and debt service fund expenditures for the fiscal years ended June 30, 2017 and 2016.

<u>Expenditure</u>	<u>2017</u>	<u>Amount</u> <u>2016</u>	<u>Amount of</u> <u>Increase/</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase/</u> <u>(Decrease)</u>
Current:				
Instruction	\$ 16,020,307	\$ 15,459,159	\$ 561,148	4%
Undistributed Expenses	5,070,942	4,896,838	174,104	4%
Capital Outlay	1,564,358	1,144,250	420,108	37%
Debt Service:				
Principal	560,830	491,852	68,978	14%
Interest	375,955	324,462	51,493	16%
Total	<u>\$ 23,592,392</u>	<u>\$ 22,316,561</u>	<u>\$ 1,275,831</u>	6%

General Fund Budgeting Highlights

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

Over the course of the year, the District revised the annual operating budget several times. Revisions were made to prevent over expenditures in specific line item accounts. Several of these revisions bear notation.

- Salary accounts were adjusted to reflect: changes in staff assignments; retirements, resignations and the resulting new hires; program adjustments necessitated by student population changes.
- Tuition for special education students is budgeted based on the existing and known incoming students at the time the budget is submitted. Students move into and out of the District during the summer as well as the school year, which necessitates transferring funds to the appropriate account to pay these special education costs.
- Special education costs increased significantly for occupational and physical therapy and Applied Behavioral Analysis.
- Property, liability, and medical insurances were renewed at higher rates than budgeted. This represents a national trend in all major areas of the insurance industry.

MAYWOOD BOARD OF EDUCATION

**Management Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017**

General Fund Budgeting Highlights (Continued)

- TPAF, which is the state's contribution to the pension fund and social security is neither a revenue item nor an expenditure item to the district but is required to be reflected in the financial statements.

Capital Assets

At the end of fiscal year 2017, the District's Governmental Activities had \$17,925,204 (net) invested in land, construction in progress, buildings, furniture, equipment and vehicles. Table 4 shows fiscal year 2017 balances compared to 2016.

**Table 4
Capital Assets (Net of Depreciation) at June 30**

	<u>2017</u>	<u>2016</u>
Land	\$ 15,522	\$ 15,522
Construction in Progress	2,627,551	1,063,193
Building and Building Improvements	15,164,932	15,698,482
Machinery and Equipment	<u>117,199</u>	<u>149,604</u>
 Total	 <u>\$ 17,925,204</u>	 <u>\$ 16,926,801</u>

Overall capital assets increased by \$998,403 from fiscal year 2016 to fiscal year 2017. The increase is attributable to the net effect of the depreciation of building and building improvements and machinery and equipment and acquisition of capital assets.

Additional information about the district's capital assets can be found in the notes of this report.

Debt Administration

At June 30, 2017, the District had long-term debt and outstanding long-term liabilities in the amount of \$16,483,324. These liabilities include bonds payable and compensated absences payable, capital leases payable, lease purchase agreements and net pension liability.

**Table 5
Outstanding Debt at June 30**

	<u>2017</u>	<u>2016</u>
Bonds Payable	\$ 9,500,031	\$ 9,998,712
Capital Leases Payable	61,282	93,854
Lease Purchase Agreements	2,306,663	2,374,921
Compensated Absences Payable	243,717	275,203
Net Pension Liability	<u>4,371,631</u>	<u>3,357,388</u>
	 <u>\$ 16,483,324</u>	 <u>\$ 16,100,078</u>

Additional information about the district's long-term debt can be found in the notes of the report.

MAYWOOD BOARD OF EDUCATION

Management Discussion and Analysis (continued) Fiscal Year Ended June 30, 2017

For the Future

The district will continue enhancing curriculum in line with current NJ Learning Standards and Science Standards. This will be achieved through continued participation in the tri-district curriculum consortium, as well as the Region V Consortium and Northern Valley Consortium.

Maywood will continue its focus on technology, through further investment in Chromebook and Smartboard technology and online learning tools.

The district will further explore revenue-generating opportunities and cost-savings measures, with particular focus on potential areas for shared-service agreement and development of programs designed to educate students with multiple needs.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Business Office, Maywood Board of Education, 452 Maywood Avenue, Maywood, New Jersey 07607.

FINANCIAL STATEMENTS

**MAYWOOD BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2017**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,668,474	\$ 71,765	\$ 2,740,239
Receivables, net			
Receivables from Other Governments	42,275	5,809	48,084
Other	11,000	539	11,539
Prepaid Items	495		495
Inventory		5,813	5,813
Capital Assets, Not Being Depreciated	2,643,073		2,643,073
Capital Assets, Being Depreciated	15,282,131	1,823	15,283,954
	<u>20,647,448</u>	<u>85,749</u>	<u>20,733,197</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	453,746		453,746
Deferred Amounts on Net Pension Liability	1,156,941	-	1,156,941
	<u>1,610,687</u>	<u>-</u>	<u>1,610,687</u>
Total Deferred Outflows of Resources	<u>1,610,687</u>	<u>-</u>	<u>1,610,687</u>
Total Assets and Deferred Outflows of Resources	<u>22,258,135</u>	<u>85,749</u>	<u>22,343,884</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	506,413	30,661	537,074
Unearned Revenue	1,200	5,782	6,982
Accrued Interest Payable	139,525		139,525
Noncurrent Liabilities			
Due Within One Year	640,515		640,515
Due Beyond One Year	15,842,809		15,842,809
	<u>17,130,462</u>	<u>36,443</u>	<u>17,166,905</u>
Total Liabilities	<u>17,130,462</u>	<u>36,443</u>	<u>17,166,905</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	213,817		213,817
Deferred Commodities Revenue	-	2,452	2,452
	<u>213,817</u>	<u>2,452</u>	<u>216,269</u>
Total Deferred Inflows of Resources	<u>213,817</u>	<u>2,452</u>	<u>216,269</u>
Total Liabilities and Deferred Inflows of Resources	<u>17,344,279</u>	<u>38,895</u>	<u>17,383,174</u>
NET POSITION			
Net Investment in Capital Assets	6,510,974	1,823	6,512,797
Restricted for:			
Capital Projects	337,953		337,953
Unrestricted	(1,935,071)	45,031	(1,890,040)
Total Net Position	<u>\$ 4,913,856</u>	<u>\$ 46,854</u>	<u>\$ 4,960,710</u>

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

**MAYWOOD BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 12,025,441	\$ 58,885	\$ 2,333,994		\$ (9,632,562)		\$ (9,632,562)
Special Education	5,414,290		2,223,129		(3,191,161)		(3,191,161)
Other Instruction	633,148		183,653		(449,495)		(449,495)
School Sponsored Activities and Athletics	100,650		28,507		(72,143)		(72,143)
Community Services	7,146		2,268		(4,878)		(4,878)
Support Services							
Student and Instruction Related Svcs.	1,807,689		519,732		(1,287,957)		(1,287,957)
General Administrative Services	588,308		127,591		(460,717)		(460,717)
School Administrative Services	630,824		133,114		(497,710)		(497,710)
Plant Operations and Maintenance	2,156,981		27,299		(2,129,682)		(2,129,682)
Pupil Transportation	542,935		70,084		(472,851)		(472,851)
Central Services	614,821		158,201		(456,620)		(456,620)
Interest and Other Charges on Debt	383,491				(383,491)	-	(383,491)
Total Governmental Activities	24,905,724	58,885	5,807,572	-	(19,039,267)	-	(19,039,267)
Business-Type Activities							
Food Service	307,706	213,004	91,521	-		\$ (3,181)	(3,181)
Total Business-Type Activities	307,706	213,004	91,521	-	-	(3,181)	(3,181)
Total Primary Government	\$25,213,430	\$ 271,889	\$ 5,899,093	\$ -	(19,039,267)	(3,181)	(19,042,448)
General Revenues:							
Property Taxes, Levied for General Purposes, Net					17,794,387		17,794,387
Taxes Levied for Debt Service					777,850		777,850
State Aid, Unrestricted					344,441		344,441
Investment Earnings					1,302		1,302
Miscellaneous Income					266,732		266,732
Total General Revenues					19,184,712	-	19,184,712
Change in Net Position					145,445	(3,181)	142,264
Net Position, Beginning of Year					4,768,411	50,035	4,818,446
Net Position, End of Year					\$ 4,913,856	\$ 46,854	\$ 4,960,710

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

FUND FINANCIAL STATEMENTS

**MAYWOOD BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 2,645,546	\$ 475	\$ 22,453		\$ 2,668,474
Receivables, Net					
Intergovernmental	42,275				42,275
Other	11,000				11,000
Prepaid Items	495		-		495
Total Assets	<u>\$ 2,699,316</u>	<u>\$ 475</u>	<u>\$ 22,453</u>	<u>\$ -</u>	<u>\$ 2,722,244</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 490,081	\$ 475			\$ 490,556
Compensated Absences Payable	6,831				6,831
Accrued Salaries and Wages	4,538				4,538
Due to Other Funds	4,488	-			4,488
Unearned Revenue	1,200	-			1,200
Total Liabilities	<u>507,138</u>	<u>475</u>	<u>-</u>	<u>-</u>	<u>507,613</u>
Fund Balances					
Restricted for					
Capital Reserve	200,000				200,000
Capital Reserve - Designated for Subsequent Year's Expenditures	115,500				115,500
Emergency Reserve	28,504				28,504
Excess Surplus	480,822				480,822
Excess Surplus -Designated for Subsequent Year's Expenditures	663,655				663,655
Capital Projects			\$ 22,453		22,453
Assigned					
Designated for Subsequent Year's Expenditures	223,468				223,468
Year-End Encumbrances	148,716				148,716
ARRA/SEMI - Designated for Subsequent Year's Expenditures	416				416
Unassigned, Reported in General Fund	331,097				331,097
Total Fund Balances	<u>2,192,178</u>	<u>-</u>	<u>22,453</u>	<u>-</u>	<u>2,214,631</u>
Total Liabilities and Fund Balances	<u>\$ 2,699,316</u>	<u>\$ 475</u>	<u>\$ 22,453</u>	<u>\$ -</u>	

**MAYWOOD BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2017**

Total Fund Balances (Exhibit B-1) **\$ 2,214,631**

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$24,930,357 and the accumulated depreciation is \$7,005,153.

17,925,204

Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.

453,746

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.

Deferred Outflows of Resources
Deferred Inflows of Resources

\$ 1,156,941
(213,817)

943,124

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:

(139,525)

Long-term liabilities, including bonds payable, capital leases, compensated absences and net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Bonds Payable (9,500,031)
Capital Leases Payable (61,282)
Lease Purchase Agreements (2,306,663)
Compensated Absences Payable (243,717)
Net Pension Liability (4,371,631)

(16,483,324)

Net position of governmental activities

\$ 4,913,856

MAYWOOD BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 17,794,387			\$ 777,850	\$ 18,572,237
Tuition	58,885				58,885
Interest	1,271		\$ 31		1,302
Miscellaneous	266,732	\$ 1,000		-	267,732
Total - Local Sources	18,121,275	1,000	31	777,850	18,900,156
State Sources	3,083,350				3,083,350
Federal Sources	416	398,024			398,440
Total Revenues	21,205,041	399,024	31	777,850	22,381,946
EXPENDITURES					
Current					
Instruction					
Regular Instruction	10,505,810	124,426			10,630,236
Special Education Instruction	4,549,665	233,300			4,782,965
Other Instruction	518,519				518,519
School Sponsored Activities and Athletics	82,857				82,857
Community Services	5,730				5,730
Support Services and Undistributed Costs					
Student and Instruction Related Services	1,489,455	41,298			1,530,753
General Administrative Services	508,822				508,822
School Administrative Services	519,955				519,955
Plant Operations and Maintenance	1,466,626				1,466,626
Pupil Transportation	530,829				530,829
Central Services	513,957				513,957
Capital Outlay			1,564,358		1,564,358
Debt Service					
Principal	100,830			460,000	560,830
Interest and Other Charges	58,105			317,850	375,955
Total Expenditures	20,851,160	399,024	1,564,358	777,850	23,592,392
Excess (Deficiency) of Revenues Over Expenditures	353,881	-	(1,564,327)	-	(1,210,446)
OTHER FINANCING SOURCES (USES)					
Transfers In			275,000		275,000
Transfers Out	(275,000)				(275,000)
Total Other Financing Sources and Uses	(275,000)	-	275,000	-	-
Net Change in Fund Balances	78,881	-	(1,289,327)	-	(1,210,446)
Fund Balance, Beginning of Year	2,113,297	-	1,311,780		3,425,077
Fund Balance, End of Year	\$ 2,192,178	\$ -	\$ 22,453	\$ -	\$ 2,214,631

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

**MAYWOOD BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Total net change in fund balances - governmental funds (Exhibit B-2) **\$ (1,210,446)**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental Funds report capital outlays as expenditures. However, in the statement of activities the costs of the assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeds capital outlays.

Depreciation Expense	\$ (565,955)	
Acquisition of Capital Assets	<u>1,564,358</u>	
		998,403

The issuance of long term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long term debt.

Principal Repayments		
Capital Leases	32,572	
Lease Purchase Agreements	68,258	
General Obligation Bonds	<u>460,000</u>	
		560,830

Governmental Funds report the effect of issuance costs, premiums and deferred amounts on refundings pertaining to bonds issued when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Premium	38,681	
Amortization of Deferred Amount on Refunding	<u>(49,675)</u>	
		(10,994)

In the statement of activities, certain operating expenses - compensated absences and pension expense are measured by the amounts earned or accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Decrease in Compensated Absences	31,486	
Increase in Pension Expense	<u>(227,292)</u>	
		(195,806)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in accrued interest		<u>3,458</u>
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Change in net position of governmental activities (Exhibit A-2) **\$ 145,445**

**MAYWOOD BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2017**

	Business- Type Activities Enterprise Funds Food Service	Governmental Activities Internal Service Fund
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 71,765	
Intergovernmental Accounts Receivable	5,809	
Other Accounts Receivable	539	
Inventories	5,813	-
Total Current Assets	<u>83,926</u>	<u>-</u>
Capital Assets		
Furniture, Machinery and Equipment	19,435	
Less Accumulated Depreciation	<u>(17,612)</u>	<u>-</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>1,823</u>	<u>-</u>
Total Assets	<u>85,749</u>	<u>-</u>
LIABILITIES		
Liabilities		
Accounts Payable	30,661	-
Unearned Revenues	<u>5,782</u>	<u>-</u>
Total Current Liabilities	<u>36,443</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Commodities Revenue	<u>2,452</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>38,895</u>	<u>-</u>
NET POSITION		
Net Investment in Capital Assets	1,823	
Unrestricted	<u>45,031</u>	
Total Net Position	<u>\$ 46,854</u>	<u>\$ -</u>

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

**MAYWOOD BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Food Service	
OPERATING REVENUES		
Charges for Services		
Daily Sales - Reimbursable Program	\$ 153,684	
Daily Sales - Non-Reimbursable Program	59,320	
Tuition Fees		-
	<hr/>	<hr/>
Total Operating Revenues	213,004	-
	<hr/>	<hr/>
OPERATING EXPENSES		
Cost of Sales - Reimbursable Program	112,466	
Cost of Sales - Non-Reimbursable Program	17,477	
Salaries and Wages	115,282	
Insurance	14,019	
Management Fee	19,436	
Purchased Professional - Educational Srvc.		
Supplies and Materials	27,967	
Miscellaneous	242	
Depreciation	817	
	<hr/>	<hr/>
Total Operating Expenses	307,706	-
	<hr/>	<hr/>
Operating (Loss)	(94,702)	-
	<hr/>	<hr/>
NONOPERATING REVENUES		
State Sources		
State School Lunch Program	3,163	
Federal Sources		
National School Lunch Program	64,142	
National School Lunch PB Program	4,402	
National School Breakfast Program	504	
USDA Commodities	19,310	
	<hr/>	<hr/>
Total Nonoperating Revenues	91,521	-
	<hr/>	<hr/>
Change in Net Position	(3,181)	-
Net Position, Beginning of Year	50,035	-
	<hr/>	<hr/>
Net Position, End of Year	<u>\$ 46,854</u>	<u>\$ -</u>

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

**MAYWOOD BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Business-Type Activities Enterprise Funds Food Service	Governmental Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 218,247	\$ 2,647
Payments for Employees	(115,282)	
Payments to Suppliers	(151,579)	(2,647)
Net Cash Provided (Used) For Operating Activities	(48,614)	-
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State and Federal Sources	98,757	
Net Cash Provided For Non-Capital Financing Activities	98,757	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Capital Assets	-	
Net Cash Provided By Capital and Related Financing Activities	-	-
Net Increase in Cash and Cash Equivalents	50,143	-
Cash and Cash Equivalents—Beginning of Year	21,622	-
Cash and Cash Equivalents—End of Year	\$ 71,765	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Operating Income (Loss)	\$ (94,702)	-
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities		
Depreciation	817	
Food Distribution Program - Non-Cash Assistance	19,310	
(Increase) Decrease in Inventory	(2,106)	
(Increase) Decrease in Other Accounts Receivable	(539)	\$ 2,647
Increase/(Decrease) in Due to Other Funds		(1,407)
Increase/(Decrease) in Deferred Inflows of Resources	1,123	
Increase (Decrease) in Accounts Payable	21,701	(1,240)
Increase (Decrease) in Unearned Revenue	5,782	
Net Cash Provided (Used) For Operating Activities	\$ (48,614)	\$ -
Non-Cash Investing, Capital and Financing Activities Value Received - Food Distribution Program	\$ 20,433	

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

**MAYWOOD BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2017**

	<u>Unemployment Compensation Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 82,270	\$ 18,580
Due from Other Funds	<u>-</u>	<u>4,488</u>
Total Assets	<u>\$ 82,270</u>	<u>\$ 23,068</u>
 LIABILITIES		
Payable To Student Groups		\$ 12,112
Due to State of NJ	\$ 1,008	
Payroll Deductions and Withholdings	<u>-</u>	<u>10,956</u>
Total Liabilities	<u>1,008</u>	<u>\$ 23,068</u>
 NET POSITION		
Held In Trust For Unemployment Claims	<u>\$ 81,262</u>	

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

**MAYWOOD BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Unemployment Compensation Trust</u>
ADDITIONS	
Employee Contributions	<u>\$ 16,397</u>
Total Additions	<u>16,397</u>
DEDUCTIONS	
Unemployment Claims and Contributions	<u>4,029</u>
Total Deductions	<u>4,029</u>
Change in Net Position	12,368
Net Position, Beginning of Year	<u>68,894</u>
Net Position, End of Year	<u><u>\$ 81,262</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Maywood Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of seven 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. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Maywood Board of Education this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. New Accounting Standards

During fiscal year 2017, the District adopted the following GASB statements:

- GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 77, *Tax Abatement Disclosures*. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14. *The Financial Reporting Entity, as amended*.

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 85, *Omnibus 2017*, will be effective with the fiscal year ending June 30, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*, will be effective with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

C. Basis of Presentation - Financial Statements

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements.

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental and enterprise funds to be major funds.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

The District reports the following major proprietary funds which are organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

Additionally, the government reports the following fund types:

The *internal service fund* accounts for occupational and physical therapy services provided to other departments or agencies of the District, or to other Boards of Education, on a cost reimbursement basis.

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

Property taxes, tuition, transportation fees, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

2. Receivables

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

3. Inventories

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as deferred inflows of resources.

**MAYWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

4. *Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

5. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	20
Heavy Equipment	10
Office Equipment and Furniture	10
Computer Equipment	5

6. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amounts on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

6. *Deferred Outflows/Inflows of Resources (Continued)*

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types of items which arise only under the accrual basis of accounting that qualify for reporting in this category. It is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

The other item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

7. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation and sick leave benefits. A long-term liability of accumulated vacation and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated vacation and sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

8. *Pensions*

In the district-wide financial statements, 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 retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

9. *Long-Term Obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Losses resulting from debt refundings are reported as deferred outflows of resources. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. Losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported including the unamortized bond premium. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

9. Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Net Position/Fund Balance

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2.)

Capital Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2017/2018 District budget certified for taxes.

Emergency Reserve – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2017 audited excess surplus that is required to be appropriated in the 2018/2019 original budget certified for taxes.

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

10. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

Excess Surplus – Designated for Subsequent Year’s Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2016 audited excess surplus that was appropriated in the 2017/2018 original budget certified for taxes.

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Designated for Subsequent Year’s Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2017/2018 District budget certified for taxes.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

ARRA/SEMI – Designated for Subsequent Year’s Expenditures – This designation was created to dedicate the portion of the ARRA/SEMI revenue that is unexpended at June 30, 2017 that will be appropriated in the adopted 2017/2018 budget certified for taxes.

Unassigned Fund Balance – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

F. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

2. *Property Taxes*

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. *Tuition Revenues and Expenditures*

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs.

Tuition Expenditures - Tuition charges for the fiscal years 2016-2017 were based on rates established by the receiving district.

The Maywood School District (Sending District) entered into an agreement with the Hackensack School District (Receiving District) regarding the appropriate tuition to be charged in future years 2010/11 through 2016/17 and to address issues regarding adjustments to tuition for school years 2007/08, 2010/11, 2012/13.

The parties agreed that the retroactive adjustment owed by the sending District to the receiving District amounts to \$950,901 shall be paid over a 10 year period. As such the Maywood School District is obligated to pay the receiving District an amount equal to \$95,090 per annum for years 2012/2013 through 2021/22.

4. *Proprietary Funds, Operating and Nonoperating Revenues and Expenses*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise fund and internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education ("the Department"), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 15, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account 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. The Board approved several budget transfers during 2016/2017. Also, during 2016/2017 the Board increased the original budget by \$196,134. The increase was funded by grant awards and the reappropriation of prior year general fund encumbrances.

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. 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 committed and/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 which are reappropriated and honored during the subsequent fiscal year.

**MAYWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve

A capital reserve account was established by the District. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also 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-14.1(g), the balance in the reserve 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 fiscal year ended June 30, 2017 is as follows:

Balance, July 1, 2016	\$ 248,994
Deposits:	
Approved by Board Resolution	<u>141,506</u>
	390,500
Withdrawals:	
Approved in District Budget	<u>75,000</u>
Balance, June 30, 2017	<u>\$ 315,500</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan. Of the capital reserve balance at June 30, 2017, \$115,500 was designated and appropriated in the 2017/2018 original budget certified for taxes.

C. Emergency Reserve

An emergency reserve account was established by the District. The accumulation of funds will be used to finance unanticipated General Fund current expenditures required for a thorough and efficient education in subsequent fiscal years.

Funds placed in the emergency reserve are restricted to finance reasonably unforeseeable costs and shall not include additional costs due to poor planning. A District may appropriate funds into the emergency reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. 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 to school facilities pursuant to 18A:7G-6(c)1. Pursuant to NJAC 6A:23A-14.4(A), the balance in the reserve cannot at any time exceed the greater of \$250,000 or one percent of the school district's General Fund budget as certified for taxes up to a maximum of \$1,000,000.

**MAYWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Emergency Reserve (Continued)

The activity of the emergency reserve for the fiscal year ended June 30, 2017 is as follows:

Deposits:

Approved by Board Resolution	\$ 28,504
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Balance, June 30, 2017	\$ 28,504
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D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for 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 fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2017 is \$1,144,477. Of this amount, \$663,655 was designated and appropriated in the 2017/2018 original budget certified for taxes and the remaining amount of \$480,822 will be appropriated in the 2018/2019 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2017, the book value of the Board's deposits were \$2,841,089 and bank and brokerage firm balances of the Board's deposits amounted to \$3,085,633. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ 3,085,633
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2017 the Board has no deposits exposed to custodial credit risk.

**MAYWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2017, the Board had no outstanding investments.

B. Receivables

Receivables as of June 30, 2017 for the district's individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Food Service</u>	<u>Total</u>
Receivables:			
Accounts	\$ 11,000	\$ 539	\$ 11,539
Intergovernmental-			
Federal		5,546	5,546
State	38,822	263	39,085
Other	3,453	-	3,453
Gross Receivables	53,275	6,348	59,623
Less: Allowance for Uncollectibles	-	-	-
Net Total Receivables	<u>\$ 53,275</u>	<u>\$ 6,348</u>	<u>\$ 59,623</u>

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Total</u>
General Fund Program Fees	\$ 1,200	\$ 1,200
Total Unearned Revenue for Governmental Funds	<u>\$ 1,200</u>	<u>\$ 1,200</u>

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

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

	Balance, <u>July 1, 2016</u>	Increases	Decreases	Balance, <u>June 30, 2017</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 15,522			\$ 15,522
Construction in Progress	<u>1,063,193</u>	<u>\$ 1,564,358</u>	<u>-</u>	<u>2,627,551</u>
Total Capital Assets, Not Being Depreciated	<u>1,078,715</u>	<u>1,564,358</u>	<u>-</u>	<u>2,643,073</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	21,345,703			21,345,703
Machinery and Equipment	<u>941,581</u>	<u>-</u>	<u>-</u>	<u>941,581</u>
Total Capital Assets Being Depreciated	<u>22,287,284</u>	<u>-</u>	<u>-</u>	<u>22,287,284</u>
Less Accumulated Depreciation for:				
Buildings	(5,647,221)	(533,550)		(6,180,771)
Machinery and Equipment	<u>(791,977)</u>	<u>(32,405)</u>	<u>-</u>	<u>(824,382)</u>
Total Accumulated Depreciation	<u>(6,439,198)</u>	<u>(565,955)</u>	<u>-</u>	<u>(7,005,153)</u>
Total Capital Assets, Being Depreciated, Net	<u>15,848,086</u>	<u>(565,955)</u>	<u>-</u>	<u>15,282,131</u>
Governmental Activities Capital Assets, Net	<u>\$ 16,926,801</u>	<u>\$ 998,403</u>	<u>\$ -</u>	<u>\$ 17,925,204</u>

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2017</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 19,435	-	-	\$ 19,435
Total Capital Assets Being Depreciated	<u>19,435</u>	<u>-</u>	<u>-</u>	<u>19,435</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(16,795)	\$ (817)	-	(17,612)
Total Accumulated Depreciation	<u>(16,795)</u>	<u>(817)</u>	<u>-</u>	<u>(17,612)</u>
Total Capital Assets, Being Depreciated, Net	<u>2,640</u>	<u>(817)</u>	<u>-</u>	<u>1,823</u>
Business-Type Activities Capital Assets, Net	<u>\$ 2,640</u>	<u>\$ (817)</u>	<u>\$ -</u>	<u>\$ 1,823</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:

Instruction	
Regular	\$ 26,723
Support Services	
School Administration	665
Operations And Maintenance Of Plant	533,550
Transportation	5,017
Total Support Services	<u>565,955</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 565,955</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 817</u>

**MAYWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2017, is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Student Activity Fund	General Fund	<u>\$ 4,488</u>

The above balances are the result of expenditures paid by one fund on behalf of another fund.

The District expects all interfund balances to be liquidated within one year.

Interfund transfers

	<u>Transfer In:</u>
	<u>Capital Projects Fund</u>
Transfer Out:	
General Fund	<u>\$ 275,000</u>
Total	<u>\$ 275,000</u>

The above transfers are the result of restricted fund balances in one fund utilized to finance expenditures in another fund..

F. Leases

Capital Leases and Lease-Purchase Agreements

The District entered into a lease agreement for technology infrastructure upgrades totaling \$187,311. The lease is for a term of 7 years. In addition, the District entered into a lease-purchase agreement totaling \$2,394,921 for energy saving incentive project improvements. The lease is for 20 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Construction in Progress	<u>\$ 2,627,551</u>

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Capital Leases and Lease Purchase Agreements

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		
	<u>Capital Lease</u>	<u>Lease-Purchase Agreement</u>	<u>Total</u>
2018	\$ 34,761	\$ 193,239	\$ 228,000
2019	14,514	128,811	143,325
2020	14,514	130,449	144,963
2021		132,147	132,147
2022		131,998	131,998
2023-2027		712,157	712,157
2028-2032		799,012	799,012
2033-2036	-	702,886	702,886
Total minimum lease payments	63,789	2,930,699	2,994,488
Less: amount representing interest	(2,507)	(624,036)	(626,543)
Present value of minimum lease payments	<u>\$ 61,282</u>	<u>\$ 2,306,663</u>	<u>\$ 2,367,945</u>

G. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2017 are comprised of the following issues:

\$8,495,000, 2012 Refunding Bonds, due in annual installments of \$390,000 to \$650,000 through August 15, 2031, interest at 3.000% to 4.000%	\$ 7,660,000
\$1,600,000, 2015 Refunding Bonds, due in annual installments of \$80,000 to \$120,000 through August 15, 2031, interest at 2.000% to 3.750%	<u>1,500,000</u>
	<u>\$ 9,160,000</u>

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	\$ 470,000	\$ 306,600	\$ 776,600
2019	485,000	293,100	778,100
2020	500,000	279,175	779,175
2021	515,000	262,225	777,225
2022	540,000	242,000	782,000
2023-2027	3,025,000	877,238	3,902,238
2028-2032	<u>3,625,000</u>	<u>297,162</u>	<u>3,922,162</u>
	<u>\$ 9,160,000</u>	<u>\$ 2,557,500</u>	<u>\$ 11,717,500</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2017 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 38,994,298
Less: Net Debt	<u>(9,160,000)</u>
Remaining Borrowing Power	<u>\$ 29,834,298</u>

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2017, was as follows:

	<u>Balance, July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2017</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable	\$ 9,620,000		\$ 460,000	\$ 9,160,000	\$ 470,000
Add: Unamortized Premium	<u>378,712</u>	-	<u>38,681</u>	<u>340,031</u>	-
Net Bonds Payable	9,998,712	-	498,681	9,500,031	470,000
Capital Leases	93,854		32,572	61,282	33,308
Lease Purchase Agreements	2,374,921		68,258	2,306,663	137,207
Compensated Absences	275,203	\$ 18,647	50,133	243,717	
Net Pension Liability	<u>3,357,388</u>	<u>1,145,373</u>	<u>131,130</u>	<u>4,371,631</u>	-
Governmental Activity Long-Term Liabilities	<u>\$ 16,100,078</u>	<u>\$ 1,164,020</u>	<u>\$ 780,774</u>	<u>\$ 16,483,324</u>	<u>\$ 640,515</u>

For the governmental activities, the liabilities for compensated absences, capital leases, lease-purchase agreements and net pension liability are generally liquidated by the general fund.

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

**MAYWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

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

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017		\$ 16,397	\$ 4,029	\$ 81,262
2016		22,416	8,132	68,894
2015		2,314	2,059	54,610

B. Contingent Liabilities

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2017, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2017, the District has not estimated its arbitrage earnings due to the IRS, if any.

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. PERS is a cost sharing multi-employer defined benefit pension plan.

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. TPAF is a cost sharing plan with special funding situations.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at www.state.nj/treasury/doinvest.

Funding Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 28 percent with an unfunded actuarial accrued liability of \$108.6 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 22.33 percent and \$79.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 40.14 percent and \$29.6 billion, respectively.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2015 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.65 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for the PERS and varying percentages based on experience for TPAF.

**MAYWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.06% for PERS, 7.06% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2017 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2017, 2016 and 2015 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2017	\$ 131,130	\$ 645,814	\$ 23,705
2016	128,584	449,042	23,256
2015	131,988	304,121	16,997

In addition for fiscal year 2016/2017 the District contributed \$585 for PERS and the State contributed \$654 for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$422,708 during the fiscal year ended June 30, 2017 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

**MAYWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS)

At June 30, 2017, the District reported in the statement of net position (accrual basis) a liability of \$4,371,631 for its proportionate share of the PERS net pension liability. 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 that date. The District's proportionate share 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 governmental entities, actuarially determined. At June 30, 2016, the District's proportionate share was .01476 percent, which was a decrease of .00020 percent from its proportionate share measured as of June 30, 2015 of .01496 percent.

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$358,422 for PERS. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 81,299	
Changes of Assumptions	905,568	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	166,694	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>3,380</u>	<u>\$ 213,817</u>
Total	<u>\$ 1,156,941</u>	<u>\$ 213,817</u>

At June 30, 2017, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2018	\$ 200,809
2019	200,809
2020	242,454
2021	223,142
2022	<u>75,910</u>
	<u>\$ 943,124</u>

**MAYWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)**

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

	<u>PERS</u>
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%
Mortality Rate Table	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

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.

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans' 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 US 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 US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.98%

**MAYWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$3,315,037 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2017 the State's proportionate share of the net pension liability attributable to the District is \$44,120,440. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2016. At June 30, 2016, the state's share of the net pension liability attributable to the District was .05609 percent, which was a decrease of .00016 percent from its proportionate share measured as of June 30, 2015 of .05625 percent.

Actuarial Assumptions

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

	<u>TPAF</u>
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases 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.

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans' 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>
US 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 Markets Equity	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%

**MAYWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.22%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2029
Municipal Bond Rate *	From July 1, 2029 and Thereafter

* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 3.22%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.22 percent) or 1-percentage-point higher (4.22 percent) than the current rate:

	<u>1% Decrease (2.22%)</u>	<u>Current Discount Rate (3.22%)</u>	<u>1% Increase (4.22%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	\$ 52,689,665	\$ 44,120,440	\$ 37,122,562

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2016. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2016 was not provided by the pension system.

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 584 state and local participating employers and contributing entities for Fiscal Year 2016.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides paid coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides paid coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for state paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

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 above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the State had a \$84.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.9 billion for state active and retired members and \$41.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2015, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. 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 and 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 (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2017, 2016 and 2015 were \$538,110, \$534,686 and \$482,793, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**MAYWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Property Taxes	\$ 17,794,387		\$ 17,794,387	\$ 17,794,387	
Tuition	125,000		125,000	58,885	\$ (66,115)
Interest Earned on Capital Reserve Funds	60		60		(60)
Interest				1,271	1,271
Miscellaneous	140,000	-	140,000	266,732	126,732
Total Local Sources	18,059,447	-	18,059,447	18,121,275	61,828
State Sources					
Categorical Special Education Aid	749,390		749,390	749,390	
Equalization Aid	324,912		324,912	324,912	
Categorical Security Aid	23,035		23,035	23,035	
Categorical Transportation Aid	55,403		55,403	55,403	
PARCC Readiness Aid	12,790		12,790	12,790	
Per Pupil Growth Aid	12,790		12,790	12,790	
Professional Learning Community Aid	12,340		12,340	12,340	
Extraordinary Aid	50,000		50,000	225,019	175,019
Reimbursed Non Public Transportation Aid				13,920	13,920
Lead Testing for Schools Aid				3,975	3,975
TPAF Pension Contribution (Non-Budget)					
NCGI Premium				22,581	22,581
TPAF Pension Contribution (Non-Budget)					
Normal Cost				623,233	623,233
TPAF OPEB Contribution (Non-Budget)					
Post - Retirement Medical Contribution				538,110	538,110
TPAF LTDI Contribution (Non-Budget)					
Long-Term Disability Insurance Premium				654	654
TPAF Social Security Contributions (Non-Budget)	-	-	-	422,708	422,708
Total State Sources	1,240,660	-	1,240,660	3,040,860	1,800,200
Federal Sources					
ARRA/SEMI	-	-	-	416	416
Total Federal Sources	-	-	-	416	416
Total Revenues	19,300,107	-	19,300,107	21,162,551	1,862,444
EXPENDITURES					
CURRENT					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	452,631	\$ 47,815	500,446	498,128	2,318
Grades 1-5	2,129,550	(268,164)	1,861,386	1,861,386	-
Grades 6-8	1,304,160	131,455	1,435,615	1,433,728	1,887
Regular Programs - Home Instruction					
Purchased Professional & Educational Services	7,500	(7,218)	282	282	-
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction		79,410	79,410	79,191	219
Purchased Professional & Educational Services	175,000	(77,138)	97,862	97,862	-
Other Purchased Services	31,484	(3,657)	27,827	27,733	94
General Supplies	369,825	187,855	557,680	469,472	88,208
Textbooks	79,334	23,297	102,631	76,162	26,469
Unused Sick Payment to Terminated/Retired Staff	58,406	-	58,406	37,454	20,952
Total Regular Programs	4,607,890	113,655	4,721,545	4,581,398	140,147
Learning and/or Language Disabilities					
Salaries of Teachers	95,000	65,150	160,150	155,600	4,550
Other Salaries for Instruction	23,467	131	23,598	23,598	-
General Supplies	300	-	300	236	64
Total Learning and/or Language Disabilities	118,767	65,281	184,048	179,434	4,614

**MAYWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT (Continued)					
Resource Room/Resource Center					
Salaries of Teachers	\$ 719,605	\$ 31,043	\$ 750,648	\$ 703,001	\$ 47,647
Other Salaries for Instruction	238,518	26,312	264,830	193,949	70,881
General Supplies	2,250	854	3,104	2,627	477
Total Resource Room/Resource Center	960,373	58,209	1,018,582	899,577	119,005
Special Education Instruction - Autism					
Salaries of Teachers	288,718	(21,283)	267,435	250,492	16,943
Other Salaries for Instruction	456,287	(130,696)	325,591	298,219	27,372
Purchased Professional - Educational Services	150,000	(36,000)	114,000	101,403	12,597
General Supplies	2,000	-	2,000	1,483	517
Total Autism	897,005	(187,979)	709,026	651,597	57,429
Preschool Disabilities - Part Time					
Salaries of Teachers	108,507	-	108,507	106,012	2,495
Other Salaries for Instruction	79,138	(25,000)	54,138	52,340	1,798
Purchased Professional - Educational Services	55,000	(28,000)	27,000	18,822	8,178
General Supplies	500	623	1,123	946	177
Total Preschool Disabilities Part Time	243,145	(52,377)	190,768	178,120	12,648
Total Special Education	2,219,290	(116,866)	2,102,424	1,908,728	193,696
Basic Skills/Remedial					
Salaries of Teachers	241,700	6,425	248,125	248,125	-
Unused Vacation Payment to Terminated/Retired Staff	-	13,662	13,662	13,662	-
Total Basic Skills/Remedial	241,700	20,087	261,787	261,787	-
Bilingual Education					
Salaries of Teachers	84,400	(525)	83,875	75,650	8,225
General Supplies	200	-	200	88	112
Total Bilingual Education	84,600	(525)	84,075	75,738	8,337
School Sponsored Co-Curricular Activities					
Salaries	45,000	(5,899)	39,101	31,741	7,360
Purchased Services	5,000	(5,000)	-	-	-
Other Objects	3,000	905	3,905	3,905	-
Total School Sponsored Co-Curricular Activities	53,000	(9,994)	43,006	35,646	7,360
School Sponsored Athletics					
Salaries	17,500	4,826	22,326	18,514	3,812
Purchased Services	8,000	(1,240)	6,760	6,760	-
Supplies and Materials	-	1,698	1,698	203	1,495
Total School Sponsored Athletics	25,500	5,284	30,784	25,477	5,307
Community Services Programs/Operations					
Salaries	4,000	-	4,000	4,000	-
Total Community Services Programs/Operations	4,000	-	4,000	4,000	-
Total Instruction	7,235,980	11,641	7,247,621	6,892,774	354,847
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs w/i State - Regular	4,145,034	(150,756)	3,994,278	3,877,038	117,240
Tuition to Other LEAs w/i State - Special	190,583	(29,551)	161,032	159,060	1,972
Tuition to County Voc. School Dist-Reg	302,940	63,337	366,277	366,277	-
Tuition to County Voc. School Dist-Special	539,916	(18,656)	521,260	521,260	-
Tuition to CSSD & Reg. Day Schools	861,200	103,443	964,643	958,346	6,297
Tuition to Private School for Disabled w/i State	155,238	107,243	262,481	261,859	622
Tuition - State Facilities	40,973	40,973	40,973	40,973	-
Tuition - Other	40,973	(40,973)	-	-	-
Total Undistributed Expenditures - Instruction	6,235,884	75,060	6,310,944	6,184,813	126,131

**MAYWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT (Continued)					
Attendance & Social Work					
Other Purchased Services	\$ 16,519	-	\$ 16,519	\$ 8,519	\$ 8,000
Total Attendance & Social Work	16,519	-	16,519	8,519	8,000
Health Services					
Salaries	143,580	\$ (19,252)	124,328	117,900	6,428
Purchased Professional and Technical Services	3,500	6,856	10,356	9,642	714
Supplies and Materials	2,500	-	2,500	1,956	544
Total Health Services	149,580	(12,396)	137,184	129,498	7,686
Speech, OT, PT & Related Services					
Salaries	-	106,600	106,600	101,200	5,400
Purchased Prof. Ed. Services	15,000	(2,000)	13,000	2,725	10,275
Total Speech, OT, PT & Related Services	15,000	104,600	119,600	103,925	15,675
Other Support Services - Students - Extraordinary					
Purchased Professional - Educational Services	242,349	(153,347)	89,002	73,375	15,627
Total Other Supp.Serv. Student - Extraordinary	242,349	(153,347)	89,002	73,375	15,627
Guidance					
Salaries of Other Professional Staff	108,576	126	108,702	108,609	93
Salaries of Secretarial & Clerical Assistants	24,350	-	24,350	24,350	-
Total Guidance	132,926	126	133,052	132,959	93
Child Study Teams					
Salaries of Other Professional Staff	338,996	1,706	340,702	327,200	13,502
Salaries of Secretarial & Clerical Assistants	80,181	13,128	93,309	91,299	2,010
Misc. Purchased Services	13,350	(2,620)	10,730	6,292	4,438
Supplies and Materials	25,000	(2,270)	22,730	22,712	18
Other Objects	23,798	(637)	23,161	23,161	-
Total Child Study Teams	481,325	9,307	490,632	470,664	19,968
Improvement of Inst. Serv.					
Purchased Professional/Educational Services	15,000	-	15,000	-	15,000
Total Improvement of Inst. Serv.	15,000	-	15,000	-	15,000
Educational Media/School Library					
Salaries	105,280	6,973	112,253	112,253	-
Supplies and Materials	15,480	(4,851)	10,629	9,066	1,563
Total Educational Media/School Library	120,760	2,122	122,882	121,319	1,563
Instructional Staff Training Services					
Purchased Professional/Educational Services	5,000	-	5,000	5,000	-
Other Purchased Services	7,000	1,300	8,300	3,034	5,266
Total Instructional Staff Training Services	12,000	1,300	13,300	8,034	5,266

**MAYWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT (Continued)					
Support Services General Administration					
Salaries	\$ 234,894	\$ (1,962)	\$ 232,932	\$ 224,940	\$ 7,992
Legal Services	28,000	(3,338)	24,662	14,220	10,442
Audit Fees	23,500	(1,185)	22,315	22,315	-
Architectural/Engineering Services	25,000	(25,000)	-	-	-
Other Purchased Professional Services	-	4,723	4,723	4,639	84
Communications/Telephone	54,010	2,165	56,175	55,495	680
BOE Other Purchased Services	13,010	(331)	12,679	12,466	213
Misc. Purchased Services	4,164	-	4,164	4,164	-
General Supplies	13,000	(1,014)	11,986	11,235	751
Miscellaneous Expenditures	700	2,499	3,199	3,146	53
BOE Membership Dues and Fees	10,465	(1,192)	9,273	9,273	-
Total Support Services General Administration	406,743	(24,635)	382,108	361,893	20,215
Support Services School Administration					
Salaries of Principals/Asst. Principals	233,930	746	234,676	234,676	-
Salaries of Secretarial and Clerical Assistants	99,060	2,904	101,964	100,934	1,030
Unused Vacation Payment to Terminated/Retired Staff	19,838	(2,650)	17,188	4,439	12,749
Unused Sick Payment to Terminated/Retired Staff	29,522	-	29,522	8,240	21,282
Other Purchased Services	4,100	(1,020)	3,080	1,554	1,526
Supplies and Materials	1,000	(1,000)	-	-	-
Total Support Services School Administration	387,450	(1,020)	386,430	349,843	36,587
Central Services					
Salaries	273,286	5,619	278,905	278,905	-
Purchased Prof. Services	1,750	9,034	10,784	10,474	310
Purchased Technical Services	30,800	(5,625)	25,175	19,585	5,590
Miscellaneous Purchased Services	500	-	500	54	446
Supplies and Material	7,500	(2,077)	5,423	4,095	1,328
Miscellaneous Expenditures	750	66	816	747	69
Total Central Services	314,586	7,017	321,603	313,860	7,743
Administration Information Technology					
Purchased Technical Services	86,000	-	86,000	79,480	6,520
Total Administration Information Technology	86,000	-	86,000	79,480	6,520
Required Maintenance for School Facilities					
Salaries	107,455	-	107,456	107,455	1
Cleaning, Repair and Maintenance Services	104,768	115,745	220,513	179,152	41,361
Lead Testing of Drinking Water	-	3,975	3,975	3,975	-
General Supplies	21,000	28,130	49,130	44,173	4,957
Total Allowable Maintenance for School Facilities	233,223	147,851	381,074	334,755	46,319
Custodial Services					
Salaries	343,334	21,012	364,346	361,623	2,723
Salaries of Non-Instructional Aides	63,643	341	63,984	51,187	12,797
Lease Purchase Payments - Energy Savings Impr Prog	-	124,174	124,174	124,174	-
Other Purchased Property Services	-	11,662	11,662	11,662	-
Insurance	105,357	6,002	111,359	111,122	237
General Supplies	30,000	(4,000)	26,000	25,956	44
Energy (Natural Gas)	83,000	20,666	103,666	100,074	3,592
Energy (Electricity)	90,000	22,060	112,060	110,956	1,104
Other Objects	5,500	384	5,884	5,574	310
Interest - Energy Savings Impr Prog Bonds	55,916	(55,916)	-	-	-
Principal - Energy Savings Impr Prog Bonds	68,254	(68,254)	-	-	-
Total Custodial Services	845,004	78,131	923,135	902,328	20,807

**MAYWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT (Continued)					
Student Transportation Services					
Salaries for Pupil Transport. (Between Home & School) - Special Ed	\$ 28,000	-	\$ 28,000	\$ 23,720	\$ 4,280
Contracted Services - Aid In Lieu of Payment for Non-Public School Students	45,000	\$ 6,169	51,169	51,169	-
Contracted Services (Regular Education Students) - ESC's & CTAS	193,657	(31,815)	161,842	152,353	9,489
Contracted Services (Special Students) - ESC's & CTAS	301,000	(13,540)	287,460	287,460	-
Total Student Transportation Services	567,657	(39,186)	528,471	514,702	13,769
Unallocated Benefits- Employee Benefits					
Social Security Contributions	188,740	16,016	204,756	194,549	10,207
Other Retirement Contributions - PERS	150,000	(17,937)	132,063	132,063	-
Other Retirement Contributions - DCRP	26,000	10,000	36,000	23,705	12,295
Worker's Compensation	85,000	(416)	84,584	81,767	2,817
Health Benefits	1,796,431	(109,506)	1,686,925	1,668,099	18,826
Tuition Reimbursement	25,000	-	25,000	25,000	-
Other Employee Benefits	45,000	25,131	70,131	70,131	-
Total Unallocated Benefits	2,316,171	(76,712)	2,239,459	2,195,314	44,145
TPAF Pension Contribution (Non-Budget)					
NCGI Premium				22,581	(22,581)
TPAF Pension Contribution (Non-Budget)					
Normal Cost				623,233	(623,233)
TPAF OPEB Contribution (Non-Budget)					
Post - Retirement Medical Contribution				538,110	(538,110)
TPAF LTDI Contribution (Non-Budget)					
Long-Term Disability Insurance				654	(654)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	422,708	(422,708)
Total Undistributed Expenditures	12,578,177	118,218	12,696,395	13,892,567	(1,196,172)
Total Current Expenditures	19,814,157	129,859	19,944,016	20,785,341	(841,325)
CAPITAL OUTLAY					
Interest Deposit to Capital Reserve	60	-	60	-	60
Facilities Acq. And Construction Services					
Construction Services	275,000	(275,000)	-	-	-
Assessment for Debt Service on SDA Funding	49,650	-	49,650	49,650	-
Total Facilities Acq. And Construction Services	324,650	(275,000)	49,650	49,650	-
Total Capital Outlay	324,710	(275,000)	49,710	49,650	60
Transfer of Funds to Charter Schools	16,169	-	16,169	16,169	-
Total General Fund	20,155,036	(145,141)	20,009,895	20,851,160	(841,265)

**MAYWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
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>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	\$ (854,929)	\$ 145,141	\$ (709,788)	\$ 311,391	\$ 1,021,179
Other Financing (Uses)					
Transfer from Capital Outlay to Capital Projects		(200,000)	(200,000)	(200,000)	-
Transfer from Capital Reserve to Capital Projects	-	(75,000)	(75,000)	(75,000)	-
Total Other Financing Sources	-	(275,000)	(275,000)	(275,000)	-
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures and Other Financing (Uses)	(854,929)	(129,859)	(984,788)	36,391	1,021,179
Fund Balance, Beginning of Year	2,404,006	-	2,404,006	2,404,006	-
Fund Balance, End of Year	<u>\$ 1,549,077</u>	<u>\$ (129,859)</u>	<u>\$ 1,419,218</u>	<u>\$ 2,440,397</u>	<u>\$ 1,021,179</u>
Restricted Fund Balance					
Capital Reserve				\$ 200,000	
Capital Reserve- Designated for Subsequent Years' Expenditures				115,500	
Emergency Reserve				28,504	
Excess Surplus				480,822	
Excess Surplus- Designated for Subsequent Years' Expenditures				663,655	
Assigned Fund Balance					
Designated for Subsequent Years' Expenditures				223,468	
Year-End Encumbrances				148,716	
ARRA/SEMI- Unreserved-Designated for Subsequent Year's Expenditures				416	
Unassigned Fund Balance				<u>579,316</u>	
				2,440,397	
Reconciliation to Governmental Fund Statements (GAAP)					
2016/2017 State Aid and Extraordinary Aid Not Recognized on a GAAP Basis				<u>(248,219)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 2,192,178</u>	

MAYWOOD BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE BUDGET (NON-GAAP) AND ACTUAL
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					
Other		\$ 1,000	\$ 1,000	\$ 1,000	
Federal Sources	\$ 332,749	65,275	398,024	398,024	-
Total Revenues	<u>332,749</u>	<u>66,275</u>	<u>399,024</u>	<u>399,024</u>	-
EXPENDITURES					
Instruction					
Salaries of Teachers	116,594	(26,494)	90,100	90,100	-
Tuition	200,963	32,337	233,300	233,300	-
General Supplies	15,192	19,134	34,326	34,326	-
Total Instruction	<u>332,749</u>	<u>24,977</u>	<u>357,726</u>	<u>357,726</u>	-
Support Services					
Personal Services - Employee Benefits	-	6,371	6,371	6,371	-
Purchased Professional and Technical	-	34,927	34,927	34,927	-
Total Support Services	<u>-</u>	<u>41,298</u>	<u>41,298</u>	<u>41,298</u>	-
Total Expenditures	<u>332,749</u>	<u>66,275</u>	<u>399,024</u>	<u>399,024</u>	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**MAYWOOD BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 21,162,551	\$ 399,024
Difference - Budget to GAAP		
State aid payment recognized for GAAP purposes not recognized for GAAP statements. (2015/2016 Aid)	290,709	
State aid payment recognized for budgetary purposes not recognized for GAAP statements. (2016/2017 Aid)	(248,219)	-
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 21,205,041</u>	<u>\$ 399,024</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) total outflows from the budgetary comparison schedule (Exhibits C-1 and C-2)	<u>\$ 20,851,160</u>	<u>\$ 399,024</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 20,851,160</u>	<u>\$ 399,024</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**MAYWOOD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Four Fiscal Years *

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.01476 %	0.01496 %	0.01492 %	0.01671 %
District's Proportionate Share of the Net Pension Liability (Asset)	4,371,631	3,357,388	2,795,173	3,193,830
District's Covered-Employee Payroll	995,836	1,002,587	667,835	549,226
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	439%	335%	419%	582%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**MAYWOOD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**

PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Four Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 131,130	\$ 128,584	\$ 131,988	\$ 125,915
Contributions in Relation to the Contractually Required Contributions	<u>131,130</u>	<u>128,584</u>	<u>131,988</u>	<u>125,915</u>
Contribution Deficiency (Excess)	-	-	-	-
District's Covered- Employee Payroll	995,836	1,002,587	667,835	549,226
Contributions as a Percentage of Covered-Employee Payroll	13.17%	12.83%	19.76%	22.93%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**MAYWOOD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

**TEACHERS PENSION AND ANNUITY FUND
Last Four Fiscal Years ***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	-	-	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	\$ <u>44,120,440</u>	\$ <u>35,553,912</u>	\$ <u>29,916,885</u>	\$ <u>28,227,660</u>
Total	\$ 44,120,440	\$ 35,553,912	\$ 29,916,885	\$ 28,227,660
District's Covered-Employee Payroll	5,896,815	5,822,779	7,054,280	6,874,043
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	28.71%	33.64%	33.76%

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**MAYWOOD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 4.

SCHOOL LEVEL SCHEDULES

EXHIBITS D-1, D-2 AND D-3

NOT APPLICABLE

SPECIAL REVENUE FUND

**MAYWOOD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>NCLB Title I</u>	<u>NCLB Title II A</u>	<u>NCLB III</u>	<u>IDEA Basic</u>	<u>IDEA Preschool</u>	<u>BCUA Awareness</u>	<u>Grand Total</u>
REVENUES							
Intergovernmental							
Other						\$ 1,000	\$ 1,000
Federal	\$ 132,797	\$ 21,779	-	\$ 233,300	\$ 10,148	-	398,024
Total Revenues	<u>\$ 132,797</u>	<u>\$ 21,779</u>	<u>\$ -</u>	<u>\$ 233,300</u>	<u>\$ 10,148</u>	<u>\$ 1,000</u>	<u>\$ 399,024</u>
EXPENDITURES							
Instruction							
Salaries of Teachers	\$ 90,100						\$ 90,100
Tuition				\$ 233,300			233,300
General Supplies	33,326	-	-	-	-	\$ 1,000	34,326
Total Instruction	<u>123,426</u>	<u>-</u>	<u>-</u>	<u>233,300</u>	<u>-</u>	<u>1,000</u>	<u>357,726</u>
Support Services							
Personal Services-Employee Benefits	6,371						6,371
Purchased Prof. and Tech. Services	3,000	\$ 21,779	-	-	\$ 10,148	-	34,927
Total Support Services	<u>9,371</u>	<u>21,779</u>	<u>-</u>	<u>-</u>	<u>10,148</u>	<u>-</u>	<u>41,298</u>
Non-Instructional Equipment	-	-	-	-	-	-	-
Total Expenditures	<u>\$ 132,797</u>	<u>\$ 21,779</u>	<u>\$ -</u>	<u>\$ 233,300</u>	<u>\$ 10,148</u>	<u>\$ 1,000</u>	<u>\$ 399,024</u>

**MAYWOOD BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**MAYWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Issue/Project Title</u>	<u>Modified Appropriation</u>	<u>Expenditures to Date Prior Years</u>	<u>Current Year</u>	<u>Balance, June 30, 2017</u>
Energy Savings Incentive Program	\$ 2,650,004	\$ 1,063,193	\$ 1,564,358	\$ 22,453
	<u>\$ 2,650,004</u>	<u>\$ 1,063,193</u>	<u>\$ 1,564,358</u>	<u>\$ 22,453</u>

Recapitulation of Fund Balance

Restricted	
Capital Projects	\$ 2,693
Year-End Encumbrances	<u>19,760</u>
 Total Fund Balance - Restricted for Capital Projects	 <u>\$ 22,453</u>

**MAYWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Revenues and Other Financing Sources

Revenues	
Interest	\$ 31
Other Financing Sources	
Transfer from Capital Outlay	200,000
Transfer from Capital Reserve	<u>75,000</u>
Total Revenues and Other Financing Sources	<u>275,031</u>

Expenditures and Other Financing Uses

Capital Outlays	
Other Purchased Professional and Technical Services	354,301
Construction Services	<u>1,210,057</u>
Total Expenditures and Other Financing Uses	<u>1,564,358</u>

Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(1,289,327)
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Fund Balance - Beginning of Year	<u>\$ 1,311,780</u>
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Fund Balance- End of Year	<u>\$ 22,453</u>
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Reconciliation to GAAP

Fund Balance - Budgetary	<u>\$ 22,453</u>
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Fund Balance - GAAP	<u>\$ 22,453</u>
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**MAYWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
ENERGY SAVINGS INCENTIVE PROGRAM
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Interest	\$ 52	\$ 31	\$ 83	\$ 83
Lease Purchase Proceeds	2,374,921		2,374,921	2,374,921
Transfer from Capital Outlay		200,000	200,000	200,000
Transfer from Capital Reserve	-	75,000	75,000	75,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	2,374,973	275,031	2,650,004	2,650,004
EXPENDITURES AND OTHER FINANCING SOURCES				
Legal Services	20,000		20,000	20,000
Other Purchased Professional and Technical Services	243,297	354,301	597,598	602,113
Construction Services	799,896	1,210,057	2,009,953	2,027,891
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	1,063,193	1,564,358	2,627,551	2,650,004
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 1,311,780</u>	<u>\$ (1,289,327)</u>	<u>\$ 22,453</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	N/A			
Grant Date	N/A			
Original Authorized Cost	\$ 2,374,921			
Local Share	275,083			
Revised Authorized Cost	\$ 2,650,004			
Percentage Completion	99%			
Original Target Completion Date	June 2017			
Revised Target Completion Date	September 2017			

PROPRIETARY FUNDS

EXHIBIT G-1

**MAYWOOD BOARD OF EDUCATION
PROPRIETARY FUNDS
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

INTERNAL SERVICE FUND

EXHIBIT G-4

**MAYWOOD BOARD OF EDUCATION
INTERNAL SERVICE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-5

**COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-6

**COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**MAYWOOD BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING SCHEDULE OF AGENCY NET POSITION
AS OF JUNE 30, 2017**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 7,624	\$ 10,956	\$ 18,580
Due from Other Funds	<u>4,488</u>	<u>-</u>	<u>4,488</u>
Total Assets	<u>\$ 12,112</u>	<u>\$ 10,956</u>	<u>\$ 23,068</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 10,956	\$ 10,956
Due to Student Groups	<u>\$ 12,112</u>	<u>-</u>	<u>12,112</u>
Total Liabilities	<u>\$ 12,112</u>	<u>\$ 10,956</u>	<u>\$ 23,068</u>

**MAYWOOD BOARD OF EDUCATION
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**MAYWOOD BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>School</u>	<u>Balance July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2017</u>
Due from Other Funds			\$ 4,488	\$ (4,488)
Due to Student Groups				
Elementary Schools	\$ 7,052	\$ 90,411	85,351	12,112
Total	<u>\$ 7,052</u>	<u>\$ 90,411</u>	<u>\$ 89,839</u>	<u>\$ 7,624</u>

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

	<u>Balance, July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2017</u>
Payroll Deductions and Withholdings	\$ 70,953	\$ 4,376,369	\$ 4,436,366	\$ 10,956
Accrued Salaries and Wages		5,298,687	5,298,687	
Due to Other Funds	13,677	-	13,677	-
Total	<u>\$ 84,630</u>	<u>\$ 9,675,056</u>	<u>\$ 9,748,730</u>	<u>\$ 10,956</u>

LONG-TERM DEBT

**MAYWOOD BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2017</u>						
			<u>Date</u>	<u>Amount</u>											
Refunding School District Bonds	9/27/2012	\$ 8,495,000	8/15/17	\$ 390,000	3.000%										
			8/15/18	400,000	3.000%										
			8/15/19	415,000	3.000%										
			8/15/20	430,000	4.000%										
			8/15/21	450,000	4.000%										
			8/15/22	465,000	4.000%										
			8/15/23	485,000	4.000%										
			8/15/24	505,000	4.000%										
			8/15/25	520,000	4.000%										
			8/15/26	550,000	4.000%										
			8/15/27	570,000	3.000%										
			8/15/28	590,000	3.125%										
			8/15/29	610,000	3.000%										
			8/15/30	630,000	3.125%										
			8/15/31	650,000	3.125%										
					\$ 8,040,000		\$ 380,000	\$ 7,660,000							
Refunding School District Bonds	3/11/2015	\$ 1,600,000	8/15/2017	80,000	2.00%										
			8/15/18-8/15/20	85,000	2.00-3.00%										
			8/15/21-8/15/22	90,000	3.00%										
			8/15/23-8/15/24	100,000	3.00%										
			8/15/25-8/15/26	105,000	3.00-3.50%										
			8/15/27-8/15/28	110,000	3.50-3.75%										
			8/15/2029	115,000	3.75%										
			8/15/30-8/15/31	120,000	3.75%										
												1,580,000	-	80,000	1,500,000
												<u>\$ 9,620,000</u>	<u>\$ -</u>	<u>\$ 460,000</u>	<u>\$ 9,160,000</u>

MAYWOOD BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>Issue</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2017</u>
Technology Infrastructure Upgrades	2.10%	\$ 92,155	\$ 54,601		\$ 13,149	\$ 41,452
Technology Infrastructure Upgrades	2.10%	95,156	39,253		19,423	19,830
ESIP Project	2.47%	2,374,921	<u>2,374,921</u>	<u>-</u>	<u>68,258</u>	<u>2,306,663</u>
			<u>\$ 2,468,775</u>	<u>\$ -</u>	<u>\$ 100,830</u>	<u>\$ 2,367,945</u>

**MAYWOOD BOARD OF EDUCATION
LONG-TERM DEBT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Final Budget - Positive
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 777,850	-	\$ 777,850	\$ 777,850	-
Total Revenues	<u>777,850</u>	<u>-</u>	<u>777,850</u>	<u>777,850</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Interest	317,850		317,850	317,850	
Redemption of Principal	460,000		460,000	460,000	
Total Regular Debt Service	<u>777,850</u>	<u>-</u>	<u>777,850</u>	<u>777,850</u>	<u>-</u>
Total Expenditures	<u>777,850</u>	<u>-</u>	<u>777,850</u>	<u>777,850</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MAYWOOD BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SCHOOL LOANS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

STATISTICAL SECTION

This part of the Maywood Board of Education'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 government's overall financial health.

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. J-16 to J-20

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

MAYWOOD BOARD OF EDUCATION
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012 (Restated)	2013	2014 (Restated)	2015	2016	2017
Governmental Activities										
Net Investment in Capital Assets	\$ 7,307,083	\$ 7,801,275	\$ 7,532,501	\$ 7,352,355	\$ 7,003,453	\$ 6,459,888	\$ 6,351,372	\$ 6,264,674	\$ 6,274,515	\$ 6,510,974
Restricted	382,891	392,085	126,904	30,490	30,489	156,908	157,392	98,994	248,994	337,953
Unrestricted	2,025,908	1,541,699	1,256,573	581,369	1,586,718	1,757,565	(1,885,465)	(1,871,126)	(1,755,098)	(1,935,071)
Total Governmental Activities Net Position	\$ 9,715,882	\$ 9,735,059	\$ 8,915,978	\$ 7,964,214	\$ 8,620,660	\$ 8,374,361	\$ 4,623,299	\$ 4,492,542	\$ 4,768,411	\$ 4,913,856
Business-Type Activities										
Net Investment in Capital Assets	\$ 6,794	\$ 5,765	\$ 4,736	\$ 3,708	\$ 2,679	\$ 1,849	\$ 1,057	\$ 3,828	\$ 2,640	\$ 1,823
Restricted										
Unrestricted	54,738	75,402	79,997	73,006	70,020	62,360	62,472	51,849	47,395	45,031
Total Business-Type Activities Net Position	\$ 61,532	\$ 81,167	\$ 84,733	\$ 76,714	\$ 72,699	\$ 64,209	\$ 63,529	\$ 55,677	\$ 50,035	\$ 46,854
District-Wide										
Net Investment in Capital Assets	\$ 7,313,877	\$ 7,807,040	\$ 7,537,237	\$ 7,356,063	\$ 7,006,132	\$ 6,461,737	\$ 6,352,429	\$ 6,268,502	\$ 6,277,155	\$ 6,512,797
Restricted	382,891	392,085	126,904	30,490	30,489	156,908	157,392	98,994	248,994	337,953
Unrestricted	2,080,646	1,617,101	1,336,570	654,375	1,656,738	1,819,925	(1,822,993)	(1,819,277)	(1,707,703)	(1,890,040)
Total District Net Position	\$ 9,777,414	\$ 9,816,226	\$ 9,000,711	\$ 8,040,928	\$ 8,693,359	\$ 8,438,570	\$ 4,686,828	\$ 4,548,219	\$ 4,818,446	\$ 4,960,710

Note 1 - Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

Note 2 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions".

MAYWOOD BOARD OF EDUCATION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012 (Restated)	2013	2014	2015	2016	2017
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 8,872,609	\$ 8,937,225	\$ 9,055,024	\$ 9,321,274	\$ 9,086,275	\$ 10,006,804	\$ 10,037,129	\$ 10,693,070	\$ 11,112,674	\$ 12,025,441
Special Education	2,282,687	3,067,165	3,715,058	3,901,969	4,013,917	4,021,871	3,958,848	4,551,240	5,107,862	5,414,290
Other Instruction	291,980	312,599	389,244	353,942	329,383	359,908	454,611	502,848	506,521	633,148
School Sponsored Activities And Athletics	65,134	93,284	83,706	76,050	82,774	78,862	79,495	87,485	87,632	100,650
Community Services	5,643	2,279	10,236	6,657	5,706	5,467	5,360	6,209	6,549	7,146
Support Services:										
Student & Instruction Related Services	1,925,644	1,591,250	1,672,209	1,652,381	1,507,020	1,483,678	1,601,467	1,986,708	1,668,171	1,807,689
School Administrative Services	457,822	466,595	407,567	348,930	342,535	450,340	465,467	514,773	570,507	630,824
General Administration	472,376	533,177	435,796	436,662	472,926	515,546	440,689	541,477	521,160	588,308
Central Services	403,949	389,981	405,286	397,028	355,980	349,152	301,508	402,566	541,772	614,821
Plant Operations And Maintenance	1,518,233	1,693,396	1,649,942	1,539,458	1,545,918	1,597,406	1,733,694	1,841,985	1,959,383	2,156,981
Pupil Transportation	495,837	469,080	539,216	651,401	528,471	544,751	574,252	479,424	557,414	542,935
Other Support Services										
Charter Schools			13,948							
Interest On Long-Term Debt	526,198	504,798	493,578	483,349	469,473	363,864	391,334	358,390	359,274	383,491
Total Governmental Activities Expenses	17,318,112	18,060,829	18,870,810	19,169,101	18,740,378	19,777,649	20,043,854	21,966,175	22,998,919	24,905,724
Business-Type Activities:										
Food Service	234,499	229,567	241,675	261,405	237,113	305,266	302,132	309,291	301,339	307,706
Total Business-Type Activities Expense	234,499	229,567	241,675	261,405	237,113	305,266	302,132	309,291	301,339	307,706
Total District Expenses	\$ 17,552,611	\$ 18,290,396	\$ 19,112,485	\$ 19,430,506	\$ 18,977,491	\$ 20,082,915	\$ 20,345,986	\$ 22,275,466	\$ 23,300,258	\$ 25,213,430
Program Revenues										
Governmental Activities:										
Operating Grants And Contributions	\$ 2,879,075	\$ 2,095,604	\$ 2,786,369	\$ 2,250,379	\$ 2,556,671	\$ 2,908,771	\$ 2,402,554	\$ 3,912,996	\$ 4,608,922	\$ 5,807,572
Charges for Services		120,275	235,356	258,023	336,000	357,952	163,697	193,064	246,424	58,885
Capital Grants And Contributions	1,697,138	793,115	-	95,285	-	-	-	-	-	-
Total Governmental Activities Program Revenues	4,576,213	3,008,994	3,021,725	2,603,687	2,892,671	3,266,723	2,566,251	4,106,060	4,855,346	5,866,457
Business-Type Activities:										
Charges For Services										
Food Service	177,953	175,161	159,125	165,729	149,747	180,580	191,014	190,305	199,132	213,004
Operating Grants And Contributions	65,192	73,132	85,411	86,941	83,351	116,196	110,438	111,134	96,565	91,521
Total Business Type Activities Program Revenues	243,145	248,293	244,536	252,670	233,098	296,776	301,452	301,439	295,697	304,525
Total District Program Revenues	\$ 4,819,358	\$ 3,257,287	\$ 3,266,261	\$ 2,856,357	\$ 3,125,769	\$ 3,563,499	\$ 2,867,703	\$ 4,407,499	\$ 5,151,043	\$ 6,170,982
Net (Expense)/Revenue										
Governmental Activities	\$ (12,741,899)	\$ (15,052,106)	\$ (15,849,085)	\$ (16,565,414)	\$ (15,847,707)	\$ (16,510,926)	\$ (17,477,603)	\$ (17,860,115)	\$ (18,143,573)	\$ (19,039,267)
Business-Type Activities	8,646	18,726	2,861	(8,735)	(4,015)	(8,490)	(680)	(7,852)	(5,642)	(3,181)
Total District-Wide Net Expense	\$ (12,733,253)	\$ (15,033,380)	\$ (15,846,224)	\$ (16,574,149)	\$ (15,851,722)	\$ (16,519,416)	\$ (17,478,283)	\$ (17,867,967)	\$ (18,149,215)	\$ (19,042,448)

MAYWOOD BOARD OF EDUCATION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012 (Restated)	2013	2014	2015	2016	2017
Expenses										
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 13,475,915	\$ 13,769,952	\$ 14,193,939	\$ 14,845,635	\$ 15,142,548	\$ 15,415,114	\$ 15,723,416	\$ 16,431,138	\$ 17,116,748	\$ 17,794,387
Taxes Levied For Debt Service	690,485	705,605	653,269	711,689	809,705	810,439	753,943	786,243	781,553	777,850
State Aid, Unrestricted	187,900	503,987	77,891	6,322	51,116	20,721	431,422	404,408	348,064	344,441
Investment Earnings	164,512	42,402	18,982	22,545	2,327	2,495	6,428	2,025	1,196	1,302
Donation of Capital Assets							3,327			
Miscellaneous Income	10,570	49,337	85,923	27,459	498,457	15,858	1,835	105,544	171,881	266,732
Total Governmental Activities	14,529,382	15,071,283	15,030,004	15,613,650	16,504,153	16,264,627	16,920,371	17,729,358	18,419,442	19,184,712
Business-Type Activities:										
Investment Earnings	1,989	909	705	716	-	-	-	-	-	-
Total Business-Type Activities	1,989	909	705	716	-	-	-	-	-	-
Total District-Wide	\$ 14,531,371	\$ 15,072,192	\$ 15,030,709	\$ 15,614,366	\$ 16,504,153	\$ 16,264,627	\$ 16,920,371	\$ 17,729,358	\$ 18,419,442	\$ 19,184,712
Change in Net Position										
Governmental Activities	\$ 1,787,483	\$ 19,177	\$ (819,081)	\$ (951,764)	\$ 656,446	\$ (246,299)	\$ (557,232)	\$ (130,757)	\$ 275,869	\$ 145,445
Business-Type Activities	10,635	19,635	3,566	(8,019)	(4,015)	(8,490)	(680)	(7,852)	(5,642)	(3,181)
Total District	\$ 1,798,118	\$ 38,812	\$ (815,515)	\$ (959,783)	\$ 652,431	\$ (254,789)	\$ (557,912)	\$ (138,609)	\$ 270,227	\$ 142,264

MAYWOOD BOARD OF EDUCATION
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 2,397,281	\$ 2,188,380	\$ 1,413,252							
Unreserved	430,161	199,248	339,671							
Restricted				618,048	\$ 1,081,033	\$ 1,431,394	\$ 1,194,182	\$ 1,116,399	\$ 1,364,627	\$ 1,488,481
Committed								58,419		
Assigned				240,892	834,777	548,558	445,739	405,667	459,868	372,600
Unassigned	-	-	-	215,518	161,082	326,658	306,654	285,544	288,802	331,097
Total General Fund	\$ 2,827,442	\$ 2,387,628	\$ 1,752,923	\$ 1,074,458	\$ 2,076,892	\$ 2,306,610	\$ 1,946,575	\$ 1,866,029	\$ 2,113,297	\$ 2,192,178
All Other Governmental Funds										
Reserved	\$ 244		\$ 87,000							
Unreserved	(609,303)	96,658	103,521							
Restricted				\$ 2	\$ 1	\$ 29,516			\$ 1,311,780	\$ 22,453
Committed										
Assigned										
Unassigned	-	-	-	96,904	96,904	-	-	-	-	-
Total All Other Governmental Funds	\$ (609,059)	\$ 96,658	\$ 190,521	\$ 96,906	\$ 96,905	\$ 29,516	\$ -	\$ -	\$ 1,311,780	\$ 22,453

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

MAYWOOD BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax Levy	\$ 14,166,400	\$ 14,475,557	\$ 14,847,208	\$ 15,557,324	\$ 15,952,253	\$ 16,225,553	\$ 16,477,359	\$ 17,217,381	\$ 17,898,301	\$ 18,572,237
Tuition		\$ 120,275	235,356	188,422	269,286	291,331	121,155	140,927	194,168	58,885
Interest Earnings	164,512	42,402	18,982	22,545	2,327	2,495	6,428	2,025	1,196	1,302
Miscellaneous	10,570	60,337	85,923	28,959	499,457	17,358	4,059	108,062	172,881	267,732
State Sources	4,431,791	3,018,264	2,192,910	1,840,778	2,137,631	2,535,876	2,419,493	2,589,177	2,806,894	3,083,350
Federal Sources	332,322	363,172	671,350	509,708	469,156	392,116	412,259	420,021	427,248	398,440
Total Revenue	19,105,595	18,080,007	18,051,729	18,147,736	19,330,110	19,464,729	19,440,753	20,477,593	21,500,688	22,381,946
Expenditures										
Instruction										
Regular Instruction	8,878,090	8,788,737	8,929,499	9,192,597	8,966,784	10,008,585	9,979,107	9,982,486	10,315,417	10,630,236
Special Education Instruction	2,281,013	3,055,664	3,703,136	3,820,460	3,935,295	3,955,250	3,916,306	4,199,973	4,622,170	4,782,965
Other Instruction	291,980	312,599	389,244	353,942	329,383	359,908	454,611	461,135	432,098	518,519
School Sponsored Activities and Athletics	65,134	77,506	83,570	75,914	82,638	78,862	79,495	77,637	83,863	82,857
Community Services	5,643	2,279	10,236	6,657	5,706	5,467	5,360	5,469	5,611	5,730
Support Services:										
Student and Inst. Related Services	1,921,782	1,604,482	1,653,205	1,634,654	1,488,766	1,480,094	1,599,569	1,841,099	1,502,347	1,530,753
General Administration	472,373	532,833	435,508	436,220	383,776	403,050	439,954	426,849	473,046	508,822
School Administrative Services	435,494	463,413	402,089	348,066	341,922	449,797	464,825	476,921	498,714	519,955
Central Services	404,519	389,981	406,273	400,382	357,539	359,599	294,265	369,514	477,784	513,957
Plant Operations And Maintenance	1,454,669	1,294,812	1,198,235	1,098,934	1,097,691	1,060,154	1,201,014	1,322,162	1,393,855	1,466,626
Pupil Transportation	495,837	469,080	539,216	651,401	528,471	544,751	574,252	475,551	551,092	530,829
Other Support Services										
Charter Schools			13,948							
Capital Outlay	4,205,340	17,113	175,144	92,243			3,327	98,339	1,144,250	1,564,358
Debt Service:										
Payments to Refunding Escrow Agent						661,275				
Cost of Issuance of Refunding Bonds						101,795		77,284		
Principal	286,786	297,766	155,000	320,000	335,000	350,000	435,458	456,147	491,852	560,830
Interest and Other Charges	565,175	507,839	498,268	488,346	474,706	394,193	382,761	364,857	324,462	375,955
Total Expenditures	21,763,835	17,814,104	18,592,571	18,919,816	18,327,677	20,212,780	19,830,304	20,635,423	22,316,561	23,592,392
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(2,658,240)	265,903	(540,842)	(772,080)	1,002,433	(748,051)	(389,551)	(157,830)	(815,873)	(1,210,446)

MAYWOOD BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Other Financing Sources (Uses)										
Payments to Refunding Escrow Agent						\$ (8,235,000)		\$ (1,580,969)		
Refunding Bonds Proceeds						8,495,000		1,600,000		
Premium on Issuance of Refunding Bond						463,069		58,253		
Capital Leases (Non-Budgeted)						187,311				
Lease Purchase Proceeds									\$ 2,374,921	
Cost of Issuance	\$ (10,997)									
Premium on Sale of Bonds										
Transfers In	460,762	\$ 104,245	\$ 361,345			96,904				\$ 275,000
Transfers Out	(460,762)	(104,245)	(361,345)	-	-	(96,904)	-	-	-	(275,000)
Total Other Financing Sources (Uses)	<u>(10,997)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>910,380</u>	<u>-</u>	<u>77,284</u>	<u>2,374,921</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (2,669,237)</u>	<u>\$ 265,903</u>	<u>\$ (540,842)</u>	<u>\$ (772,080)</u>	<u>\$ 1,002,433</u>	<u>\$ 162,329</u>	<u>\$ (389,551)</u>	<u>\$ (80,546)</u>	<u>\$ 1,559,048</u>	<u>\$ (1,210,446)</u>
Debt Service as a Percentage of Noncapital Expenditures	4.85%	4.53%	3.55%	4.29%	4.42%	3.68%	4.13%	4.00%	3.86%	4.25%

* Noncapital expenditures are total expenditures less capital outlay.

**MAYWOOD BOARD OF EDUCATION
GENERAL FUND
OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Fiscal Year Ended June 30</u>	<u>Interest on Deposits</u>	<u>Prior Year Accounts Payable Cancelled</u>	<u>Tuition</u>	<u>E-Rate</u>	<u>Energy Rebates</u>	<u>Facility Use Fees</u>	<u>Shared Service Agreements</u>	<u>Misc.</u>	<u>Total</u>
2008	\$ 5,675							\$ 7,245	\$ 12,920
2009	38,154		\$ 120,275					31,337	189,766
2010	18,982		235,356					79,923	334,261
2011	22,545		188,422					27,459	238,426
2012	2,327	\$ 448,456	269,286					50,001	770,070
2013	2,495		291,331					12,588	306,414
2014	6,428		121,155					1,835	129,418
2015	2,025	14,519	140,927					93,543	251,014
2016	1,144	12,889	194,168	\$ 40,085		\$ 22,000	\$ 85,000	11,907	367,193
2017	1,271		58,885	37,267	\$ 46,082	27,200	110,000	46,183	326,888

Source: District's financial records

MAYWOOD BOARD OF EDUCATION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2008	\$ 10,218,100	\$ 1,131,820,000	\$ 119,258,700	\$110,343,600	\$ 59,479,500	\$ 1,431,119,900	\$ 418,145	\$ 1,431,538,045	\$ 1,414,510,831	\$ 1.017
2009	8,993,200	1,127,099,000	120,968,100	110,343,600	59,479,500	1,426,883,400	1,326,499	1,428,209,899	1,414,905,763	1.025
2010	8,245,300	1,123,410,200	123,677,300	109,286,400	55,811,700	1,420,430,900	1,875,053	1,422,305,953	1,368,928,001	1.072
2011	9,543,300	1,123,414,000	119,176,800	104,769,000	53,635,600	1,410,538,700	1,406,988	1,409,945,788	1,395,595,810	1.122
2012	12,865,700	864,613,100	118,993,500	95,232,000	52,484,700	1,144,189,000	1,364,594	1,145,553,594	1,243,838,007	1.405
2013	11,701,800	865,585,900	118,885,500	90,696,900	52,484,700	1,139,354,800	626,290	1,139,981,090	1,280,476,904	1.436
2014	10,749,900	866,685,400	121,041,800	91,765,500	52,484,700	1,142,727,300	92,580	1,142,819,880	1,240,874,253	1.477
2015	10,749,900	868,321,900	121,041,800	106,765,500	52,484,700	1,159,363,800	60,490	1,159,424,290	1,287,462,683	1.516
2016	11,087,500	871,710,800	120,446,300	105,867,600	52,320,100	1,161,432,300	90,490	1,161,522,790	1,300,816,824	1.570
2017	10,749,900	875,002,500	119,726,900	99,665,500	52,320,100	1,157,464,900	86,390	1,157,551,290	1,286,169,100	1.621

Source: County Abstract of Ratables

^a Tax rates are per \$100

**MAYWOOD BOARD OF EDUCATION
PROPERTY TAX RATES
PER \$100 OF ASSESSED VALUATION
LAST TEN YEARS
(Unaudited)**

Calendar Year	<u>Total</u>	<u>Local School District</u>	<u>Municipality</u>	<u>County</u>
2008	\$ 1.871	\$ 1.001	\$ 0.688	\$ 0.182
2009	1.943	1.025	0.728	0.190
2010	2.047	1.072	0.787	0.188
2011	2.147	1.112	0.831	0.204
2012	2.678	1.405	1.036	0.237
2013	2.744	1.436	1.057	0.251
2014	2.782	1.477	1.054	0.251
2015	2.822	1.516	1.039	0.267
2016	2.902	1.570	1.057	0.275
2017	2.994	1.621	1.082	0.291

Source: Tax Duplicate, Borough of Maywood

**MAYWOOD BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

Taxpayer	2017		2008	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Kin Properties Inc.	\$ 22,434,400	1.93%	\$ 23,449,800	1.64%
Vornado Bergen Mall, LLC	21,032,000	1.81%	15,387,000	1.07%
S.W.S. Realty	16,912,000	1.46%	8,747,900	0.61%
Maywood Developers, LLC	13,731,500	1.18%	5,979,700	0.42%
Adler (etal), Myron	11,884,500	1.02%	12,708,300	0.89%
Essex Gardens, LLC	10,233,700	0.88%	12,173,300	0.85%
Maywood Health Care Realty LLC	7,909,000	0.68%		
Seneca Realty Holdings	6,443,500	0.55%		
Stephan Company	6,063,300	0.52%	16,140,200	1.13%
Maywood Joint Venture	5,881,700	0.51%		
Maybrook Gardens			13,349,300	0.93%
Trumed Properties			7,485,100	0.52%
Stephan Company (2)			7,310,000	0.51%
	<u>\$ 122,525,600</u>	<u>10.55%</u>	<u>\$ 122,730,600</u>	<u>8.57%</u>

Source: Municipal Tax Assessor

**MAYWOOD BOARD OF EDUCATION
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		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 14,166,400	\$ 14,166,400	100.00%	-
2009	14,475,557	14,475,557	100.00%	-
2010	14,847,208	14,847,208	100.00%	-
2011	15,557,324	15,557,324	100.00%	-
2012	15,952,253	15,952,253	100.00%	-
2013	16,225,553	16,225,553	100.00%	-
2014	16,477,359	16,477,359	100.00%	-
2015	17,217,381	17,217,381	100.00%	-
2016	17,898,301	17,898,301	100.00%	-
2017	18,572,237	18,572,237	100.00%	-

Source: District's financial records

**MAYWOOD BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities					Business-Type Activities		Total District	Population	Per Capita
	General Obligation Bonds	Loans	Capital Leases	Lease Purchase Agreements	Bond Anticipation Notes (BANs)	Capital Leases				
2008	\$ 11,902,000	\$ 152,765			N/A	N/A	\$ 12,054,765	9,112	\$ 1,323	
2009	11,757,000				N/A	N/A	11,757,000	9,144	1,286	
2010	11,602,000				N/A	N/A	11,602,000	9,565	1,213	
2011	11,282,000				N/A	N/A	11,282,000	9,595	1,176	
2012	10,947,000				N/A	N/A	10,947,000	9,646	1,135	
2013	10,857,000		\$ 187,311		N/A	N/A	11,044,311	9,716	1,137	
2014	10,452,000		156,853		N/A	N/A	10,608,853	9,760	1,087	
2015	10,080,000		125,706		N/A	N/A	10,205,706	9,805	1,041	
2016	9,620,000		93,854	\$ 2,374,921	N/A	N/A	12,088,775	9,785	1,235	
2017	9,160,000		61,282	2,306,663	N/A	N/A	11,527,945	9,785 *	1,178	

Source: District records

*Estimate

MAYWOOD BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2008	\$ 11,902,000	-	\$ 11,902,000	0.83%	\$ 1,323
2009	11,757,000	-	11,757,000	0.82%	1,286
2010	11,602,000	-	11,602,000	0.82%	1,213
2011	11,282,000	-	11,282,000	0.80%	1,176
2012	10,947,000	-	10,947,000	0.96%	1,135
2013	10,857,000	-	10,857,000	0.95%	1,137
2014	10,452,000	-	10,452,000	0.91%	1,087
2015	10,080,000	-	10,080,000	0.91%	1,041
2016	9,620,000	-	9,620,000	0.82%	1,235
2017	9,160,000	-	9,160,000	0.79%	1,178 *

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

* Estimate

**MAYWOOD BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Borough of Maywood School District	\$ 9,160,000	\$ 9,160,000	
Borough of Maywood	<u>13,238,475</u>	<u>547,034</u>	<u>\$ 12,691,441</u>
 Total Direct Debt	 <u>\$ 22,398,475</u>	 <u>\$ 9,707,034</u>	 12,691,441
 Overlapping Debt Apportioned to the Municipality:			
Bergen County: (3);(A):			
County of Bergen (A)			9,332,510
Bergen County Utilities Authority - Water Pollution (B)			<u>3,968,825</u>
			 <u>13,301,335</u>
 Total Direct and Overlapping Debt			 <u>\$ 25,992,776</u>

- (A) The debt for this entity was apportioned to the Borough of Maywood by dividing the Municipality's 2016 equalized value by the total 2016 equalized value for Bergen County.
- (B) Overlapping Debt was computed based upon municipal flow to the Authority.

Sources:

- (1) Borough of Maywood Annual Debt Statement
- (2) BCUA 2016 Audit
- (3) Bergen County 2016 Annual Debt Statement

MAYWOOD BOARD OF EDUCATION
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized valuation basis

2016	\$	1,344,405,950
2015		1,292,202,185
2014		1,262,821,638
	\$	<u>3,899,429,773</u>

Average equalized valuation of taxable property

	\$	<u>1,299,809,924</u>
--	----	----------------------

Debt limit (3 % of average equalization value)
 Total Net Debt Applicable to Limit
 Legal debt margin

	\$	38,994,298 ^a
		<u>9,160,000</u>
	\$	<u>29,834,298</u>

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 39,277,593	\$ 41,618,618	\$ 41,750,837	\$ 41,730,671	\$ 40,933,405	\$ 40,070,153	\$ 38,392,110	\$ 37,723,443	\$ 37,856,944	\$ 38,994,298
Total Net Debt Applicable to Limit	<u>11,902,295</u>	<u>11,757,295</u>	<u>11,602,000</u>	<u>11,282,000</u>	<u>10,947,000</u>	<u>10,857,000</u>	<u>10,452,000</u>	<u>10,080,000</u>	<u>9,620,000</u>	<u>9,160,000</u>
Legal Debt Margin	<u>\$ 27,375,298</u>	<u>\$ 29,861,323</u>	<u>\$ 30,148,837</u>	<u>\$ 30,448,671</u>	<u>\$ 29,986,405</u>	<u>\$ 29,213,153</u>	<u>\$ 27,940,110</u>	<u>\$ 27,643,443</u>	<u>\$ 28,236,944</u>	<u>\$ 29,834,298</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	30.30%	28.25%	27.79%	27.04%	26.74%	27.09%	27.22%	26.72%	25.41%	23.49%

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

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

**MAYWOOD BOARD OF EDUCATION
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income(1)</u>	<u>Population</u>
2007	3.2%	\$ 68,147	9,139
2008	4.2%	68,548	9,112
2009	7.5%	64,571	9,144
2010	7.7%	65,275	9,565
2011	7.6%	68,244	9,595
2012	7.7%	71,380	9,646
2013	7.9%	70,498	9,716
2014	5.5%	73,536	9,760
2015	4.6%	75,849	9,805
2016	4.1%	N/A	9,785

Source: United States Bureau of Census
School District Records

(1) Bergen County Per Capita Income

MAYWOOD BOARD OF EDUCATION
PRINCIPAL EMPLOYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

<u>Employer</u>	<u>2017</u>		<u>2008</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

**MAYWOOD BOARD OF EDUCATION
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 FOR THE LAST TEN FISCAL YEARS
 (Unaudited)**

<u>Function/Program</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>
Instruction										
Regular	52	52	52	52	53	57	59	60	69	71
Special Education	5	5	5	5	6	10	15	14	18	17
Other Special Education	33	29	25	26	23	23	22	23	30	28
Vocational										
Other Instruction										
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services	1	1	1	1	2	10	10	10	10	10
General Administration	2	2	1	2	2	2	2	2	2	2
School Administrative Services	2	2	1	1	1	2	2	2	2	2
Other Administrative Services	9	9	9	9	9	5	5	5	5	5
Central Services	4	4	4	4	4	4	4	4	5	5
Administrative Information Technology	-	-	-	-	-	-	-	-	-	-
Plant Operations And Maintenance	13	13	11	10	10	10	10	10	10	10
Pupil Transportation	-	-	-	-	-	-	-	-	-	-
Other Support Services	1	1	1	1	1					
Special Schools										
Food Service										
Child Care										
Total	<u>122</u>	<u>118</u>	<u>110</u>	<u>111</u>	<u>111</u>	<u>123</u>	<u>129</u>	<u>130</u>	<u>151</u>	<u>150</u>

Source: District Personnel Records

Note:
 GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

MAYWOOD BOARD OF EDUCATION
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 (Unaudited)

Pupil/Teacher Ratio

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2008	845	\$ 16,706,534	\$ 19,771	10.55%	90.00	1:11	N/A	N/A	845	813	-1.52%	96.21%
2009	907	17,002,633	18,746	-5.18%	86.00	1:11	N/A	N/A	907	870	6.84%	95.92%
2010	931	17,764,159	19,081	1.79%	82.00	1:11	N/A	N/A	931	892	2.65%	95.81%
2011	927	18,019,227	19,438	1.87%	83.00	1:11	N/A	N/A	927	887	-0.43%	95.69%
2012	914	17,517,971	19,166	-1.40%	82.00	1:11	N/A	N/A	912	876	-1.63%	96.06%
2013	960	18,705,517	19,485	1.66%	90.00	1:11	N/A	N/A	953	912	4.51%	95.70%
2014	967	19,008,758	19,657	0.89%	96.00	1:10	N/A	N/A	965	926	1.26%	95.96%
2015	943	19,638,796	20,826	6.88%	97.00	1:10	N/A	N/A	945	907	-2.07%	95.98%
2016	969	20,355,997	21,007	6.87%	117.00	1:8	N/A	N/A	967	926	2.33%	95.76%
2017	976	21,091,249	21,610	3.76%	116.00	1:8	N/A	N/A	976	936	0.93%	95.90%

Sources: District records

- Note:
- a Enrollment based on annual October district count.
 - b Operating expenditures equal total expenditures less debt service and capital outlay.
 - c Cost per pupil represents operating expenditures divided by enrollment.

MAYWOOD BOARD OF EDUCATION
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS
 (Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>District Building</u>										
<u>Elementary</u>										
Square Feet	46,191	46,191	46,191	46,191	54,138	54,138	54,138	54,138	54,138	54,138
Capacity (students)	395	395	395	395	463	463	463	463	463	463
Enrollment	403	403	435	442	440	437	440	440	446	445
<u>Middle School</u>										
Square Feet	91,495	91,495	91,495	91,495	98,583	98,583	98,583	98,583	98,583	98,583
Capacity (students)	548	548	548	548	590	590	590	590	590	590
Enrollment	474	504	496	485	474	523	527	527	523	531
Number of Schools at June 30, 2017										
Elementary =	1									
Middle School =	1									
Senior High School =	-									
Other =	-									

Source: District Records

**MAYWOOD BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS ENDED JUNE 30,
(UNAUDITED)**

	<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>
School Facilities										
Maywood Ave. School	\$ 310,821	\$ 174,399	\$ 155,659	\$ 123,056	\$ 129,157	\$ 166,717	\$ 185,987	\$ 192,327	\$ 180,373	\$ 216,088
Memorial School	<u>128,206</u>	<u>101,998</u>	<u>125,097</u>	<u>87,196</u>	<u>155,330</u>	<u>82,594</u>	<u>96,066</u>	<u>99,340</u>	<u>99,054</u>	<u>118,667</u>
Grand Total	<u>\$ 439,027</u>	<u>\$ 276,397</u>	<u>\$ 280,756</u>	<u>\$ 210,252</u>	<u>\$ 284,487</u>	<u>\$ 249,311</u>	<u>\$ 282,053</u>	<u>\$ 291,667</u>	<u>\$ 279,427</u>	<u>\$ 334,755</u>

Source: District records

**MAYWOOD BOARD OF EDUCATION
SCHEDULE OF INSURANCE
AS OF JUNE 30, 2017
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Zurich Insurance Fund		
Property	\$ 40,697,924	\$ 2,500
Electronic Data Processing	3,000,000	
Boiler & Machinery	50,000,000	2,500
Crime Coverage	50,000	1,000
Comprehensive General Liability	2,000,000	
Bodily Injury & Property Damage	1,000,000	
Personal Injury & Advertising Injury	1,000,000	
Employee Benefit Liability	1,000,000	
Automobile		
Combined Single Limit for Bodily Injury	1,000,000	
Uninsured/Underinsured Motorists	1,000,000	
Medical Payments	5,000	
Public Employees' Faithful Performance Blanket	500,000	5,000

Source: School District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
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ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA, PSA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Maywood Board of Education
Maywood, 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 audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Maywood Board of Education as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Maywood Board of Education's basic financial statements and have issued our report thereon dated September 29, 2017.

Internal Control Over Financial Reporting

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

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

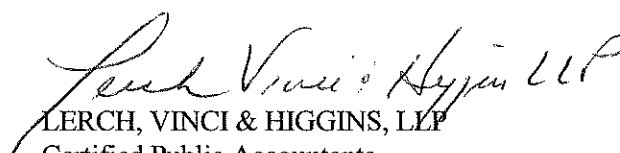
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

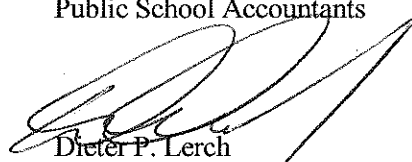
Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Maywood Board of Education’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 Maywood Board of Education’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants


Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
September 29, 2017



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
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SHERYL M. NICOLOSI, CPA, PSA

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Maywood Board of Education
Maywood, New Jersey

Report on Compliance for Each Major State Program

We have audited the Maywood Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Maywood Board of Education's major state programs for the fiscal year ended June 30, 2017. The Maywood Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Maywood Board of Education's major 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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and New Jersey Circular 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 Maywood Board of Education'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 state program. However, our audit does not provide a legal determination of the Maywood Board of Education's compliance.

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

Management of the Maywood Board of Education 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 Maywood Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 state program and to test and report on internal control over compliance in accordance with the New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Maywood Board of Education's internal control over compliance.

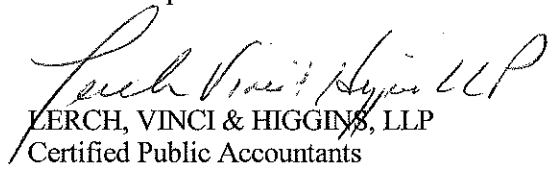
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 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 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.

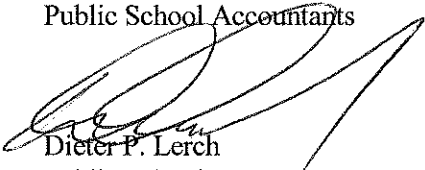
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Maywood Board of Education, as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated September 29, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
September 29, 2017

MAYWOOD BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2016	Carryover Amount	Cash Received	Budgetary Expenditures	June 30, 2017			(Memo) GAAP Receivable
										Accounts Receivable	Deferred Revenue	Due to Grantor	
U.S. Department of Health and Human Services General Fund													
ARRA - Medical Assistance Program (SEMI)	93.778	1705NJ5MAP	N/A	4/1/09-12/31/09	\$ 416	-	-	\$ 416	\$ 416	-	-	-	-
Total General Fund						-	-	416	416	-	-	-	-
Food Service Fund													
Non-Cash Assistance (Food Distribution Program)	10.555	171NJ304N1099	N/A	7/1/16-6/30/17	20,433			20,433	17,981		\$ 2,452		
National School Lunch Program Cash Assistance	10.555	171NJ304N1099	N/A	7/1/16-6/30/17	64,142			58,972	64,142	\$ (5,170)			\$ (5,170)
National School Lunch HHFKA (PB) Cash Assistance	10.555	171NJ304N1099	N/A	7/1/16-6/30/17	4,402			4,034	4,402	(368)			(368)
National School Breakfast Program Cash Assistance	10.555	171NJ304N1099	N/A	7/1/16-6/30/17	504			496	504	(8)			(8)
Non-Cash Assistance (Food Distribution Program)	10.555	16161NJ304N1099	N/A	7/1/15-6/30/16	19,750	\$ 1,329			1,329				
National School Lunch Program Cash Assistance	10.555	16161NJ304N1099	N/A	7/1/15-6/30/16	66,460	(13,599)		13,599					
National School Lunch HHFKA (PB) Cash Assistance	10.555	16161NJ304N1099	N/A	7/1/15-6/30/16	4,363	(893)		893					
National School Breakfast Program Cash Assistance	10.553	16161NJ304N1099	N/A	7/1/15-6/30/16	1,893	(291)		291					
Total Child Nutrition Cluster/Food Service Fund						(13,454)	-	98,718	88,358	(5,546)	2,452	-	(5,546)
U.S. Department of Education Passed- through State Dept. of Education													
Special Revenue Fund													
IDEA Part B, Basic	84.027	H027A160100	IDEA306017	7/1/16-6/30/17	233,300			233,300	233,300	-			-
IDEA Part B, Basic	84.027	H027A150100	IDEA306016	7/1/15-6/30/16	241,151	(12,149)		12,149		-			-
IDEA Preschool	84.173	H173A160114	IDEA306017	7/1/16-6/30/17	10,148			10,148	10,148	-			-
IDEA Preschool	84.173	H173A150114	IDEA306016	7/1/15-6/30/16	10,053	(289)		289		-			-
Total Special Education Cluster (IDEA)						(12,438)	-	255,886	243,448	-	-	-	-
Special Revenue Fund													
Title I	84.010a	S010A160030	NCLB306017	7/1/16-6/30/17	132,797			132,797	132,797	-			-
Title I	84.010a	S010A150030	NCLB306016	7/1/15-6/30/16	140,632	(29,132)		29,132		-			-
Title II - A	84.367a	S367A160029	NCLB306017	7/1/16-6/30/17	21,779			21,779	21,779	-			-
Title II - A	84.367a	S367A150029	NCLB306016	7/1/15-6/30/16	24,101	(22,130)		22,130		-			-
Title III	84.365a	S365A150030	NCLB306016	7/1/15-6/30/16	11,311	(8,293)		8,293		-			-
Total Special Revenue Fund						(71,993)	-	470,017	398,024	-	-	-	-
Total Federal Financial Assistance						\$ (85,447)	\$ -	\$ 569,151	\$ 486,798	\$ (5,546)	\$ 2,452	\$ -	\$ (5,546)

Note: This schedule was not subject to a Federal Single Audit in accordance with U.S. Uniform Guidance.

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Maywood Board of Education. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

The 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 a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$42,490 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 416	\$ 3,083,350	\$ 3,083,766
Special Revenue Fund	398,024		398,024
Food Service Fund	<u>88,358</u>	<u>3,163</u>	<u>91,521</u>
Total Financial Assistance	<u>\$ 486,798</u>	<u>\$ 3,086,513</u>	<u>\$ 3,573,311</u>

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$422,708 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2017. The amount reported as TPAF Pension System Contributions in the amount of \$645,814, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$538,110 and TPAF Long-Term Disability Insurance in the amount of \$654 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2017.

NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

MAYWOOD BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
1) Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to the basic financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Awards Section

NOT APPLICABLE

MAYWOOD BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over compliance:

- 1) Material weakness(es) identified? _____ yes X no
- 2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? _____ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB 15-08, as amended? _____ yes X none

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>17-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>17-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>17-495-034-5120-084</u>	<u>Security Aid</u>
<u>17-495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>17-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>17-495-034-5120-101</u>	<u>Professional Learning Community Aid</u>

Dollar threshold used to distinguish between Type A and Type B Programs \$ 750,000

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

**MAYWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

There are none.

**MAYWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, as amended.

CURRENT YEAR FEDERAL AWARDS

Not Applicable.

CURRENT YEAR STATE AWARDS

There are none.

**MAYWOOD BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

There were none.