

TOWNSHIP OF MAHWAH

SCHOOL DISTRICT

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018**

**Comprehensive Annual
Financial Report**

of the

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

Mahwah, New Jersey

For the Fiscal Year Ended June 30, 2018

Prepared by

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

Finance Department

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INTRODUCTORY SECTION



MAHWAH BOARD OF EDUCATION

60 Ridge Road, Mahwah, NJ 07430

C. Lauren Schoen, Ed.D.
Superintendent of Schools

Dennis M. Fare
Assistant Superintendent

Michael DeTuro, Ed.D.
Director of Curriculum and
Instruction

Kyle J. Bleeker
Business Administrator/Board Secretary

Lisa Rizzo
Director of Special Services

January 18, 2019

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

Dear Board Members:

The comprehensive annual financial report of the Mahwah Township School District for the fiscal year ended June 30, 2018 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, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mahwah Township School District as of June 30, 2018, and the respective changes in financial positions and cash flows, where applicable, thereof for the fiscal year ended in conformity with the accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" and the New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws, regulations, findings and recommendations are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: Mahwah Township School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The Mahwah Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels PK through 12. These services include regular and special education for handicapped students. The District provides a pre-school program for eligible students and a pre-school program for special education students that served a combined 31 students in 2017-2018.

The District completed the 2017-2018 fiscal year with an enrollment of 2,872 students, which is 50 fewer students than the previous year's enrollment. In addition, 62 students are sent to out-of-district special education programs. The following table details the changes in the student enrollment of the District.

Enrollment as of June 30

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2017-2018	2,872	(1.71) %
2016-2017	2,922	(2.14) %
2015-2016	2,986	(3.02) %
2014-2015	3,079	(3.08) %
2013-2014	3,177	(1.39) %
2012-2013	3,222	(2.33) %
2011-2012	3,299	(2.07) %
2010-2011	3,369	(2.20) %
2009-2010	3,445	(1.10) %
2008-2009	3,484	0.81%
2007-2008	3,456	1.24%
2006-2007	3,420	1.24%
2005-2006	3,378	1.50%
2004-2005	3,328	1.00%
2003-2004	3,295	2.00%
2002-2003	3,230	3.89%
2001-2002	3,109	4.47%
2000-2001	2,976	3.05%
1999-2000	2,888	5.64%
1998-1999	2,734	5.15%
1997-1998	2,600	7.52%
1996-1997	2,418	4.40%
1995-1996	2,316	5.65%
1994-1995	2,192	2.00%
1993-1994	2,149	0.90%
1992-1993	2,130	4.70%
1991-1992	2,035	6.30%
1990-1991	1,915	4.90%

2) ECONOMIC CONDITION AND OUTLOOK: The Township of Mahwah's economic condition is consistent with that of the county and region. Future development in the Township, including affordable housing, will be closely monitored to determine the potential impact to student enrollment. Tax rates for the Township are comparable, or lower, compared to similar municipalities in the county.

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

Major initiatives include an addition on the High School campus to add dedicated lab space for curriculum aligned with STEAM (Science, Technology, Engineering, Arts, and Math) courses. In addition, a room designed to host professional development opportunities, is also part of the addition.

Planning is expected to take place during the 2018-2019 school year to allow for the High School to provide a laptop computer to every student for use at school and home, more commonly referred to a 1:1 environment. This initiative is planned for implementation during the 2019-2020 school year. At the middle school, continuation of the modified 1:1 environment is expected. This environment offers a computer to every student; however, the devices remain at school and do not travel with the student.

4) DISTRICT INFORMATION:

A. Graduation Statistics

95.4% of the Class of 2018 is pursuing higher education.

Post-Graduation Plans

	2018	2017	2016
Total Graduates	221	251	222
Post-Secondary Ed.	(211) 95.4%	(235) 93.6%	(208) 93.3%
4- Yr. Colleges	(185) 83.7%	(212) 84.5%	(175) 78.5%
2 - Yr. Colleges	(26) 11.7%	(23) 9.2%	(33)14.8%
Other	(10) 4.5%	(16) 6.3%	(14) 6.7%

College Data

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

State	# of Students Attending	State	# of Students Attending
New Jersey	81	Arizona	2
New York	21	North Carolina	2
Pennsylvania	19	New Hampshire	2
Massachusetts	16	Maine	2
Connecticut	13	California	1
Virginia	10	Texas	1
Rhode Island	9	Ohio	1

The Honorable President and
 Members of the Board of Education
 Mahwah Township School District
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 January 18, 2019

College Data

State	# of Students Attending	State	# of Students Attending
Maryland	8	Illinois	1
Georgia	4	Indiana	1
South Carolina	4	Vermont	1
Delaware	4	Colorado	1
Alabama	3		

Advanced Placement Testing
 213 Students took 467 exams in
 24 academic subjects in May 2018
 91% of the students scored 3 or better
 As reported to College Board as of 7/17/18

AP COURSE	Average Score	AP COURSE	Average Score
Biology	3.0	Music Theory	4.17
Calculus AB	4.1	Physics C- E&M	2.7
Calculus BC	4.9	Physics C- Mechanics	3.6
Chemistry	2.1	Psychology	3.9
Chinese	4.0	Spanish	4.2
Computer Science	3.8	Statistics	4.1
Economics-Macro	3.6	Studio Art- Drawing	3.0
Economics-Micro	3.8	Studio Art-2D	2.5
English Language	3.9	Studio Art-3D	2.6
English Literature	3.7	US Govt. & Politics	3.2
Environmental Science	4.0	US History	4.1
European History	3.5		
French Language	3.6		

Class of 2018 – College Matriculation

<u>College</u>	<u># of Students Attending</u>	<u>College</u>	<u># of Students Attending</u>	<u>College</u>	<u># of Students Attending</u>
Adelphi University	1	Georgia Institute of Technology	1	Salve Regina University	1
Amherst College	1	High Point University	2	Savannah College of Art and Design	2
Arizona State University	1	Indiana University at Bloomington	1	School of Visual Arts	1
Auburn University	1	Ithaca College	1	Seton Hall University	4
Barnard College	1	James Madison University	6	Shippensburg University	1
Baylor University	1	Keene State College	1	SUNY at Albany	2
Bergen Community College	23	Lafayette College	1	Stevens Institute of Technology	2
Berklee College of Music	1	Lasell College	2	Syracuse University	5
Boston University	5	Liberty University	1	Temple University	4
Brown University	1	Loyola University Maryland	2	The College of New Jersey	7
Bucknell University	2	Marist College	4	The University of Alabama	2
Case Western Reserve University	1	Massachusetts Institute of Technology	1	Trinity International University	1
Castleton University	1	Middlesex County College	1	Unity College	1
Clarkson University	1	Millersville University	1	University of Delaware	4
Clemson University	2	Monmouth University	3	University of Hartford	2
Coastal Carolina University	1	Montclair State University	3	University of Maine	1
Colorado State University	1	Mount St. Mary's University	1	University of Maryland, College Park	3
Cornell University	1	Muhlenberg College	1	University of Miami	1

Class of 2018 – College Matriculation

<u>College</u>	<u># of Students Attending</u>	<u>College</u>	<u># of Students Attending</u>	<u>College</u>	<u># of Students Attending</u>
County College of Morris	1	New Jersey Institute of Technology	2	University of Pennsylvania	2
Dartmouth College	1	Northeastern University	2	University of Pittsburgh	3
Drew University	2	Old Dominion University	1	University of Rhode Island	3
Embry-Riddle Aeronautical Univ.	1	Pennsylvania State University	3	University of Rochester	1
Emerson College	2	Quinnipiac University	7	University of South Carolina	1
Emory University	1	Ramapo College of New Jersey	10	University of Southern California	1
Fairfield University	2	Rhode Island School of Design	2	University of the Sciences in Philadelphia	1
FDU - Florham Campus	1	Rider University	1	University of Virginia	2
FDU - Metropolitan Campus	1	Roger Williams University	2	Wagner College	1
Fashion Institute of Technology	1	Rowan University	3	Washington College	1
Florida Gulf Coast University	1	Rutgers University-New Brunswick	12	Western Connecticut State University	1
Florida State University	1	Sacred Heart University	1	William Paterson University	5
Fordham University	1	Salisbury University	1	Worcester Polytechnic Institute	1

B. Capital Reserve Analysis

In the 2000-2001 school year, the District established a capital reserve account to designate monies to fund future capital projects. Utilization of these funds permits the District to make capital improvement to its facilities without burdening the taxpayer or securing financing through the issuance of debt.

The following table traces the history of the capital reserve account resulting with the June 30, 2018 ending balance of \$5,676,638.

2000-2001	Fund Balance Allocation	10,000
2001-2002	Investment Income	250
2002-2003	Investment Income	200
2003-2004	Budget Tax Levy Allocation	1,200,000
2003-2004	Investment Income	125
2004-2005	Investment Income	29,861
2004-2005	Fund Balance Allocation	713,000
2005-2006	Investment Income	79,895
2005-2006	Expenditures	(1,033,350)
2006-2007	Fund Balance Allocation	250,000
2006-2007	Investment Income	60,145
2006-2007	Expenditures	(180,235)
2007-2008	Fund Balance Allocation	515,000
2007-2008	Investment Income	39,089
2008-2009	Fund Balance Allocation	1,550,000
2008-2009	Investment Income	20,108
2008-2009	Expenditures	(897,160)
2009-2010	Fund Balance Allocation	750,000
2009-2010	Investment Income	19,467
2009-2010	Expenditures	(1,352,662)
2009-2010	Transfer from Capital Projects Fund	1,335
2010-2011	Investment Income	6,496
2010-2011	Fund Balance Allocation	2,200,000
2011-2012	Investment Income	3,408
2011-2012	Fund Balance Allocation	2,400,000
2011-2012	Expenditures	(300,000)

B. Capital Reserve Analysis

2012-2013	Investment Income	4,933
2012-2013	Fund Balance Allocation	1,500,000
2012-2013	Budget Appropriation	750,000
2013-2014	Investment Income	10,173
2013-2014	Fund Balance Allocation	450,000
2013-2014	Budget	360,000
2013-2014	Expenditures	(1,941,058)
2014-2015	Investment Income	10,485
2014-2015	Fund Balance Allocation	1,350,000
2014-2015	Expenditures Budgeted	(2,512,233)
2015-2016	Investment Income	11,218
2015-2016	Fund Balance Allocation	1,500,000
2016-2017	Expenditures Budgeted	(1,174,000)
2016-2017	Investment Income	21,023
2016-2017	Fund Balance Allocation	2,500,000
2016-2017	Return of Unexpended	109,070
	Beginning Balance July 1, 2017	9,034,583
2017-2018	Expenditures Budgeted	(1,935,000)
2017-2018	Expenditures	(4,633,919)
2017-2018	Fund Balance Allocation	1,000,000
2017-2018	Return of Unexpended Budget Balances	1,549,662
2017-2018	Transfer from Capital Projects Fund	613,072
2017-2018	Investment Income	48,240
	Ending Balance June 30, 2018	5,676,638

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at a year-end are either canceled or are included as re-appropriations of fund balance in the subsequent fiscal year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2018.

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

8) DEBT ADMINISTRATION: During the 2017-2018 school year the district made payments of \$2,398,775 (\$2,032,000 principal and \$366,775 interest) towards debt issues. This included the final payment for a bond that was issued in 1997. At June 30, 2018, the District's outstanding debt of \$7,085,000 represents the principal for two remaining issues. These remaining issues are expected to be fully paid in the 2022-2023 and 2023-2024 years.

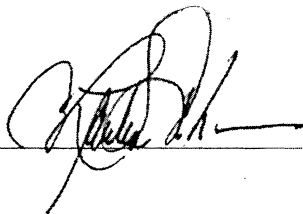
9) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in “Notes to the Basic Financial Statements”, Note 3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under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

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

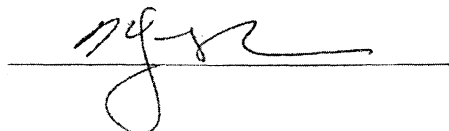
11) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia, LLP was appointed by the Board of Education for this purpose. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

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

Respectfully submitted,

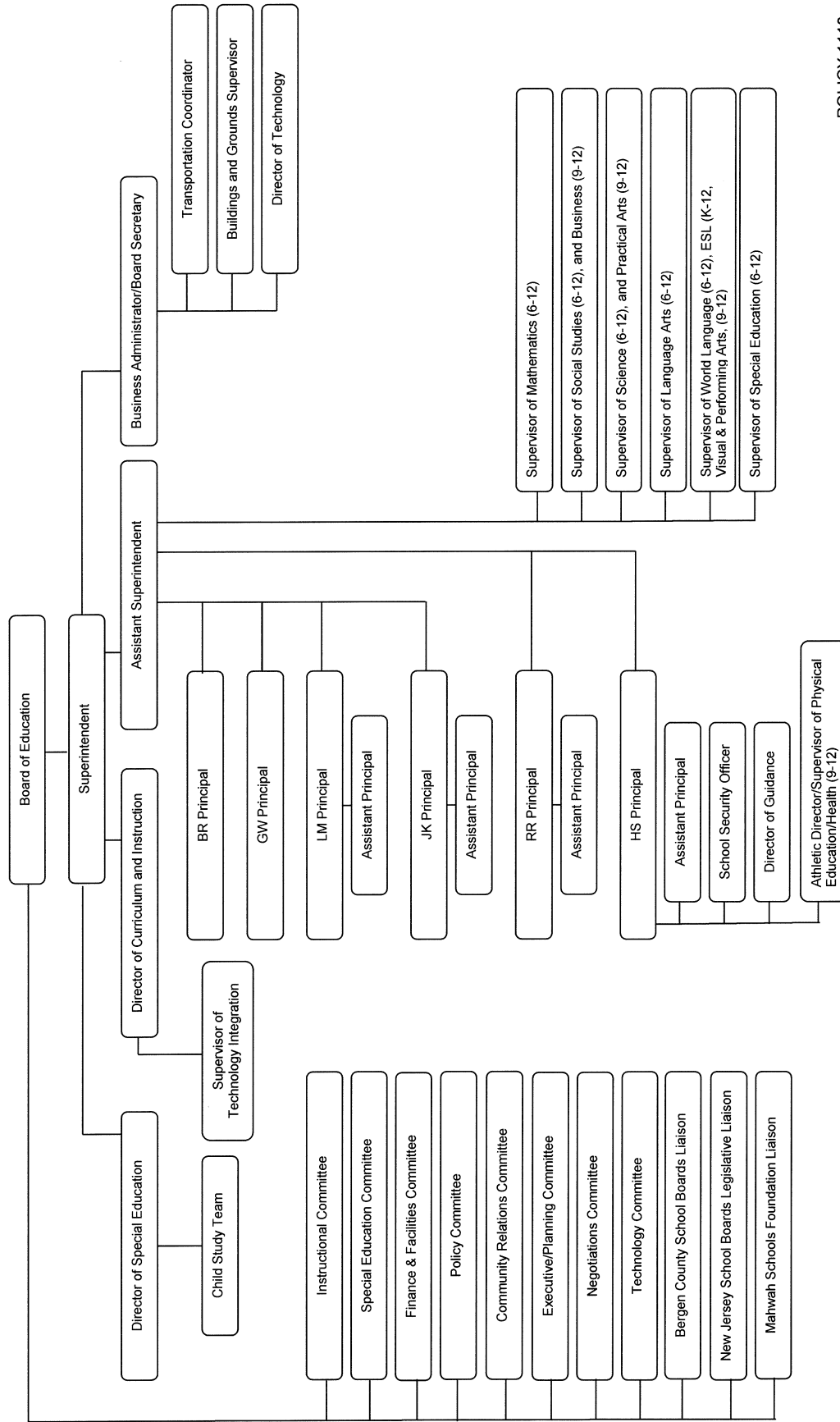


Dr. C. Lauren Schoen
Superintendent



Kyle J. Bleeker
Board Secretary/Business Administrator

ORGANIZATIONAL CHART – 2017-2018



POLICY 1110

**TOWNSHIP OF MAHWAH SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2018**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Kim Barron, President	2020
Richard A. DeSilva, Jr., First Vice President	2020
Leslie Konikow, Second Vice President	2018
Michael Galow	2018
Benjamin A. Kezmarsky	2018
Linda Mavretish	2019
Dr. Prema C. Moorthy	2019
Peter J. Wendrychowicz	2019
Lynda Zaccone	2020

<u>Other Officials</u>	<u>Title</u>
C. Lauren Schoen, Ed.D.	Superintendent of Schools
Kyle J. Bleeker	School Business Administrator/Board Secretary
Kenneth Sesholtz	Treasurer

**TOWNSHIP OF MAHWAH SCHOOL DISTRICT
Consultants and Advisors**

Architect Firm

Tokarski & Millemann Architects, LLC
1729 Route 35
Wall, NJ 07719

Audit Firm

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

Attorneys

Schwartz Edelstein Law Group, LLC
100 S. Jefferson Road, Suite 200
Whippany, NJ 07981

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

Scarinci & Hollenbeck, LLP
1100 Valley Brook Avenue
Lyndhurst, NJ 07071

Fogary & Hara
21-00 Route 208 South
Fairlawn, NJ 07410

Bond Counsel

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

Risk Management Consultants

IMAC Insurance Agency
540 Mill Street
Belleville, NJ 07109

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

Official Depository

TD Bank
One Interstate Shopping Center
Ramsey, NJ 07446

Financial Advisors

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

FINANCIAL SECTION



Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-328-1825 | 973-328-0507 Fax
Lawrence Business Center
11 Lawrence Road
Newton, NJ 07860
973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Township of Mahwah School District (the "District") in the County of Bergen, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise of the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

The Honorable President and Members of
the Board of Education
Township of Mahwah School District
Bergen County, New Jersey
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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 District, as of June 30, 2018, 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.

Emphasis of Matter

As discussed in Note 11 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, during the fiscal year ended June 30, 2018. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, which follows this report, the pension and postemployment benefit schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”); and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Honorable President and Members of
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The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

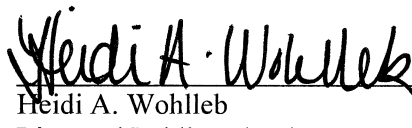
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

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

January 18, 2019
Mount Arlington, New Jersey

NISIVOCCIA LLP



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

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

**Township of Mahwah School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)**

This section of the Township of Mahwah School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's financial status improved by \$4,037,285 on a District-wide basis.
- Net position from the District's governmental activities increased \$3,926,430.
- Net position from the District's business-type activities increased \$110,855.
- Overall revenue was \$99.86 million.
- Overall expenses were \$95.81 million.
- Actual General Fund budgetary basis revenue (net of on-behalf TPAF contributions and reimbursed TPAF social security) was \$940,718 higher than expected, primarily due to interest earned on capital reserve funds, miscellaneous revenues, extraordinary special education costs aid, and nonpublic school transportation costs reimbursement.

Overview of the Financial Statements

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

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

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

**Township of Mahwah School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)**

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

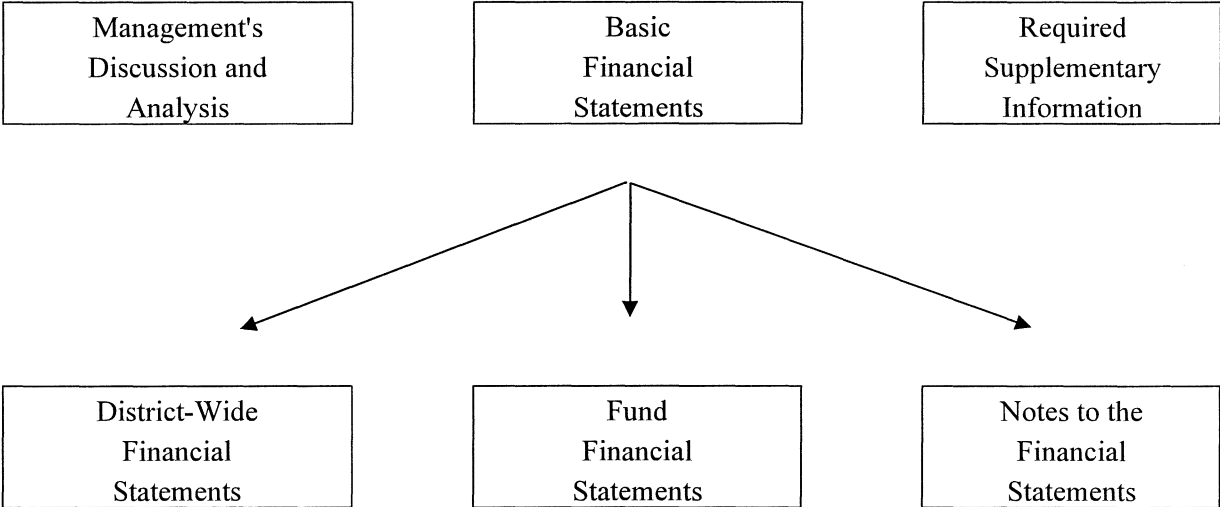


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

**Township of Mahwah School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

**Township of Mahwah School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)**

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

**Township of Mahwah School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)**

Fund Financial Statements

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

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

Financial Analysis of the District as a Whole

Net Position. The Statement of Net Position provides one perspective of the District as a whole. Figure A-3 provides a summary of the District's net position as of June 30, 2018 and 2017. The District's *combined* net position was \$7,720,068 on June 30, 2018, \$4,037,285 or 109.63% more than it was the fiscal year before. The net position of the governmental activities increased by \$3,926,430 and the net position of the business-type activities increased by \$110,855.

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2017/18
	2017/18	2016/17 (Restated)	2017/18	2016/17	2017/18	2016/17 (Restated)	
Assets:							
Current and Other Assets	\$ 18,522,022	\$ 18,417,710	\$ 940,625	\$ 797,624	\$ 19,462,647	\$ 19,215,334	1.29%
Capital Assets, Net	13,716,618	12,869,254	193,187	207,607	13,909,805	13,076,861	6.37%
Total Assets	32,238,640	31,286,964	1,133,812	1,005,231	33,372,452	32,292,195	3.35%
Deferred Outflows of Resources	4,127,206	5,569,688	155,166	220,290	4,282,372	5,789,978	-26.04%
Liabilities:							
Other Liabilities	738,019	1,132,869	79,047	56,942	817,066	1,189,811	-31.33%
Long-Term Liabilities	25,075,529	31,638,936	572,278	749,562	25,647,807	32,388,498	-20.81%
Total Liabilities	25,813,548	32,771,805	651,325	806,504	26,464,873	33,578,309	-21.18%
Deferred Inflows of Resources	3,327,617	786,596	142,266	34,485	3,469,883	821,081	322.60%
Net Position:							
Net Investment in Capital Assets	7,070,811	4,272,315	193,187	207,607	7,263,998	4,479,922	62.15%
Restricted	11,003,689	13,838,842			11,003,689	13,838,842	-20.49%
Unrestricted (Deficit)	(10,849,819)	(14,812,906)	302,200	176,925	(10,547,619)	(14,635,981)	27.93%
Total Net Position	\$ 7,224,681	\$ 3,298,251	\$ 495,387	\$ 384,532	\$ 7,720,068	\$ 3,682,783	109.63%

**Township of Mahwah School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)**

Figure A-4 represents the *Changes in Net Position*. Net investment in capital assets increased \$2,784,076 due to \$1,570,554 in capital assets additions and the retirement of \$2,032,000 of serial bonds payable, offset by \$677,416 of depreciation expense, amortized deferred amount on refunding of \$80,868, and capital asset disposals of \$60,194. Restricted net position decreased \$2,835,153 primarily due to a decrease in the capital reserve of \$3,357,945, offset by an increase in excess surplus of \$521,402. Unrestricted net position (deficit) decreased \$4,088,362 primarily due to decreases in the net pension liability and compensated absences as well as changes in deferred inflows and outflows related to pensions.

Total revenue increased 4.20% to \$99,859,612 and total expenses increased 1.19% to \$95,812,703. It is important to note here that depreciation of the District's capital assets is computed into the expense total. The depreciation factored into the District's governmental and business-type net position for 2017/18 is \$636,838 and \$40,578, respectively.

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	Change 2017/18
Revenue:							
Program Revenue:							
Charges for Services			\$ 12,941,378	\$ 12,144,676	\$ 12,941,378	\$ 12,144,676	6.56%
Grants and Contributions:							
Operating	\$ 23,796,580	\$ 22,362,904	193,615	208,802	23,990,195	22,571,706	6.28%
Capital	(30)	(400,795)			(30)	(400,795)	-99.99%
General Revenue:							
Property Taxes	61,950,052	60,977,358			61,950,052	60,977,358	1.60%
Unrestricted State/ Federal Aid	187,178	198,014			187,178	198,014	-5.47%
Other	790,651	343,299	188	69	790,839	343,368	130.32%
Total Revenue	86,724,431	83,480,780	13,135,181	12,353,547	99,859,612	95,834,327	4.20%
Expenses:							
Instruction	44,568,509	43,827,365			44,568,509	43,827,365	1.69%
Pupil and Instruction Services	18,562,322	16,830,564			18,562,322	16,830,564	10.29%
Administration and Business	8,472,483	8,897,644			8,472,483	8,897,644	-4.78%
Maintenance and Operations	6,046,342	7,196,988			6,046,342	7,196,988	-15.99%
Transportation	4,463,140	4,721,661			4,463,140	4,721,661	-5.48%
Other	685,205	770,352	13,014,702	12,440,495	13,699,907	13,210,847	3.70%
Total Expenses	82,798,001	82,244,574	13,014,702	12,440,495	95,812,703	94,685,069	1.19%
Disposal of Capital Assets,							
Net of Depreciation			(9,624)		(9,624)		-100.00%
Transfers		(42,332)		42,332			0.00%
Increase/(Decrease) in Net Position	\$ 3,926,430	\$ 1,193,874	\$ 110,855	\$ (44,616)	\$ 4,037,285	\$ 1,149,258	251.29%

**Township of Mahwah School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)**

Revenue Sources. The District's total revenue for the 2017/18 school year was \$99,859,612 (See Figure A-5). Property taxes and state formula aid accounted for most of the District's revenue, \$64,365,183 of the total, or 64.46 percent. Another 21.63 percent came from state and federal aid for specific programs and the remainder from charges for services and miscellaneous sources.

**Figure A-5
Sources of Revenue for Fiscal Year 2018**

Sources of Income:	<u>Amount</u>	<u>Percentage</u>
State Formula Aid	\$ 2,415,131	2.42%
Property Taxes	61,950,052	62.04%
Federal and State Categorical Grants	21,599,739	21.63%
Charges for Services	12,941,378	12.96%
Other	953,312	0.95%
	<u>\$ 99,859,612</u>	<u>100.00%</u>

The total cost of all programs and services was \$95,812,703. The District's expenses are predominantly related to instructing, caring for pupil and instruction services and transporting students (70.55 percent) (See Figure A-6). The District's administrative and business activities accounted for 8.84 percent of total costs.

**Figure A-6
Expenses for Fiscal Year 2018**

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 44,568,509	46.52%
Pupil and Instruction Services	18,562,322	19.37%
Administration and Business	8,472,483	8.84%
Maintenance and Operations	6,046,342	6.31%
Transportation	4,463,140	4.66%
Other	13,699,907	14.30%
	<u>\$ 95,812,703</u>	<u>100.00%</u>

**Township of Mahwah School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)**

Governmental Activities

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

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

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

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

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2017/2018</u>	<u>2016/2017</u>	<u>2017/2018</u>	<u>2016/2017</u>
Instruction	\$ 44,568,509	\$ 43,827,365	\$28,188,174	\$28,759,524
Pupil and Instruction Services	18,562,322	16,830,564	14,373,384	13,785,722
Administration and Business	8,472,483	8,897,644	6,182,745	6,711,858
Maintenance and Operations	6,046,342	7,196,988	5,681,822	6,426,480
Transportation	4,463,140	4,721,661	3,890,121	3,828,529
Other	685,205	770,352	685,205	770,352
	<u>\$ 82,798,001</u>	<u>\$ 82,244,574</u>	<u>\$ 59,001,451</u>	<u>\$ 60,282,465</u>

- The cost of all governmental activities this fiscal year was \$82.798 million.
- The federal and state governments and local organizations subsidized certain programs with operating grants and contributions (\$23.797 million).
- Most of the District's costs, however, were financed by District taxpayers (\$61.95 million).
- A portion of governmental activities was financed with unrestricted state and federal grants and contributions (\$.187 million).
- The remainder of funding came from miscellaneous revenues (\$.791 million).

**Township of Mahwah School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)**

Business-Type Activities

Net position from the District's business-type activities increased by \$110,855 (an increase of \$120,823 in Region I services, offset by a \$9,968 decrease in food service. (Refer to Figure A-4). The decrease in food service was due primarily to the disposal of capital assets, net of depreciation. The increase in the Region I services was due primarily to an increase in transportation revenue, changes in proportion in pensions, and the change in net pension liability, offset by an increase in transportation expenses, changes in pension assumptions, the difference between expected and actual experience in pensions and the net difference between projected and actual investment earnings on pension plan investments.

Financial Analysis of the District's Funds

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

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

General Fund Budgetary Highlights

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

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- The preparation of the 2017/2018 budget was difficult as a result of rising costs. This resulted in the need for line item transfers during the fiscal year.

Capital Asset and Long-Term Liabilities Administration

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2017/18	2016/17 (Restated)	2017/18	2016/17	2017/18	2016/17 (Restated)	
	Sites (Land)	\$ 1,451,475	\$ 1,451,475			\$ 1,451,475	
Buildings and Building Improvements	10,251,573	9,414,946			10,251,573	9,414,946	8.89%
Site Improvements	330,976	314,427			330,976	314,427	5.26%
Machinery and Equipment	1,682,594	1,688,406	\$ 193,187	\$ 207,607	1,875,781	1,896,013	-1.07%
Total Capital Assets, Net of Depreciation	\$ 13,716,618	\$ 12,869,254	\$ 193,187	\$ 207,607	\$ 13,909,805	\$ 13,076,861	6.37%

The District's capital assets (net of depreciation) increased \$832,944, or 6.37%, during the fiscal year. (More detailed information about the District's capital assets is presented in Note 8 to the Basic Financial Statements). During the 2017/2018 school year, District additions totaled \$1,570,554 which were offset by \$677,416 in depreciation and \$60,194 in disposals.

**Township of Mahwah School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)**

Long-Term Liabilities

The District's long-term liabilities decreased by \$6,740,691, or 20.81%, during the fiscal year. At fiscal year-end, the District had \$7,085,000 of general obligation bonds outstanding, \$13,957,997 in net pension liability (\$13,385,719 governmental activities and \$572,278 business-type activities), \$549,383 in unamortized bond issuance premiums, and \$4,055,427 in compensated absences payable. (More detailed information about the District's long-term liabilities is presented in Note 9 to the Basic Financial Statements).

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

	Total School District		Total Percentage Change
	2017/18	2016/17	2017/18
Governmental Activities:			
General Obligation Bonds, Net (Financed with Property Taxes)	\$ 7,085,000	\$ 9,117,000	-22.29%
Net Pension Liability	13,385,719	17,097,147	-21.71%
Other Long-Term Liabilities	4,604,810	5,424,789	-15.12%
Total Governmental Activities	25,075,529	31,638,936	-20.74%
Business-Type Activities:			
Net Pension Liability	572,278	749,562	-23.65%
Total Business-Type Activities	572,278	749,562	-23.65%
Total District-wide	\$ 25,647,807	\$ 32,388,498	-20.81%

- Principal payments of \$2,032,000 on the District's general obligation bonds were made during the fiscal year.
- The District's net pension liability decreased by \$3,888,712 (\$3,711,428 governmental activities and \$177,284 business-type activities).
- Unamortized bond premiums decreased by \$99,170.
- Compensated absences payable decreased by the net amount of \$720,809.
- The District's other long-term liabilities as of June 30, 2018 are comprised of unamortized bond premiums and compensated absences payable.
- The current year's estimate of compensated absences payable reflects the contract limitation for certain employees for payment of sick days at a maximum of \$15,000.

**Township of Mahwah School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)**

For the Future

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

Many factors were considered by the District's Administration during the process of developing and presenting the 2018-2019 budget. The primary factors considered were:

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

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

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Township of Mahwah School District Board of Education, 60 Ridge Road, Mahwah, New Jersey 07430. Please visit our website at <https://www.mahwah.k12.nj.us>.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 11,081,398	\$ 519,488	\$ 11,600,886
Internal Balances	404,614	(404,614)	
Interfund Receivable	51,632		51,632
Receivables from State Government	715,085	587	715,672
Receivables from Federal Government	88,423	11,471	99,894
Other Receivables	4,232	797,440	801,672
Inventory		16,253	16,253
Restricted Assets - Cash and Cash Equivalents:			
Capital Reserve Account	5,676,638		5,676,638
Emergency Reserve Account	500,000		500,000
Capital Assets, Net:			
Sites (Land)	1,451,475		1,451,475
Depreciable Buildings and Building Improvements, Site Improvements and Machinery and Equipment	12,265,143	193,187	12,458,330
Total Assets	<u>32,238,640</u>	<u>1,133,812</u>	<u>33,372,452</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding	439,193		439,193
Deferred Outflows Related to Pensions	3,688,013	155,166	3,843,179
Total Deferred Outflows of Resources	<u>4,127,206</u>	<u>155,166</u>	<u>4,282,372</u>
LIABILITIES			
Current Liabilities:			
Interfund Payable	3,000		3,000
Payable to State Government	9,058		9,058
Accounts Payable	607,175	50,774	657,949
Accrued Interest Payable	115,919		115,919
Unearned Revenue	2,867	28,273	31,140
Noncurrent Liabilities:			
Due Within One Year	1,513,383		1,513,383
Due Beyond One Year	23,562,146	572,278	24,134,424
Total Liabilities	<u>25,813,548</u>	<u>651,325</u>	<u>26,464,873</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	3,327,617	142,266	3,469,883
Total Deferred Inflows of Resources	<u>3,327,617</u>	<u>142,266</u>	<u>3,469,883</u>
NET POSITION			
Net Investment in Capital Assets	7,070,811	193,187	7,263,998
Restricted for:			
Capital Projects	5,676,638		5,676,638
Debt Service	2,153		2,153
Emergency	500,000		500,000
Excess Surplus	4,824,898		4,824,898
Unrestricted (Deficit)	(10,849,819)	302,200	(10,547,619)
Total Net Position	<u>\$ 7,224,681</u>	<u>\$ 495,387</u>	<u>\$ 7,720,068</u>

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Governmental Activities	Business-type Activities	Total
			Grants and Contributions	Capital Grants and Contributions			
Governmental Activities:							
Instruction:							
Regular	\$ 31,200,125		\$ 9,527,480		\$ (21,672,645)		\$ (21,672,645)
Special Education	9,235,512		5,595,141		(3,640,371)		(3,640,371)
Other Special Instruction	2,046,142		672,116		(1,374,026)		(1,374,026)
Other Instruction	2,086,730		585,598		(1,501,132)		(1,501,132)
Support Services:							
Tuition	5,413,906		640,277		(4,773,629)		(4,773,629)
Student & Instruction Related Services	13,148,416		3,548,661		(9,599,755)		(9,599,755)
General Administrative Services	953,025		162,752		(790,273)		(790,273)
School Administrative Services	4,991,663		1,472,312		(3,519,351)		(3,519,351)
Central Services	1,318,961		407,024		(911,937)		(911,937)
Administrative Information Technology	1,208,834		247,650		(961,184)		(961,184)
Plant Operations and Maintenance	6,046,342		364,550	\$ (30)	(5,681,822)		(5,681,822)
Pupil Transportation	4,463,140		573,019		(3,890,121)		(3,890,121)
Interest on Long-Term Debt	314,064				(314,064)		(314,064)
Unallocated Depreciation	371,141				(371,141)		(371,141)
Total Governmental Activities	82,798,001	\$ -0-	23,796,580	(30)	(59,001,451)		(59,001,451)

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Governmental Activities	Business-type Activities	Total
			Grants and Contributions	Capital Grants and Contributions			
Business-Type Activities:							
Food Service	\$ 1,041,801	\$ 847,654	\$ 193,615		\$ (532)	\$ (532)	\$ (532)
Region I Transportation	11,485,575	11,556,620			71,045	71,045	71,045
Region I Administration	360,853	410,630			49,777	49,777	49,777
Region I Summer School	126,473	126,474			1	1	1
Total Business-Type Activities	13,014,702	12,941,378	193,615		120,291	120,291	120,291
Total Primary Government	\$ 95,812,703	\$ 12,941,378	\$ 23,990,195	\$ (30)	\$ (59,001,451)	120,291	(58,881,160)

General Revenues and Other Item:

Taxes:							
Property Taxes, Levied for General Purposes, Net				59,551,594			59,551,594
Taxes Levied for Debt Service				2,398,458			2,398,458
Federal and State Aid not Restricted				187,178			187,178
Investment Earnings				133,980	188		134,168
Miscellaneous Income				656,671			656,671
Other Item:							
Disposal of Capital Assets, Net of Depreciation					(9,624)		(9,624)
Total General Revenues and Other Item				62,927,881	(9,436)		62,918,445
Change in Net Position				3,926,430	110,855		4,037,285
Net Position - Beginning (Restated)				3,298,251			3,682,783
Net Position - Ending				7,224,681	495,387		7,720,068

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

FUND FINANCIAL STATEMENTS

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 11,079,245		\$ 2,152	\$ 1	\$ 11,081,398
Interfund Receivable	534,321			2,152	536,473
Receivables from State Government	715,085				715,085
Receivables from Federal Government		\$ 88,423			88,423
Other Receivables		4,232			4,232
Restricted Cash and Cash Equivalents	6,176,638				6,176,638
Total Assets	\$ 18,505,289	\$ 92,655	\$ 2,152	\$ 2,153	\$ 18,602,249
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Payable	\$ 22,604	\$ 58,471	\$ 2,152		\$ 83,227
Payable to State Government		9,058			9,058
Accounts Payable		22,259			22,259
Unearned Revenue		2,867			2,867
Total Liabilities	22,604	92,655	2,152		117,411
Fund Balances:					
Restricted:					
Capital Reserve Account	5,676,638				5,676,638
Emergency Reserve Account	500,000				500,000
Excess Surplus - 2018/19	2,406,754				2,406,754
Excess Surplus - 2019-20	2,418,144				2,418,144
Debt Service Fund				\$ 2,153	2,153
Assigned:					
Year-End Encumbrances	5,780,431				5,780,431
Designated for Subsequent Year's Expenditures	192,469				192,469
Unassigned	1,508,249				1,508,249
Total Fund Balances	18,482,685			2,153	18,484,838
Total Liabilities and Fund Balances	\$ 18,505,289	\$ 92,655	\$ 2,152	\$ 2,153	\$ 18,602,249

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

Total Fund Balances (Above)	\$ 18,484,838
Capital Assets Used in Governmental Activities are not Financial Resources and therefore are not reported in the Funds. The cost of the assets is \$31,183,420 and the accumulated depreciation is \$17,466,802.	13,716,618
The Deferred Amount on Refunding is not reported as an expenditure in the Governmental Funds in the year of the refunding. The Deferred Amount on Refunding is \$1,097,314 and the accumulated amortization is \$658,121.	439,193
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(13,385,719)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Changes in Assumptions - Pensions	9,887
Difference Between Expected and Actual Experience - Pensions	315,188
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	91,148
Changes in Proportion - Pensions	(640,743)
Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as Liabilities in the Funds.	(11,140,427)
Interest on Long-Term Debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due.	(115,919)
Bond Premiums are reported as revenue in the Funds. These premiums total \$1,334,853 and the accumulated amortization is \$785,470.	(549,383)
Net Position of Governmental Activities	\$ 7,224,681

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 59,551,594			\$ 2,398,458	\$ 61,950,052
Miscellaneous Revenues	788,944	\$ 162,473	\$ 1,707		953,124
Total - Local Sources	60,340,538	162,473	1,707	2,398,458	62,903,176
State Sources	10,435,434	22,405	(30)		10,457,809
Federal Sources	38,468	872,051			910,519
Total Revenues	70,814,440	1,056,929	1,677	2,398,458	74,271,504
EXPENDITURES					
Current:					
Regular Instruction	17,372,899	175,559			17,548,458
Special Education Instruction	4,876,984	157,326			5,034,310
Other Special Instruction	1,165,617				1,165,617
Other Instruction	1,211,040				1,211,040
Support Services and Undistributed Costs:					
Tuition	4,773,629	640,277			5,413,906
Student & Instruction Related Services	8,272,280	83,767			8,356,047
General Administrative Services	672,130				672,130
School Administrative Services	2,651,495				2,651,495
Central Services	817,389				817,389
Administration Information Technology	744,964				744,964
Plant Operations and Maintenance	5,344,721				5,344,721
Pupil Transportation	3,998,747				3,998,747
Unallocated Benefits	16,984,817				16,984,817
Debt Service:					
Principal				2,032,000	2,032,000
Interest and Other Charges				366,775	366,775
Capital Outlay	1,417,545				1,417,545
Total Expenditures	70,304,257	1,056,929		2,398,775	73,759,961
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	510,183		1,677	(317)	511,543
OTHER FINANCING SOURCES/(USES)					
Transfers In	613,072			1,707	614,779
Transfers Out			(614,779)		(614,779)
Total Other Financing Sources/(Uses)	613,072		(614,779)	1,707	
Net Change in Fund Balances	1,123,255		(613,102)	1,390	511,543
Fund Balance - July 1	17,359,430		613,102	763	17,973,295
Fund Balance - June 30	\$ 18,482,685	\$ -0-	\$ -0-	\$ 2,153	\$ 18,484,838

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$ 511,543
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation and disposal of capital assets differs from capital outlay in the period.	Depreciation expense \$ (636,838) Capital outlays 1,534,772
Repayment of debt service principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.	Disposal of capital assets, net of accumulated depreciation <u>(50,570)</u> 847,364
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).	2,032,000
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:	34,409
Change in Net Pension Liability	3,711,428
Changes in Assumptions	(3,531,729)
Difference Between Expected and Actual Experience	(2,767)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	(560,782)
Changes in Proportion	145,853
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used/(paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).	720,809
The governmental funds report the effect of bond issuance premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (+)	99,170
The governmental funds report the effect of the deferred amount on refunding when debt is first issued, whereas this amount is deferred and amortized in the statement of activities (-)	<u>(80,868)</u>
Change in Net Position of Governmental Activities (A-2)	<u>\$ 3,926,430</u>

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2018

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Major Funds</u>		<u>Total</u>	<u>Total</u>
	<u>Food Service</u>	<u>Region I Transportation</u>	<u>Non-Major Funds</u>	<u>Enterprise Funds</u>
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 265,438		\$ 254,050	\$ 519,488
Receivable from:				
Federal Government	11,471			11,471
State Government	587			587
Interfund Receivable - General Fund	22,604			22,604
Receivables - Other		\$ 786,572	10,868	797,440
Inventories	16,253			16,253
Total Current Assets	<u>316,353</u>	<u>786,572</u>	<u>264,918</u>	<u>1,367,843</u>
Non-Current Assets:				
Capital Assets	440,322			440,322
Less: Accumulated Depreciation	<u>(247,135)</u>			<u>(247,135)</u>
Total Non-Current Assets	<u>193,187</u>			<u>193,187</u>
Total Assets	<u>509,540</u>	<u>786,572</u>	<u>264,918</u>	<u>1,561,030</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred Outflows Related to Pensions			<u>155,166</u>	<u>155,166</u>
Total Deferred Outflows of Resources			<u>155,166</u>	<u>155,166</u>

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2018

	Business-Type Activities - Enterprise Funds			
	Major Funds		Total	Total
	Food Service	Region I Transportation	Non-Major Funds	Enterprise Funds
LIABILITIES:				
Current Liabilities:				
Interfund Payable - General Fund		\$ 427,218		\$ 427,218
Accounts Payable	\$ 16,733		\$ 34,041	50,774
Unearned Revenue:				
Prepaid Student Balances	23,939			23,939
Commodities	4,334			4,334
Noncurrent Liabilities:				
Due Beyond One Year			572,278	572,278
Total Liabilities	45,006	427,218	606,319	1,078,543
DEFERRED INFLOWS OF RESOURCES:				
Deferred Inflows Related to Pensions			142,266	142,266
Total Deferred Inflows of Resources			142,266	142,266
NET POSITION:				
Investment in Capital Assets	193,187			193,187
Unrestricted/(Deficit)	271,347	359,354	(328,501)	302,200
Total Net Position (Deficit)	\$ 464,534	\$ 359,354	\$ (328,501)	\$ 495,387

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUNDS NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds			
	Major Funds		Total	Total
	Food Service	Region I Transportation	Non-Major Funds	Enterprise Funds
Operating Revenue:				
Charges for Services:				
Daily Sales:				
Reimbursable Programs	\$ 339,654			\$ 339,654
Non-Reimbursable Programs	502,220			502,220
Program Fees			\$ 537,104	537,104
Transportation Fees from Other LEA's Within the State		\$ 11,556,620		11,556,620
	841,874	11,556,620	537,104	12,935,598
Special Events	5,780			5,780
Total Operating Revenue	847,654	11,556,620	537,104	12,941,378
Operating Expenses:				
Cost of Sales:				
Reimbursable	277,016			277,016
Non-Reimbursable	176,282			176,282
Total Cost of Sales	453,298			453,298
Salaries, Benefits & Payroll Taxes	426,430		388,440	814,870
Contracted Services	43,522	11,485,575		11,529,097
Purchased Professional/Technical Services			27,621	27,621
Purchased Property Services	30,895			30,895
Other Purchased Services	2,600		4,869	7,469
Supplies and Materials	32,518			32,518
Rent			44,000	44,000
General Supplies			18,144	18,144
Miscellaneous Expenses	11,960		4,252	16,212
Depreciation Expense	40,578			40,578
Total Operating Expenses	1,041,801	11,485,575	487,326	13,014,702
Operating Income/(Loss)	(194,147)	71,045	49,778	(73,324)
Non-Operating Revenue:				
Federal Sources:				
National School Lunch Program	152,117			152,117
Food Distribution Program	33,583			33,583
State Sources:				
School Lunch Program	7,915			7,915
Local Sources:				
Interest Revenue	188			188
Total Non-Operating Revenue	193,803			193,803
Change in Net Position Before Other Item	(344)	71,045	49,778	120,479
Other Item - Disposal of Capital Assets, Net	(9,624)			(9,624)
Change in Net Position After Other Item	(9,968)	71,045	49,778	110,855
Net Position/(Deficit) - Beginning of Year	474,502	288,309	(378,279)	384,532
Net Position/(Deficit) - End of Year	\$ 464,534	\$ 359,354	\$ (328,501)	\$ 495,387

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds			
	Major Funds		Total	Total
	Food Service	Region I Transportation	Non-Major Funds	Enterprise Funds
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 853,178	\$ 11,434,378	\$ 600,138	\$ 12,887,694
Payments to/for Employees			(392,819)	(392,819)
Payments to Food Service Vendor	(956,633)			(956,633)
Payments to Transportation Vendors		(11,485,575)		(11,485,575)
Payments to Suppliers	(6,465)		(87,546)	(94,011)
Net Cash Used for Operating Activities	(109,920)	(51,197)	119,773	(41,344)
Cash Flows from Investing Activities:				
Interest Income	188			188
Net Cash Provided by Investing Activities	188			188
Cash Flows from Noncapital and Related Financing Activities:				
Federal Subsidy Reimbursements Received from General Fund	244,983			244,983
State Subsidy Reimbursements Received from General Fund	12,110			12,110
Cash Received - Interfund Payable - General Fund		51,197		51,197
Cash Disbursed - Interfund Receivable - General Fund	(22,604)			(22,604)
Net Cash Provided by Noncapital and Related Financing Activities	234,489	51,197		285,686
Cash Flows from Capital and Related Financing Activities:				
Purchase of Capital Assets	(35,782)			(35,782)
Net Cash Used for Capital and Related Financing Activities	(35,782)			(35,782)
Net Increase in Cash and Cash Equivalents	88,975		119,773	208,748
Cash and Cash Equivalents, July 1	176,463		134,277	310,740
Cash and Cash Equivalents, June 30	\$ 265,438	\$ - 0 -	\$ 254,050	\$ 519,488
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Operating Income/(Loss)	\$ (194,147)	\$ 71,045	\$ 49,778	\$ (73,324)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Depreciation	40,578			40,578
Federal Food Distribution Program	33,583			33,583
Changes in Assets and Liabilities: (Increase)/Decrease in:				
Other Receivables		(122,242)	63,034	(59,208)
Inventory	(699)			(699)
Change in Assumptions - Pensions			154,847	154,847
Difference Between Expected and Actual Experience - Pensions			465	465
Net Difference Between Projected and Actual in Investment				
Earnings on Pension Plan Investments - Pensions			24,684	24,684
Change in Proportion - Pensions			(7,091)	(7,091)
Net Pension Liability			(177,284)	(177,284)
Accounts Payable	4,678		11,340	16,018
Unearned Revenue - Commodities	563			563
Unearned Revenue - Prepaid Balances	5,524			5,524
Net Cash Provided by/(Used for) Operating Activities	\$ (109,920)	\$ (51,197)	\$ 119,773	\$ (41,344)

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received commodities from the Federal Food Distribution Program valued at \$34,146 and utilized commodities from the Federal Food Distribution Program valued at \$33,583 for the fiscal year ended June 30, 2018.

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2018

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Flexible Spending Trust</u>
ASSETS:				
Cash and Cash Equivalents	\$ 909,886	\$ 679,966	\$ 308,123	\$ 36,498
Interfund Receivable: Special Revenue Fund	3,000			
Total Assets	<u>912,886</u>	<u>679,966</u>	<u>308,123</u>	<u>36,498</u>
LIABILITIES:				
Interfund Payable - General Fund	41,632			10,000
Payroll Deductions and Withholdings	2,333			
Due to Student Groups	866,676			
School Store	2,245			
Total Liabilities	<u>912,886</u>	<u>-0-</u>	<u>-0-</u>	<u>10,000</u>
NET POSITION:				
Held in Trust for:				
Unemployment Benefit Claims		679,966		
Scholarships			308,123	
Flexible Spending Claims				26,498
Total Net Position	<u>\$ -0-</u>	<u>\$ 679,966</u>	<u>\$ 308,123</u>	<u>\$ 26,498</u>

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:			
Contributions:			
Plan Member	\$ 91,832		\$ 66,558
Donations		\$ 11,190	
Total Additions	<u>91,832</u>	<u>11,190</u>	<u>66,558</u>
DEDUCTIONS:			
Quarterly Contribution Reports and Unemployment Claims	60,808		
Scholarships Awarded		26,950	
Flexible Spending Claims			75,069
Total Deductions	<u>60,808</u>	<u>26,950</u>	<u>75,069</u>
Change in Net Position	31,024	(15,760)	(8,511)
Net Position - Beginning of the Year	<u>648,942</u>	<u>323,883</u>	<u>35,009</u>
Net Position - End of the Year	<u>\$ 679,966</u>	<u>\$ 308,123</u>	<u>\$ 26,498</u>

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses in the program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary funds:

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

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

Enterprise Funds: The Enterprise Funds account for all revenue and expenses pertaining to the Board's cafeteria and Region I special education services operations. The food service and Region I services are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2018 was submitted to the County office and was approved by the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the fiscal year).

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

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

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 70,826,429	\$ 1,004,858
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and revenue, whereas the GAAP basis does not.		
Cancellation of Prior Year Encumbrances		(1)
Prior Year Encumbrances		52,072
Prior Year State aid payments recognized for GAAP statements, not recognized for budgetary purposes	116,243	
Current Year State aid payments recognized for budgetary purposes, not recognized for GAAP statements	<u>(128,232)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 70,814,440</u>	<u>\$ 1,056,929</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 70,304,257	\$ 1,004,858
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Cancellation of Prior Year Encumbrances		(1)
Prior Year Encumbrances		<u>52,072</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 70,304,257</u>	<u>\$ 1,056,929</u>

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

E. Cash and Cash Equivalents and Investments:

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

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

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

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

F. Interfund Transactions:

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

F. Interfund Transactions: (Cont'd)

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise funds represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
 (Continued)

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

K. Capital Assets:

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

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

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

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year; therefore, there are no accrued salaries and wages as of June 30, 2018.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

N. Compensated Absences: (Cont'd)

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

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$18,482,685 General Fund balance at June 30, 2018, \$5,676,638 is restricted in the capital reserve account; \$500,000 is restricted in the emergency reserve account; \$4,824,898 is restricted for excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) (\$2,406,754 is prior year excess surplus which is included as anticipated budget revenue for the fiscal year ending June 30, 2019 and \$2,418,144 is current year excess surplus which will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2020); \$5,780,431 is assigned for encumbrances; \$192,469 is designated for subsequent year's expenditures; and \$1,508,249 is unassigned which is \$128,232 less on the GAAP basis than the calculated maximum unassigned fund balance (budgetary basis) due to the June state aid payments which are not recognized until the fiscal year ended June 30, 2019.

Debt Service Fund: The Debt Service Fund balance at June 30, 2018 of \$2,153 is restricted of which \$445 has been included as anticipated budget revenue for the fiscal year ending June 30, 2019.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended, the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent fiscal year's budget. The District has excess surplus at June 30, 2018 as outlined above.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

The District's fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$128,232 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

Q. Fund Balance Restrictions, Commitments and Assignments:

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2018.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for fiscal year-end encumbrances and for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2018.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

R. Deficit Net Position:

The District has a \$10,849,819 deficit in unrestricted net position in governmental activities as of June 30, 2018 primarily due to the non-recognition of the June state aid payments as explained in Note 1P on the previous page, the accrual of \$4,055,427 in compensated absences payable, \$115,919 in accrued interest payable, \$549,383 of unamortized bond issuance premiums, changes in proportion in pensions of \$640,743, and net pension liability of \$13,385,719, offset by net changes in pension assumptions of \$9,887, the difference between expected and actual experience in pensions of \$315,188, the net difference between projected and actual investment earnings on pension plan investments of \$91,148, and \$7,481,149 governmental funds committed, assigned and unassigned fund balances. The District also has a \$357,327 deficit in unrestricted net position in Region I Administration as of June 30, 2018 primarily due to net pension liability and related deferred inflows and outflows related to pensions. These deficits do not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

S. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2018 for the deferred amount on refunding of debt related to the District's 2011 and 2009 refunding bonds, and, with regard to pensions, changes in assumptions, the difference between expected and actual experience, the net difference between projected and actual investment earnings on pension plan investments, and the District contribution subsequent to the measurement date.

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows of resources at June 30, 2018, with regard to pensions, for changes in assumptions and changes in proportion.

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

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

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

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

T. Revenue - Exchange and Nonexchange Transactions:

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

W. Pensions

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

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

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

Deposits:

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

Investments: (Cont'd)

New Jersey statutes permit the District to purchase the following types of securities: (Cont'd)

- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

Investments: (Cont'd)

New Jersey statutes permit the District to purchase the following types of securities: (Cont'd)

- (9) Deposit of funds in accordance with the following conditions:
 - (a) the funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) the designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) the designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) on the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2018, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents			
	Restricted			
	Reserve Accounts			
	Capital	Emergency	Total	
Checking Accounts	\$ 13,535,359	\$ 5,676,638	\$ 500,000	\$ 19,711,997

During the period ended June 30, 2018, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2018 was \$19,711,997 and the bank balance was \$23,160,794.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

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

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$ 9,034,583
Budgeted Withdrawal:	
Capital Outlay	(1,935,000)
Board Approved Withdrawal:	
Capital Outlay	(4,633,919)
Interest Earned	48,240
Increase Approved by Board Resolution June 13, 2018	1,000,000
Unexpended Balances Returned:	
Capital Projects Fund	613,072
Capital Outlay	1,549,662
Ending Balance, June 30, 2018	\$ 5,676,638

The balance in the capital reserve account at June 30, 2018 does not exceed the balance of local support costs of uncompleted capital projects in the District’s Long Range Facilities Plan (“LRFP”). Withdrawals from the capital reserve were for use in DOE approved facilities projects, consistent with the District’s LRFP.

NOTE 5: EMERGENCY RESERVE ACCOUNT

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

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 5: EMERGENCY RESERVE ACCOUNT (Cont'd)

The activity of the emergency reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$ 500,000
Ending Balance, June 30, 2018	\$ 500,000

NOTE 6. RECEIVABLES FROM OTHER GOVERNMENTS

The following receivables due from other governments existed as of June 30, 2018:

	Governmental Activities		Business-Type
	General	Special	Total
	Fund	Revenue	Governmental
			Proprietary
			Funds
Federal		\$ 88,423	\$ 88,423
State	\$ 715,085		\$ 11,471
			587
	\$ 715,085	\$ 88,423	\$ 803,508
			\$ 12,058

NOTE 7: TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2018, the District transferred \$4,940,961 to the capital outlay accounts; \$307,042 for equipment and \$4,633,919 from the Capital Reserve for facilities acquisition and construction services for which County Superintendent approval was obtained.

NOTE 8. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2018 were as follows:

	Beginning Balance (Restated)	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 1,451,475			\$ 1,451,475
Total Capital Assets Not Being Depreciated	1,451,475			1,451,475
Capital Assets Being Depreciated:				
Buildings and Building Improvements	23,724,374	\$ 1,188,272		24,912,646
Site Improvements	314,427	16,549		330,976
Machinery and Equipment	4,274,479	329,951	\$ (116,107)	4,488,323
Total Capital Assets Being Depreciated	28,313,280	1,534,772	(116,107)	29,731,945
Governmental Activities Capital Assets	29,764,755	1,534,772	(116,107)	31,183,420
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(14,309,428)	(351,645)		(14,661,073)
Machinery and Equipment	(2,586,073)	(285,193)	65,537	(2,805,729)
	(16,895,501)	(636,838)	65,537	(17,466,802)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 12,869,254	\$ 897,934	\$ (50,570)	\$ 13,716,618

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. CAPITAL ASSETS (Cont'd)

Capital asset balances and activity for the fiscal year ended June 30, 2018 were as follows: (Cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 414,925	\$ 35,782	\$ (10,385)	\$ 440,322
Less Accumulated Depreciation	(207,318)	(40,578)	761	(247,135)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 207,607</u>	<u>\$ (4,796)</u>	<u>\$ (9,624)</u>	<u>\$ 193,187</u>

The increases totaling \$1,570,554 represent current fiscal year capitalized expenditures in the general fund and the food service enterprise fund.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 21,576
Student and Instruction Related Services	23,394
General Administrative Services	52,903
School Administrative Services	8,583
Plant Operations and Maintenance	98,902
Pupil Transportation	60,339
Unallocated	371,141
	<u>\$ 636,838</u>

NOTE 9. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2018, the following changes occurred in liabilities reported in the District-wide financial statements:

	<u>Balance 6/30/2017</u>	<u>Issued/ Added</u>	<u>Retired/ Matured</u>	<u>Balance 6/30/2018</u>
Governmental Activities:				
Serial Bonds Payable	\$ 9,117,000		\$ 2,032,000	\$ 7,085,000
Unamortized Bond Issuance Premiums	648,553		99,170	549,383
Net Pension Liability	17,097,147		3,711,428	13,385,719
Compensated Absences Payable	4,776,236	\$ 322,862	1,043,671	4,055,427
Total Governmental Activities	<u>31,638,936</u>	<u>322,862</u>	<u>6,886,269</u>	<u>25,075,529</u>
Business-Type Activities:				
Net Pension Liability	749,562		177,284	572,278
Total Business-Type Activities	<u>749,562</u>		<u>177,284</u>	<u>572,278</u>
Total District-wide	<u>\$32,388,498</u>	<u>\$ 322,862</u>	<u>\$ 7,063,553</u>	<u>\$ 25,647,807</u>

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

A. Bonds Payable:

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

The District had bonds outstanding as of June 30, 2018 as follows:

<u>Purpose</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
School Refunding Bonds	12/02/09	09/15/22	4.25% - 5.00%	\$ 3,595,000
School Refunding Bonds	10/05/11	08/15/23	4.00% - 5.00%	3,490,000
				<u>\$ 7,085,000</u>

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

<u>Fiscal Year Ended</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,335,000	\$ 293,469	\$ 1,628,469
2020	1,360,000	236,650	1,596,650
2021	1,380,000	176,000	1,556,000
2022	1,380,000	113,000	1,493,000
2023	1,085,000	54,375	1,139,375
Thereafter: 2024	545,000	13,625	558,625
	<u>\$ 7,085,000</u>	<u>\$ 887,119</u>	<u>\$ 7,972,119</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2018, the Board had no bonds authorized but not issued.

C. Operating Leases Payable:

As of June 30, 2018, the Board has commitments to lease copiers, postage meters and computers under operating leases which expire in 2018-19, 2019-20 and 2022-23. Operating leases will be liquidated by the General Fund. Total operating lease payments made during the year ended June 30, 2018 were \$300,484 and future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 280,784
2020	85,892
2021	77,940
2022	77,940
2023	6,495
Total future minimum lease payments	<u>\$ 529,051</u>

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

D. Capital Leases Payable:

As of June 30, 2018, the Board had no capital leases payable.

E. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of compensated absences payable at June 30, 2018 is \$79,213 and the long-term portion is \$3,976,214.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2018, no liability existed for compensated absences in the Proprietary Funds.

F. Unamortized Bond Issuance Premiums:

The liability for unamortized bond issuance premiums of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of unamortized bond issuance premiums at June 30, 2018 is \$99,170 and the long-term portion is \$450,213.

G. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2018 is \$-0- and the long-term portion is \$13,957,997 (\$13,385,719 governmental activities and \$572,278 business-type activities). See Note 10 for further information on the PERS.

NOTE 10. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$564,328 for 2018 (\$541,828 governmental activities and \$22,500 business-type activities).

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2018, the District reported a liability of \$13,957,997 for its proportionate share of the net pension liability (\$13,385,719 governmental activities and \$572,278 business-type activities). The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the District's proportion was 0.06%, which was a decrease of 0.0003% from its proportion measured as of June 30, 2016.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

For the fiscal year ended June 30, 2018, the District recognized pension expense of \$790,187. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Amortization Period</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions:			
2014	6.44 years	\$ 158,339	
2015	5.72 years	666,965	
2016	5.57 years	1,986,751	
2017	5.48 years		\$ 2,801,746
Subtotal		<u>2,812,055</u>	<u>2,801,746</u>
Changes in Proportion:			
2014	6.44 years		213,512
2015	5.72 years		66,707
2016	5.57 years		334,999
2017	5.48 years		52,919
Subtotal			<u>668,137</u>
Difference Between Expected and Actual Experience:			
2015	5.72 years	185,047	
2016	5.57 years	60,292	
2017	5.48 years	83,324	
Subtotal		<u>328,663</u>	
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments:			
2014	5 years	(167,258)	
2015	5 years	142,680	
2016	5 years	598,241	
2017	5 years	(478,618)	
Subtotal		<u>95,045</u>	
District Contribution Subsequent to the Measurement			
Date - 2017	1 year	<u>607,416</u>	
		<u>\$ 3,843,179</u>	<u>\$ 3,469,883</u>

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2018	\$ 328,585
2019	495,842
2020	300,455
2021	(399,606)
2022	(291,259)
	\$ 434,017

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

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

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2017 are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2017 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's proportionate share of the Net Pension Liability	\$ 17,315,842	\$ 13,957,997	\$ 11,160,495

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

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

Benefits Provided

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

The following represents the membership tiers for TPAF:

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2018, the State of New Jersey contributed \$3,329,710 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$11,289,669.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

At June 30, 2018, the State's proportionate share of the net pension liability attributable to the District was \$162,969,034. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the District's proportion was 0.2417%, which was a decrease of 0.003% from its proportion measured as of June 30, 2016.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>162,969,034</u>
Total	<u>\$ 162,969,034</u>

For the fiscal year ended June 30, 2017, the State recognized pension expense on behalf of the District in the amount of \$11,289,669 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2018 financial statements.

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

	Amortization Period	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions:			
2014	8.5 years	\$ 1,383,974,317	
2015	8.3 years	3,776,126,119	
2016	8.3 years	8,218,154,928	
2017	8.3 years		\$ 11,684,858,458
Difference Between Expected and Actual Experience:			
2014	8.5 years		13,181,413
2015	8.3 years	233,218,057	
2016	8.3 years		102,199,790
2017	8.3 years	207,898,332	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:			
2014	5 years	(435,309,142)	
2015	5 years	385,284,122	
2016	5 years	1,295,565,574	
2017	5 years	<u>(904,033,050)</u>	
		<u>\$ 14,160,879,257</u>	<u>\$ 11,800,239,661</u>

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2018	\$ 740,341,056
2019	1,175,650,200
2020	983,008,137
2021	551,152,948
2022	624,850,883
Thereafter	(1,714,363,628)
	\$ 2,360,639,596

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the actuarial assumptions on the following page, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the net pension liability of the State as of June 30, 2017 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 193,612,325	\$ 162,969,034	\$ 137,724,958

Pension Plan Fiduciary Net Position

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$39,918 for the fiscal year ended June 30, 2018. Employee contributions to DCRP amounted to \$73,093 for the fiscal year ended June 30, 2018.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

Employees Covered by Benefit Terms

At June 30, 2016, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	142,331
Active Plan Members	<u>223,747</u>
Total	<u><u>366,078</u></u>

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:			
Through 2026	1.55 - 4.55%	2.15 - 4.15%	2.10 - 8.98%
	based on years of service	based on age	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%	3.10 - 9.98%
	based on years of service	based on age	based on age

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF, PFRS and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% and decreases to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. 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.

Changes in the State's Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2016	\$ 57,831,784,184
Changes for Year:	
Service Cost	2,391,878,884
Interest on the Total OPEB Liability	1,699,441,736
Changes of Assumptions	(7,086,599,129)
Gross Benefit Payments by the State	(1,242,412,566)
Contributions from Members	45,748,749
Net Changes	(4,191,942,326)
Balance at June 30, 2017	\$ 53,639,841,858

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	At 1% Decrease (2.58%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
	Total OPEB Liability Attributable to the District	\$ 133,390,446	\$ 112,369,283
	June 30, 2016		
	At 1% Decrease (1.85%)	At Discount Rate (2.85%)	At 1% Increase (3.85%)
Total OPEB Liability Attributable to the District	\$ 145,551,737	\$ 121,493,454	\$ 102,556,502

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 92,412,873	\$ 112,369,283	\$ 138,871,161

	June 30, 2016		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 99,688,762	\$ 121,493,454	\$ 150,644,250

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018 the District recognized OPEB expense of \$6,695,746 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

In accordance with GASB Statement 75, as the District's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2017 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption Changes		\$ (6,343,769,032)
Contributions Made in Fiscal Year Ending 2018 After June 30, 2017 Measurement Date	\$ 1,190,373,242	
	<u>\$ 1,190,373,242</u>	<u>\$ (6,343,769,032)</u>

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Fiscal Year Ending June 30,	Total
2018	\$ (742,830,097)
2019	(742,830,097)
2020	(742,830,097)
2021	(742,830,097)
2022	(742,830,097)
Thereafter	(2,629,618,547)
	\$ (6,343,769,032)

NOTE 12. RISK MANAGEMENT

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

Property, Liability and Health Benefits - Insurance

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

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

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

Property, Liability and Health Benefits – Insurance (Cont'd)

The June 30, 2018 audit report for the Group is not available as of the date of this report. Selected financial information for the Group as of June 30, 2017 is as follows:

	Northeast Bergen County School Board Insurance Group (NESBIG)
Total Assets	\$ 29,578,940
Net Position	\$ 18,287,344
Total Revenue	\$ 13,336,520
Total Expenses	\$ 11,608,268
Member Dividends	\$ 1,400,000
Change in Net Position for the Year Ended June 30, 2017	\$ 328,252

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

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

New Jersey Unemployment Compensation Insurance

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

Fiscal Year	District Contributions	Interest Earned	Employee Contributions	Amount Reimbursed	Ending Balance
2017-2018	\$ -0-	\$ -0-	\$ 91,832	\$ 60,808	\$ 679,966
2016-2017	-0-	-0-	87,916	40,659	648,942
2015-2016	-0-	1,017	78,093	69,327	601,685

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
 (Continued)

NOTE 13. ECONOMIC DEPENDENCY

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

NOTE 14. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The following interfund balances remained on the balance sheet at June 30, 2018:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 534,321	\$ 22,604
Special Revenue Fund		58,471
Capital Projects Fund		2,152
Debt Service Fund	2,152	
Proprietary Funds:		
Region I Transportation		427,218
Food Service Enterprise	22,604	
Fiduciary Funds:		
Student Activity Agency	3,000	41,632
Flexible Benefits Trust		10,000
	<u>\$ 562,077</u>	<u>\$ 562,077</u>

The General Fund interfund receivable of \$534,321 is comprised of \$55,471 due from the Special Revenue Fund for an interfund advanced for federal and local grant expenditures for which reimbursement has not been received as of June 30, 2018, a \$427,218 interfund loan due from the Region I Transportation Fund due to receivables which had not yet been collected as of June 30, 2018, \$41,632 due from the Student Activity Agency Fund for on-behalf expenses, and a \$10,000 interfund loan due from the Flexible Benefits Trust Fund for the initial establishment of the fund and to ensure the adequate availability of funds for the payment of claims. The Food Service Enterprise Fund interfund receivable of \$22,604 is due from the General Fund for subsidy reimbursement claims not remitted as of June 30, 2018.

During the fiscal year, the Capital Projects Fund transferred \$1,707 of interest earnings to the Debt Service Fund. Also, the Capital Projects Fund transferred \$613,072 of unexpended capital reserve funds to the General Fund.

NOTE 15. DEFERRED COMPENSATION

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 15. DEFERRED COMPENSATION (Cont'd)

The plan administrators are as follows:

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

NOTE 16. TAX CALENDAR

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

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

NOTE 17. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2018:

	<u>Governmental Funds</u>	<u>District Contribution</u>	<u>Total</u>
	<u>Special Revenue Fund</u>	<u>Subsequent to Measurement Date</u>	<u>Governmental Activities</u>
Due to:			
State of New Jersey	\$ 22,259	\$ 584,916	\$ 607,175
	<u>\$ 22,259</u>	<u>\$ 584,916</u>	<u>\$ 607,175</u>

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 17. ACCOUNTS PAYABLE (Cont'd)

The following accounts payable balances existed as of June 30, 2018: (Cont'd)

	<u>Proprietary Funds</u>		District Contribution Subsequent to Measurement Date	Total Business - Type Funds
	Food Service	Region I Administration		
Vendors	\$ 16,733	\$ 11,541		\$ 28,274
Due to:				
State of New Jersey			\$ 22,500	22,500
	<u>\$ 16,733</u>	<u>\$ 11,541</u>	<u>\$ 22,500</u>	<u>\$ 50,774</u>

NOTE 18. CONTINGENCIES

Litigation

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

Grant Programs

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

Encumbrances

At June 30, 2018, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

<u>Governmental Funds</u>	
<u>General</u>	<u>Total</u>
<u>\$ 5,780,431</u>	<u>\$ 5,780,431</u>

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 19. PRIOR PERIOD ADJUSTMENTS

The District made prior year adjustments in the District Wide Financial Statements to adjust capital assets due to an updated appraisal report as of June 30, 2017. As a result, the District Wide Financial Statements as of June 30, 2017 have been restated as follows:

	<u>Balance 6/30/2017 as Previously Reported</u>	<u>Retroactive Adjustments</u>	<u>Balance 6/30/2017 Restated</u>
<u>Statement of Net Position - Governmental Activities:</u>			
Assets:			
Capital Assets, Net:			
Sites (Land)	\$ 535,075	\$ 916,400	\$ 1,451,475
Depreciable Buildings and Building Improvements, Site Improvements and Machinery and Equipment	11,354,938	62,841	11,417,779
Total Assets	30,307,723	979,241	31,286,964
Net Position:			
Net Investment in Capital Assets	3,293,074	979,241	4,272,315
Total Net Position	2,319,010	979,241	3,298,251

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
District's proportion of the net pension liability	0.0636181678%	0.0628894962%	0.0602580602%	0.0599611482%
District's proportionate share of the net pension liability	\$ 11,911,061	\$ 14,117,432	\$ 17,846,709	\$ 13,957,997
District's covered employee payroll	\$ 4,257,820	\$ 4,130,496	\$ 4,142,788	\$ 4,291,979
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	279.75%	341.79%	430.79%	325.21%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%

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

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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually required contribution	\$ 524,459	\$ 540,681	\$ 535,324	\$ 564,328
Contributions in relation to the contractually required contribution	(524,459)	(540,681)	(535,324)	(564,328)
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 4,311,146	\$ 4,257,820	\$ 4,130,496	\$ 4,142,788
Contributions as a percentage of covered employee payroll	12.17%	12.70%	12.96%	13.62%

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

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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
State's proportion of the net pension liability attributable to the District	0.2361649679%	0.2427921080%	0.2446592460%	0.2417091642%
State's proportionate share of the net pension liability attributable to the District	\$ 126,222,489	\$ 153,454,980	\$ 192,464,540	\$ 162,969,034
District's covered employee payroll	\$ 24,275,683	\$ 24,508,618	\$ 23,984,530	\$ 23,663,322
State's proportionate share of the net pension liability attributable to the District as a percentage of District's covered employee payroll	519.95%	626.13%	802.45%	688.70%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%

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

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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually required contribution	\$ 6,791,955	\$ 9,369,808	\$ 14,461,032	\$ 11,289,669
Contributions in relation to the contractually required contribution	(1,312,623)	(1,958,837)	(2,623,690)	(3,329,710)
Contribution deficiency/(excess)	<u>\$ 5,479,332</u>	<u>\$ 7,410,971</u>	<u>\$ 11,837,342</u>	<u>\$ 7,959,959</u>
District's covered employee payroll	\$ 24,508,618	\$ 23,984,530	\$ 23,663,322	\$ 25,117,473
Contributions as a percentage of covered employee payroll	27.71%	39.07%	61.11%	44.95%

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS
UNAUDITED

	Fiscal Years Ending	
	June 30, 2016	June 30, 2017
Total OPEB Liability		
Service Cost	\$ 1,723,999,319	\$ 2,391,878,884
Interest Cost	1,823,643,792	1,699,441,736
Changes in Assumptions	8,611,513,521	(7,086,599,129)
Member Contributions	46,273,747	45,748,749
Gross Benefit Payments	(1,223,298,019)	(1,242,412,566)
Net Change in Total OPEB Liability	10,982,132,360	(4,191,942,326)
Total OPEB Liability - Beginning	46,849,651,824	57,831,784,184
Total OPEB Liability - Ending	<u>\$ 57,831,784,184</u>	<u>\$ 53,639,841,858</u>
State's Covered Employee Payroll *	\$ 13,493,400,208	\$ 13,493,400,208
Total OPEB Liability as a Percentage of Covered Employee Payroll	429%	398%

* - Covered payroll for the fiscal years ending June 30, 2016 and June 30, 2017 is based on the payroll on the June 30, 2016 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

	<u>As of June 30,</u>	
	<u>2017</u>	<u>2016</u>
Discount Rate	5.00%	3.98%
Municipal Bond Rate	3.58%	2.85%
Inflation Rate	2.25%	3.08%
Long-Term Expected Rate of Return on Pension Plan Investments	7.00%	7.65%

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

	<u>As of June 30,</u>	
	<u>2017</u>	<u>2016</u>
Discount Rate	4.25%	3.22%
Municipal Bond Rate	3.58%	2.85%
Inflation Rate	2.25%	2.50%
Long-Term Expected Rate of Return on Pension Plan Investments	7.00%	7.65%

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

**BUDGETARY COMPARISON SCHEDULES
(UNAUDITED)**

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 59,551,594		\$ 59,551,594	\$ 59,551,594	
Unrestricted Miscellaneous Revenues	15,000		15,000	625,323	\$ 610,323
Interest Earned on Capital Reserve Funds	100		100	48,240	48,140
Other Restricted Miscellaneous Revenues	225,000		225,000	115,381	(109,619)
Total - Local Sources	59,791,694		59,791,694	60,340,538	548,844
State Sources:					
Transportation Aid	288,066		288,066	288,066	
Extraordinary Special Education Costs Aid	250,000		250,000	577,440	327,440
Special Education Categorical Aid	1,989,854		1,989,854	1,989,854	
Categorical Security Aid	59,339		59,339	59,339	
Nonpublic School Transportation Costs				50,797	50,797
Adjustment Aid	1		1	1	
PARCC Readiness Aid	30,305		30,305	30,305	
Per Pupil Growth Aid	30,305		30,305	30,305	
Professional Learning Community Aid	29,250		29,250	29,250	
On-Behalf TPAF Contributions (Non-Budgeted):					
Post-Retirement Medical Benefits				2,202,778	2,202,778
Pension				3,329,710	3,329,710
Non-Contributory Insurance				80,804	80,804
Long-Term Disability Insurance				3,946	3,946
Reimbursed TPAF Social Security (Non-Budgeted)				1,774,828	1,774,828
Total State Sources	2,677,120		2,677,120	10,447,423	7,770,303
Federal Sources:					
Medicaid Reimbursement (SEMI)	24,831		24,831	38,468	13,637
Total Federal Sources	24,831		24,831	38,468	13,637
TOTAL REVENUES	62,493,645		62,493,645	70,826,429	8,332,784

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 836,866	\$ 21,160	\$ 858,026	\$ 857,641	\$ 385
Grades 1-5 - Salaries of Teachers	4,753,242	267,565	5,020,807	4,964,478	56,329
Grades 6-8 - Salaries of Teachers	3,646,101	(54,459)	3,591,642	3,554,527	37,115
Grades 9-12 - Salaries of Teachers	5,802,636	(47,143)	5,755,493	5,683,870	71,623
Regular Programs - Home Instruction:					
Salaries of Teachers	35,000		35,000	25,015	9,985
Purchased Professional - Educational Services	20,000	(2,935)	17,065	13,677	3,388
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	666,646	(80,854)	585,792	585,386	406
Purchased Professional - Educational Services	400,000	6,029	406,029	404,141	1,888
Other Purchased Services (400-500 series)	249,050	(2,245)	246,805	238,633	8,172
General Supplies	1,369,406	(73,958)	1,295,448	865,234	430,214
Textbooks	131,488	(11,300)	120,188	107,824	12,364
Other Objects	97,579	(19,064)	78,515	72,473	6,042
Total Regular Programs - Instruction	18,008,014	2,796	18,010,810	17,372,899	637,911
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	672,104	15,152	687,256	687,238	18
Other Salaries for Instruction	273,206	(9,545)	263,661	263,447	214
General Supplies	24,711	(2,157)	22,554	21,457	1,097
Textbooks	1,419	(53)	1,366	582	784
Total Learning and/or Language Disabilities	971,440	3,397	974,837	972,724	2,113

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Special Education - Instruction: (Cont'd)					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 3,534,275	\$ (84,249)	\$ 3,450,026	\$ 3,449,269	\$ 757
Other Salaries for Instruction	149,789	2,445	152,234	151,705	529
Other Purchased Services (400-500 series)	38,113	1,005	1,005	765	240
General Supplies	5,092	(6,302)	31,811	21,631	10,180
Textbooks		(995)	4,097	2,614	1,483
Total Resource Room/Resource Center	3,727,269	(88,096)	3,639,173	3,625,984	13,189
Preschool Disabilities - Part-Time:					
Salaries of Teachers	228,074	(51,432)	176,642	176,456	186
Other Salaries for Instruction	64,960	(328)	64,632	64,631	1
General Supplies	4,023	(1,171)	2,852	2,152	700
Total Preschool Disabilities - Part-Time	297,057	(52,931)	244,126	243,239	887
Home Instruction:					
Salaries of Teachers	40,000		40,000	35,037	4,963
Purchased Professional - Educational Services	15,000	(14,505)	495	495	
Total Home Instruction	55,000	(14,505)	40,495	35,037	5,458
Total Special Education Instruction	5,050,766	(152,135)	4,898,631	4,876,984	21,647
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	1,141,706	(175,655)	966,051	965,000	1,051
General Supplies	41,386	(3,379)	38,007	32,643	5,364
Textbooks	5,350		5,350	2,785	2,565
Total Basic Skills/Remedial - Instruction	1,188,442	(179,034)	1,009,408	1,000,428	8,980

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 188,815	\$ (27,555)	\$ 161,260	\$ 161,259	\$ 1
General Supplies	3,388	543	3,931	3,930	1
Total Bilingual Education - Instruction	192,203	(27,012)	165,191	165,189	2
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	383,715	7,870	391,585	377,627	13,958
Purchased Services (300-500 series)		5,047	5,047	5,047	
Supplies and Materials	16,500		16,500	7,216	9,284
Other Objects	44,720	(8,135)	36,585	32,533	4,052
Total School-Sponsored Cocurricular Activities - Instruction	444,935	4,782	449,717	422,423	27,294
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	630,156	(71,796)	558,360	524,407	33,953
Purchased Services (300-500 series)	128,120	19,055	147,175	101,654	45,521
Supplies and Materials	90,283		90,283	72,857	17,426
Other Objects	13,606		13,606	10,451	3,155
Total School-Sponsored Cocurricular Athletics - Instruction	862,165	(52,741)	809,424	709,369	100,055
Summer School - Instruction:					
Salaries		79,248	79,248	79,248	
Total Summer School - Instruction		79,248	79,248	79,248	
Total Instruction	25,746,525	(324,096)	25,422,429	24,626,540	795,889

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	\$ 1,558,342	\$ 53,435	\$ 1,611,777	\$ 1,492,977	\$ 118,800
Tuition to County Vocational Schools - Regular	447,831		447,831	401,544	46,287
Tuition to County Vocational Schools - Special	207,480	6,070	213,550	202,644	10,906
Tuition to County Special Services Schools and Regional Day Schools	1,215,380	26,852	1,242,232	1,063,080	179,152
Tuition to Private Schools for the Disabled - Within the State	2,690,713	(753,650)	1,937,063	1,570,003	367,060
Tuition to Private Schools for the Disabled and Other LEA's - Outside the State		56,900	56,900	43,381	13,519
Total Undistributed Expenditures - Instruction	6,119,746	(610,393)	5,509,353	4,773,629	735,724
Health Services:					
Salaries	427,603	58,026	485,629	469,905	15,724
Purchased Professional and Technical Services	24,000	2,025	26,025	25,834	191
Supplies and Materials	17,665	(424)	17,241	13,281	3,960
Total Health Services	469,268	59,627	528,895	509,020	19,875
Speech, OT, PT and Related Services:					
Salaries	355,442	7,190	362,632	362,627	5
Purchased Professional - Educational Services	1,802,500	300,645	2,103,145	2,024,768	78,377
Supplies and Materials	10,000	(2,350)	7,650	4,941	2,709
Other Objects	10,000		10,000	7,901	2,099
Total - Speech, OT, PT and Related Services	2,177,942	305,485	2,483,427	2,400,237	83,190

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Other Support Services - Students - Extraordinary Services:					
Salaries	\$ 1,145,066	\$ 316,290	\$ 1,461,356	\$ 1,457,855	\$ 3,501
Supplies and Materials		2,100	2,100	2,078	22
Other Objects		250	250	240	10
Total Other Support Services - Students - Extraordinary Services	1,145,066	318,640	1,463,706	1,460,173	3,533
Guidance:					
Salaries of Other Professional Staff	780,767		780,767	758,168	22,599
Salaries of Secretarial and Clerical Assistants	108,985		108,985	75,843	33,142
Other Purchased Professional and Technical Services		9,420	9,420	9,416	4
Supplies and Materials	37,670		37,670	18,172	19,498
Other Objects	131,454	(16,936)	114,518	83,713	30,805
Total Guidance	1,058,876	(7,516)	1,051,360	945,312	106,048
Child Study Team:					
Salaries of Other Professional Staff	1,124,618	4,370	1,128,988	1,128,988	
Salaries of Secretarial and Clerical Assistants	102,283	40	102,323	102,319	4
Miscellaneous Purchased Services (400-500 series)	17,500	5,639	23,139	8,915	14,224
Supplies and Materials	14,000		14,000	6,825	7,175
Other Objects	12,500	(10,049)	2,451	1,763	688
Total Child Study Team	1,270,901		1,270,901	1,248,810	22,091

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	\$ 158,810	\$ 310	\$ 159,120	\$ 132,598	\$ 26,522
Salaries of Other Professional Staff	793,526	(310)	793,216	792,026	1,190
Salaries of Secretarial and Clerical Assistants	44,769		44,769	44,769	
Other Salaries	50,000	18,570	68,570	68,569	1
Other Purchased Professional and Technical Services	23,500	(120)	23,380	23,075	305
Other Purchased Services (400-500 series)	10,000	(925)	9,075	2,553	6,522
Supplies and Materials	6,065	5,650	11,715	8,750	2,965
Other Objects	17,000	(5,650)	11,350	213	11,137
Total Improvement of Instructional Services	1,103,670	17,525	1,121,195	1,072,553	48,642
Educational Media Services/School Library:					
Salaries	390,335	22,186	412,521	404,933	7,588
Supplies and Materials	191,215	45,050	236,265	180,408	55,857
Other Objects	8,500		8,500		8,500
Total Educational Media Services/School Library	590,050	67,236	657,286	585,341	71,945
Instructional Staff Training Services:					
Other Salaries	15,000		15,000	7,488	7,512
Purchased Professional - Educational Services	2,000		2,000	350	1,650
Other Purchased Professional and Technical Services	76,920	(19,393)	57,527	26,285	31,242
Other Purchased Services (400-500 series)	2,000	11,318	13,318	13,318	
Supplies and Materials	2,000	1,675	3,675	3,393	282
Other Objects	4,000		4,000		4,000
Total Instructional Staff Training Services	101,920	(6,400)	95,520	50,834	44,686

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Support Services - General Administration:					
Salaries	\$ 272,164	\$ 865	\$ 273,029	\$ 272,722	\$ 307
Legal Services	90,000	39,718	129,718	122,742	6,976
Audit Fees	45,000	23,401	68,401	40,000	28,401
Architect Fees		1,000	1,000	1,000	
Other Purchased Professional Services	46,000	(3,975)	42,025	41,105	920
Purchased Technical Services	41,000	4,305	45,305	45,304	1
Communications/Telephone	244,250	(127,742)	116,508	103,173	13,335
BOE Other Purchased Services	5,500		5,500	4,391	1,109
General Supplies	20,000	(11,016)	8,984	7,202	1,782
BOE In-House Training/Meeting Supplies	3,300	500	3,800	3,459	341
Miscellaneous Expenditures	29,500	(15,020)	14,480	2,987	11,493
BOE Membership Dues and Fees	31,000		31,000	28,045	2,955
Total Support Services - General Administration	827,714	(87,964)	739,750	672,130	67,620
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	1,417,840	(906)	1,416,934	1,411,770	5,164
Salaries of Other Professional Staff	390,192	4,762	394,954	394,952	2
Salaries of Secretarial and Clerical Assistants	653,828	8,525	662,353	660,416	1,937
Other Purchased Services (400-500 series)	15,000	(1,165)	13,835	12,229	1,606
Supplies and Materials	172,810	(2,188)	170,622	138,198	32,424
Other Objects	55,732	(15,166)	40,566	33,930	6,636
Total Support Services - School Administration	2,705,402	(6,138)	2,699,264	2,651,495	47,769

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Central Services:					
Salaries	\$ 679,891	\$ 2,155	\$ 682,046	\$ 682,046	
Purchased Technical Services	108,400	2,690	111,090	106,885	\$ 4,205
Miscellaneous Purchased Services (400-500 series)	4,500		4,500	4,196	304
Supplies and Materials	25,317	(12,386)	12,931	11,687	1,244
Miscellaneous Expenditures	14,000		14,000	12,575	1,425
Total Central Services	832,108	(7,541)	824,567	817,389	7,178
Administration Information Technology:					
Salaries	422,308	(7,000)	415,308	414,984	324
Purchased Professional Services	61,609	12,088	73,697	71,897	1,800
Other Purchased Services (400-500 series)	33,000	(25,088)	7,912	6,928	984
Supplies and Materials	257,938	54,795	312,733	251,155	61,578
Total Administration Information Technology	774,855	34,795	809,650	744,964	64,686
Required Maintenance for School Facilities:					
Salaries	474,640	12,660	487,300	484,713	2,587
Cleaning, Repair and Maintenance Services	1,150,496	160,000	1,310,496	1,006,186	304,310
General Supplies	237,772	(82,660)	155,112	94,884	60,228
Total Required Maintenance for School Facilities	1,862,908	90,000	1,952,908	1,585,783	367,125

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Custodial Services:					
Salaries	\$ 167,268	\$ (39,645)	\$ 127,623	\$ 126,160	\$ 1,463
Purchased Professional and Technical Services	1,581,068	21,074	1,602,142	1,539,880	62,262
Cleaning, Repair and Maintenance Services	470,570	(23,323)	447,247	323,743	123,504
Insurance	326,000	(9,807)	316,193	313,631	2,562
Miscellaneous Purchased Services	55,500	6,250	61,750	57,314	4,436
General Supplies	349,919	(101,721)	248,198	217,614	30,584
Energy (Natural Gas)	359,000	(86,570)	272,430	224,895	47,535
Energy (Electricity)	886,885	(28,950)	857,935	819,813	38,122
Other Objects		2,212	2,212	2,211	1
Total Custodial Services	4,196,210	(260,480)	3,935,730	3,625,261	310,469
Care and Upkeep of Grounds:					
Purchased Professional and Technical Services	64,850	162,184	227,034	94,785	132,249
Total Care and Upkeep of Grounds	64,850	162,184	227,034	94,785	132,249
Security:					
Purchased Professional and Technical Services	40,000	34,402	74,402	31,785	42,617
General Supplies	40,000	(617)	39,383	7,107	32,276
Total Security	80,000	33,785	113,785	38,892	74,893

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	\$ 359,534	\$ (3,997)	\$ 355,537	\$ 355,537	\$ 3,857
Other Than Between Home and School - Regular	50,000	(7,718)	42,282	38,425	1,421
Cleaning, Repair and Maintenance Services	15,000	(1,879)	13,121	11,700	
Contracted Services:					
Aid in Lieu Payments - Nonpublic Schools	140,000	(9,000)	131,000	118,450	12,550
Between Home and School - Vendors	1,602,500	15,123	1,617,623	1,583,672	33,951
Other Than Between Home and School - Vendors	257,000	(2,753)	254,247	212,239	42,008
Regular Students - ESCs & CTSAAs	201,000	50,944	251,944	251,944	
Special Education Students - ESCs & CTSAAs	1,260,000	118,190	1,378,190	1,365,482	12,708
Miscellaneous Purchased Services	14,700	(5,000)	9,700	8,679	1,021
General Supplies	100,000	(16,000)	84,000	52,619	31,381
Total Student Transportation Services	3,999,734	137,910	4,137,644	3,998,747	138,897
Unallocated Benefits:					
Social Security Contributions	620,000	17,321	637,321	637,320	1
Group Insurance	15,000	7,000	22,000	15,448	6,552
Other Retirement Contributions - PERS	638,100	(96,000)	542,100	541,828	272
Other Retirement Contributions - Regular	40,000	3,800	43,800	39,918	3,882
Workmen's Compensation	225,000	(16,171)	208,829	172,641	36,188
Health Benefits	8,581,500	(207,240)	8,374,260	7,765,194	609,066
Tuition Reimbursement	125,000		125,000	73,356	51,644
Other Employee Benefits	136,809		136,809	103,298	33,511
Unused Sick Payment to Terminated/Retired Staff	210,000	67,589	277,589	243,748	33,841
Total Unallocated Benefits	10,591,409	(223,701)	10,367,708	9,592,751	774,957

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
On-Behalf TPAF Contributions (Non-Budgeted):					
Post-Retirement Medical Benefits				\$ 2,202,778	\$ (2,202,778)
Pension				3,329,710	(3,329,710)
Non-Contributory Insurance				80,804	(80,804)
Long-Term Disability Insurance				3,946	(3,946)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				1,774,828	(1,774,828)
Total On-Behalf and Reimbursed TPAF Contributions				7,392,066	(7,392,066)
Total Personal Services - Employee Benefits	\$ 10,591,409	\$ (223,701)	\$ 10,367,708	16,984,817	(6,617,109)
Total Undistributed Expenses	39,972,629	17,054	39,989,683	44,260,172	(4,270,489)
TOTAL GENERAL CURRENT EXPENSE	65,719,154	(307,042)	65,412,112	68,886,712	(3,474,600)
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures:					
Instruction		17,608	17,608	7,100	10,508
School Administration		4,510	4,510	4,510	
Custodial Services		102,465	102,465	16,667	85,798
Student Transportation - School Buses - Regular	71,204	182,459	253,663	71,204	182,459
Total Equipment	71,204	307,042	378,246	99,481	278,765
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	15,475	386,974	402,449	279,193	123,256
Other Purchased Professional and Technical Services		284,284	284,284	39,258	245,026
Construction Services	2,552,702	3,962,661	6,515,363	919,929	5,595,434
Other Objects (Debt Service Assessment)	79,684		79,684	79,684	
Total Facilities Acquisition and Construction Services	2,647,861	4,633,919	7,281,780	1,318,064	5,963,716
TOTAL CAPITAL OUTLAY	2,719,065	4,940,961	7,660,026	1,417,545	6,242,481

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
TOTAL EXPENDITURES	\$ 68,438,219	\$ 4,633,919	\$ 73,072,138	\$ 70,304,257	\$ 2,767,881
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(5,944,574)	(4,633,919)	(10,578,493)	522,172	11,100,665
Other Financing Sources:					
Transfers In:					
Capital Projects Fund:				613,072	613,072
Capital Reserve Unexpended Funds Returned				613,072	613,072
Total Other Financing Sources					
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(5,944,574)	(4,633,919)	(10,578,493)	1,135,244	11,713,737
Fund Balance, July 1	17,475,673		17,475,673	17,475,673	
Fund Balance, June 30	<u>\$ 11,531,099</u>	<u>\$ (4,633,919)</u>	<u>\$ 6,897,180</u>	<u>\$ 18,610,917</u>	<u>\$ 11,713,737</u>

Recapitulation:	
Restricted:	
Excess Surplus	\$ 2,418,144
Excess Surplus - Designated for Subsequent Year's Expenditures	2,406,754
Capital Reserve	5,676,638
Emergency Reserve	500,000
Assigned:	
Year-End Encumbrances	5,780,431
Designated for Subsequent Year's Expenditures	192,469
Unassigned	<u>1,636,481</u>
	<u>18,610,917</u>
Reconciliation to Governmental Funds Statement (GAAP):	
June State Aid Payments not Recognized on GAAP Basis	(128,232)
Fund Balance per Governmental Funds (GAAP)	<u>\$ 18,482,685</u>

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	\$ 23,200	\$ 7,879	\$ 31,079	\$ 22,021	\$ (9,058)
Federal Sources	708,500	231,608	940,108	872,051	(68,057)
Local Sources		144,867	144,867	110,786	(34,081)
Total Revenues	731,700	384,354	1,116,054	1,004,858	(111,196)
EXPENDITURES:					
Instruction					
Personal Services - Salaries	225,000	(82,049)	142,951	142,951	
Tuition	483,500	156,777	640,277	640,277	
General Supplies	3,900	92,510	92,510	26,467	66,043
Textbooks		(1,215)	2,685	2,685	
Other Objects	19,300	132,550	151,850	108,711	43,139
Total Instruction	731,700	298,573	1,030,273	921,091	109,182
Support Services					
Personal Services - Salaries		7,800	7,800	5,786	2,014
Personal Services - Employee Benefits		22,259	22,259	22,259	
Other Purchased Services		55,722	55,722	55,722	
Total Support Services		85,781	85,781	83,767	2,014
Total Expenditures	731,700	384,354	1,116,054	1,004,858	111,196
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 70,826,429	\$ 1,004,858
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		
Cancellation of Prior Year Encumbrances		(1)
Prior Year Encumbrances		52,072
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	116,243	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(128,232)	
	<u>\$ 70,814,440</u>	<u>\$ 1,056,929</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds		
	<u>\$ 70,814,440</u>	<u>\$ 1,056,929</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 70,304,257	\$ 1,004,858
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, not in the Year the Supplies are Received for Financial Reporting Purposes		
Cancellation of Prior Year Encumbrances		(1)
Prior Year Encumbrances		52,072
	<u>\$ 70,304,257</u>	<u>\$ 1,056,929</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		
	<u>\$ 70,304,257</u>	<u>\$ 1,056,929</u>

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2018 was submitted to the County office and was approved by the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Elementary and Secondary Education Act				IDEA - Part B, Basic	
	Title I	Title IIA	Title III	Title III Immigrant		Title IV
REVENUE:						
State Sources						
Federal Sources	\$ 146,341	\$ 55,722	\$ 15,525	\$ 4,186	\$ 10,000	\$ 608,508
Local Sources						
Total Revenue	\$ 146,341	\$ 55,722	\$ 15,525	\$ 4,186	\$ 10,000	\$ 608,508
EXPENDITURES:						
Instruction:						
Personal Services - Salaries	\$ 125,600	\$ 11,806				\$ 608,508
Tuition						
General Supplies	2,201				\$ 10,000	
Textbooks						
Other Objects						
Total Instruction	127,801	11,806			10,000	608,508
Support Services:						
Personal Services - Salaries				\$ 4,186		
Personal Services - Employee Benefits	18,540	3,719				
Other Purchased Services		55,722				
Total Support Services	18,540	55,722	3,719	4,186		
Total Expenditures	\$ 146,341	\$ 55,722	\$ 15,525	\$ 4,186	\$ 10,000	\$ 608,508

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

REVENUE:	IDEA - Part B, Nonpublic Handicapped Services (Chapter 193)					
	Basic Preschool	Supplementary Instruction	Examination & Classification	Corrective Speech	Security	NJ Nonpublic Technology
State Sources	\$	1,586	\$ 3,276	\$ 2,857	\$ 4,275	\$ 1,813
Federal Sources						
Local Sources						
Total Revenue	\$ 31,769	\$ 1,586	\$ 3,276	\$ 2,857	\$ 4,275	\$ 1,813
EXPENDITURES:						
Instruction:						
Personal Services - Salaries	\$					
Tuition	31,769					
General Supplies						
Textbooks						
Other Objects						
Total Instruction	31,769	1,586	3,276	2,857	4,275	1,813
Support Services:						
Personal Services - Salaries						
Personal Services - Employee Benefits						
Other Purchased Services						
Total Support Services						
Total Expenditures	\$ 31,769	\$ 1,586	\$ 3,276	\$ 2,857	\$ 4,275	\$ 1,813

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	NJ Nonpublic		Local Programs			Totals June 30, 2018
	Textbooks	Nursing	Mahwah School Foundation	Mahwah Home School Organization	Other	
REVENUE:						
State Sources	\$ 2,685	\$ 5,529				\$ 22,021
Federal Sources			\$ 83,056	\$ 17,157	\$ 10,573	872,051
Local Sources						110,786
Total Revenue	\$ 2,685	\$ 5,529	\$ 83,056	\$ 17,157	\$ 10,573	\$ 1,004,858
EXPENDITURES:						
Instruction:						
Personal Services - Salaries				\$ 3,479	\$ 2,066	\$ 142,951
Tuition						640,277
General Supplies				5,759	8,507	26,467
Textbooks	\$ 2,685					2,685
Other Objects		\$ 5,529	\$ 83,056	6,319		108,711
Total Instruction	2,685	5,529	83,056	15,557	10,573	921,091
Support Services:						
Personal Services - Salaries				1,600		5,786
Personal Services - Employee Benefits						22,259
Other Purchased Services						55,722
Total Support Services				1,600		83,767
Total Expenditures	\$ 2,685	\$ 5,529	\$ 83,056	\$ 17,157	\$ 10,573	\$ 1,004,858

CAPITAL PROJECTS FUND

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Revenue and Other Financing Sources:	
State Sources - SDA Grant	\$ (30)
Interest Revenue	1,707
	<hr/>
Total Revenue and Other Financing Sources	1,677
	<hr/>
Expenditures and Other Financing Uses:	
Transfer to General Fund Capital Reserve - Unexpended Project Balances Canceled	613,072
Transfer to Debt Service Fund - Interest Earned	1,707
	<hr/>
Total Expenditures and Other Financing Uses	614,779
	<hr/>
Deficit of Revenue and Other Financing Sources	
Under Expenditures and Other Financing Uses	(613,102)
	<hr/>
Fund Balance - Beginning	613,102
	<hr/>
Fund Balance - Ending	\$ -0-
	<hr/> <hr/>
<u>Recapitulation of Fund Balance at June 30, 2018:</u>	
Committed Fund Balance per Governmental Funds (Budgetary Basis)	\$ -0-
	<hr/>
Total Fund Balance per Governmental Funds (GAAP Basis)	\$ -0-
	<hr/> <hr/>
<u>Reconciliation of Revenue from Budgetary Basis to GAAP Basis:</u>	
State SDA Grant Revenue Realized (Budgetary Basis)	\$ (30)
	<hr/>
State SDA Grant Revenue Realized (GAAP Basis)	\$ (30)
	<hr/> <hr/>

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MAHWAH HIGH SCHOOL ELECTRICAL SWITCHGEAR/GENERATOR
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 304,275	\$ (30)	\$ 304,245	\$ 304,245
Transfer from Capital Reserve	560,857	(109,533)	451,324	451,324
Total Revenue and Other Financing Sources	865,132	(109,563)	755,569	755,569
Expenditures:				
Purchased Professional and Technical Services	21,800		21,800	22,000
Construction Services	733,769		733,769	733,569
Total Expenditures	755,569	-0-	755,569	755,569
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	<u>\$ 109,563</u>	<u>\$ (109,563)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	SP-2900-050-14-1001
Grant Date	06/09/2014
Bond Authorization Date	N/A
Bonds Authorized	\$ -0-
Bonds Issued	\$ -0-
Original Authorized Cost	\$ 934,762
Change Orders	\$ (179,193)
Revised Authorized Cost	\$ 755,569
Change Order Percentage	-19.17%
Percentage Completion	100.00%
Original Target Completion Date	09/01/2015

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
BETSY ROSS SCHOOL BOILER
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 68,670		\$ 68,670	\$ 68,670
Transfer from Capital Reserve	199,202	\$ (97,356)	101,846	101,846
Total Revenue and Other Financing Sources	267,872	(97,356)	170,516	170,516
Expenditures:				
Purchased Professional and Technical Services	19,500		19,500	19,500
Construction Services	151,016		151,016	151,016
Total Expenditures	170,516	-0-	170,516	170,516
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	<u>\$ 97,356</u>	<u>\$ (97,356)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	SP-2900-060-14-1004
Grant Date	06/09/2014
Bond Authorization Date	N/A
Bonds Authorized	\$ -0-
Bonds Issued	\$ -0-
Original Authorized Cost	\$ 332,004
Change Orders	\$ (161,488)
Revised Authorized Cost	\$ 170,516
Change Order Percentage	-48.64%
Percentage Completion	100.00%
Original Target Completion Date	09/01/2014

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
JOYCE KILMER SCHOOL UNIT VENTILATORS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 122,772		\$ 122,772	\$ 122,772
Transfer from Capital Reserve	396,322	\$ (215,479)	180,843	180,843
Total Revenue and Other Financing Sources	519,094	(215,479)	303,615	303,615
Expenditures:				
Purchased Professional and Technical Services	38,000		38,000	38,000
Construction Services	265,615		265,615	265,615
Total Expenditures	303,615	-0-	303,615	303,615
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 215,479	\$ (215,479)	\$ -0-	\$ -0-

Additional Project Information:

Project Number	SP-2900-075-14-1002
Grant Date	06/09/2014
Bond Authorization Date	N/A
Bonds Authorized	\$ -0-
Bonds Issued	\$ -0-
Original Authorized Cost	\$ 660,537
Change Orders	\$ (356,922)
Revised Authorized Cost	\$ 303,615
Change Order Percentage	-54.04%
Percentage Completion	100.00%
Original Target Completion Date	09/01/2014

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
RAMAPO RIDGE MIDDLE SCHOOL BOILER
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 71,076		\$ 71,076	\$ 71,076
Transfer from Capital Reserve	199,202	\$ (93,749)	105,453	105,453
Total Revenue and Other Financing Sources	270,278	(93,749)	176,529	176,529
Expenditures:				
Purchased Professional and Technical Services	19,500		19,500	19,500
Construction Services	157,029		157,029	157,029
Total Expenditures	176,529	-0-	176,529	176,529
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 93,749	\$ (93,749)	\$ -0-	\$ -0-

Additional Project Information:

Project Number	SP-2900-076-14-1003
Grant Date	06/09/2014
Bond Authorization Date	N/A
Bonds Authorized	\$ -0-
Bonds Issued	\$ -0-
Original Authorized Cost	\$ 332,004
Change Orders	\$ (155,475)
Revised Authorized Cost	\$ 176,529
Change Order Percentage	-46.83%
Percentage Completion	100.00%
Original Target Completion Date	09/01/2014

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
GEORGE WASHINGTON SCHOOL BOILER
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 68,938		\$ 68,938	\$ 68,938
Transfer from Capital Reserve	199,202	\$ (96,955)	102,247	102,247
Total Revenue and Other Financing Sources	268,140	(96,955)	171,185	171,185
Expenditures:				
Purchased Professional and Technical Services	19,500		19,500	19,500
Construction Services	151,685		151,685	151,685
Total Expenditures	171,185	-0-	171,185	171,185
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 96,955	\$ (96,955)	\$ -0-	\$ -0-

Additional Project Information:

Project Number	SP-2900-080-14-1005
Grant Date	06/09/2014
Bond Authorization Date	N/A
Bonds Authorized	\$ -0-
Bonds Issued	\$ -0-
Original Authorized Cost	\$ 332,004
Change Orders	\$ (160,819)
Revised Authorized Cost	\$ 171,185
Change Order Percentage	-48.44%
Percentage Completion	100.00%
Original Target Completion Date	09/01/2014

PROPRIETARY FUNDS

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2018

	Business-Type Activities - Enterprise Funds						
	Major Funds			Non-Major Funds			Total Enterprise Funds
	Food Service	Region I Transportation	Region I Administration	Region I Summer School	Non-Major Funds	Total Region I	
ASSETS:							
Current Assets:							
Cash and Cash Equivalents	\$ 265,438		\$ 225,224	\$ 28,826	\$ 254,050	\$ 254,050	\$ 519,488
Receivable from:							
Federal Government	11,471						11,471
State Government	587						587
Interfund Receivable - General Fund	22,604				10,868	797,440	22,604
Receivables - Other		\$ 786,572	10,868				797,440
Inventories	16,253						16,253
Total Current Assets	316,353	786,572	236,092	28,826	264,918	1,051,490	1,367,843
Non-Current Assets:							
Capital Assets	440,322						440,322
Less: Accumulated Depreciation	(247,135)						(247,135)
Total Non-Current Assets	193,187						193,187
Total Assets	509,540	786,572	236,092	28,826	264,918	1,051,490	1,561,030
DEFERRED OUTFLOWS OF RESOURCES:							
Deferred Outflows Related to Pensions			155,166		155,166	155,166	155,166
Total Deferred Outflows of Resources			155,166		155,166	155,166	155,166

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2018

	Business-Type Activities - Enterprise Funds					
	Major Funds			Non-Major Funds		
	Food Service	Region I Transportation	Administration	Region I Summer School	Non-Major Funds	Total Enterprise Funds
LIABILITIES:						
Current Liabilities:						
Interfund Payable - General Fund	\$	427,218	\$	34,041	\$	427,218
Accounts Payable					\$	34,041
Unearned Revenue:						
Prepaid Student Balances	23,939					23,939
Commodities	4,334					4,334
Noncurrent Liabilities:						
Due Beyond One Year			572,278		572,278	572,278
Total Liabilities	45,006	427,218	606,319		606,319	1,078,543
DEFERRED INFLOWS OF RESOURCES:						
Deferred Inflows Related to Pensions			142,266		142,266	142,266
Total Deferred Inflows of Resources			142,266		142,266	142,266
NET POSITION:						
Investment in Capital Assets	193,187					193,187
Unrestricted/(Deficit)	271,347	359,354	(357,327)	\$	28,826	(328,501)
Total Net Position (Deficit)	\$	464,534	\$	(357,327)	\$	30,853
						\$
						30,853
						\$
						495,387

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUNDS NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds						
	Major Funds			Non-Major Funds			
	Food Service	Region I Transportation	Administration	Region I Summer School	Non-Major Funds	Total Region I	Total Enterprise Funds
Operating Revenue:							
Charges for Services:							
Daily Sales:							
Reimbursable Programs	\$ 339,654						\$ 339,654
Non-Reimbursable Programs	502,220						502,220
Program Fees			\$ 410,630	\$ 126,474	\$ 537,104	\$ 537,104	537,104
Transportation Fees from Other LEA's Within the State							
Special Events		\$ 11,556,620				11,556,620	11,556,620
	841,874	11,556,620	410,630	126,474		12,093,724	12,935,598
	5,780						5,780
Total Operating Revenue	847,654	11,556,620	410,630	126,474		12,093,724	12,941,378
Operating Expenses:							
Cost of Sales:							
Reimbursable	277,016						277,016
Non-Reimbursable	176,282						176,282
Total Cost of Sales	453,298						453,298
Salaries, Benefits & Payroll Taxes	426,430						814,870
Contracted Services	43,522	11,485,575					11,529,097
Purchased Professional/Technical Services			287,474	100,966			388,440
Purchased Property Services						27,621	27,621
Other Purchased Services			14,809	12,812			27,621
Supplies and Materials	30,895						30,895
Rent	2,600						7,469
General Supplies	32,518						32,518
Miscellaneous Expenses			35,000	9,000			44,000
Depreciation Expense			16,535	1,609			18,144
	11,960		4,252				16,212
	40,578						40,578
Total Operating Expenses	1,041,801	11,485,575	360,853	126,473		11,972,901	13,014,702

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds						Total Enterprise Funds
	Major Funds			Non-Major Funds			
	Food Service	Region I Transportation	Region I Administration	Region I Summer School	Total Non-Major Funds	Total Region I	
Operating Income/(Loss)	\$ (194,147)	\$ 71,045	\$ 49,777	1	\$ 49,778	\$ 120,823	\$ (73,324)
Non-Operating Revenue:							
Federal Sources:							
National School Lunch Program	152,117						152,117
Food Distribution Program	33,583						33,583
State Sources:							
School Lunch Program	7,915						7,915
Local Sources:							
Interest Revenue	188						188
Total Non-Operating Revenue	193,803						193,803
Change in Net Position Before Other Item	(344)	71,045	49,777	1	49,778	120,823	120,479
Other Item - Disposal of Capital Assets, Net	(9,624)						(9,624)
Change in Net Position After Other Item	(9,968)	71,045	49,777	1	49,778	120,823	110,855
Net Position/(Deficit) - Beginning of Year	474,502	288,309	(407,104)	28,825	(378,279)	(89,970)	384,532
Net Position/(Deficit) - End of Year	\$ 464,534	\$ 359,354	\$ (357,327)	\$ 28,826	\$ (328,501)	\$ 30,853	\$ 495,387

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds						
	Major Funds			Non-Major Funds			Total Enterprise Funds
	Food Service	Region I Transportation	Region I Administration	Region I Summer School	Non-Major Funds	Total Region I	
Cash Flows from Operating Activities:							
Receipts from Customers	\$ 853,178	\$ 11,434,378	\$ 473,664	\$ 126,474	\$ 600,138	\$ 12,034,516	\$ 12,887,694
Payments to/for Employees	(956,633)		(291,853)	(100,966)	(392,819)	(392,819)	(956,633)
Payments to Food Service Vendor							
Payments to Transportation Vendors		(11,485,575)				(11,485,575)	(11,485,575)
Payments to Suppliers	(6,465)		(62,039)	(25,507)	(87,546)	(87,546)	(94,011)
Net Cash Provided by/(Used for) Operating Activities	(109,920)	(51,197)	119,772	1	119,773	68,576	(41,344)
Cash Flows from Investing Activities:							
Interest Income	188						188
Net Cash Provided by Investing Activities	188						188
Cash Flows from Noncapital and Related Financing Activities:							
Federal Subsidy Reimbursements Received from General Fund	244,983						244,983
State Subsidy Reimbursements Received from General Fund	12,110						12,110
Cash Received - Interfund Payable - General Fund		51,197				51,197	51,197
Cash Disbursed - Interfund Receivable - General Fund	(22,604)						(22,604)
Net Cash Provided by Noncapital and Related Financing Activities	234,489	51,197				51,197	285,686
Cash Flows from Capital and Related Financing Activities:							
Purchase of Capital Assets	(35,782)						(35,782)
Net Cash Used for Capital and Related Financing Activities	(35,782)						(35,782)
Net Increase in Cash and Cash Equivalents	88,975	- 0 -	119,772	1	119,773	119,773	208,748
Cash and Cash Equivalents, July 1	176,463	- 0 -	105,452	28,825	134,277	134,277	310,740
Cash and Cash Equivalents, June 30	\$ 265,438	\$ - 0 -	\$ 225,224	\$ 28,826	\$ 254,050	\$ 254,050	\$ 519,488

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds						
	Major Funds			Non-Major Funds			Total Enterprise Funds
	Food Service	Region I Transportation	Region I Administration	Region I Summer School	Non-Major Funds	Total	
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:							
Operating Income/(Loss)	\$ (194,147)	\$ 71,045	\$ 49,777	\$ 1	\$ 49,778	\$ 120,823	\$ (73,324)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:							
Depreciation	40,578						40,578
Federal Food Distribution Program	33,583						33,583
Changes in Assets and Liabilities:							
(Increase)/Decrease in:							
Other Receivables	(699)	(122,242)	63,034		63,034	(59,208)	(59,208)
Inventory			154,847		154,847	154,847	154,847
Change in Assumptions - Pensions			465		465	465	465
Difference Between Expected and Actual Experience - Pensions			24,684		24,684	24,684	24,684
Net Difference Between Projected and Actual in Investment			(7,091)		(7,091)	(7,091)	(7,091)
Earnings on Pension Plan Investments - Pensions			(177,284)		(177,284)	(177,284)	(177,284)
Change in Proportion - Pensions			11,340		11,340	11,340	11,340
Net Pension Liability	4,678						4,678
Accounts Payable	563						563
Unearned Revenue - Commodities	5,524						5,524
Unearned Revenue - Prepaid Balances							
Net Cash Provided by/(Used for) Operating Activities	\$ (109,920)	\$ (51,197)	\$ 119,772	\$ 1	\$ 119,773	\$ 68,576	\$ (41,344)
Non-Cash Investing, Capital and Financing Activities:							

The Food Service Enterprise Fund received commodities from the Federal Food Distribution Program valued at \$34,146 and utilized commodities from the Federal Food Distribution Program valued at \$33,583 for the fiscal year ended June 30, 2018.

FIDUCIARY FUNDS

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Agency</u>		<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Flexible Spending Trust</u>	
	<u>Student Activity</u>	<u>Payroll</u>				<u>Total</u>
<u>ASSETS:</u>						
Cash and Cash Equivalents	\$ 907,553	\$ 2,333	\$ 909,886	\$ 679,966	\$ 308,123	\$ 36,498
Interfund Receivable: Special Revenue Fund	3,000		3,000			
Total Assets	<u>910,553</u>	<u>2,333</u>	<u>912,886</u>	<u>679,966</u>	<u>308,123</u>	<u>36,498</u>
<u>LIABILITIES:</u>						
Interfund Payable - General Fund	41,632		41,632			10,000
Payroll Deductions and Withholdings		2,333	2,333			
Due to Student Groups	866,676		866,676			
School Store	2,245		2,245			
Total Liabilities	<u>910,553</u>	<u>2,333</u>	<u>912,886</u>	<u>-0-</u>	<u>-0-</u>	<u>10,000</u>
<u>NET POSITION:</u>						
Held in Trust for:						
Unemployment Benefit Claims			679,966			
Scholarships				308,123		
Flexible Spending Claims						26,498
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 679,966</u>	<u>\$ 308,123</u>	<u>\$ 26,498</u>

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:			
Contributions:			
Plan Member	\$ 91,832		\$ 66,558
Donations		\$ 11,190	
Total Additions	<u>91,832</u>	<u>11,190</u>	<u>66,558</u>
DEDUCTIONS:			
Quarterly Contribution Reports and Unemployment Claims	60,808		
Scholarships Awarded		26,950	
Flexible Spending Claims			75,069
Total Deductions	<u>60,808</u>	<u>26,950</u>	<u>75,069</u>
Change in Net Position	31,024	(15,760)	(8,511)
Net Position - Beginning of the Year	<u>648,942</u>	<u>323,883</u>	<u>35,009</u>
Net Position - End of the Year	<u>\$ 679,966</u>	<u>\$ 308,123</u>	<u>\$ 26,498</u>

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

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents:				
Cash and Cash Equivalents	\$ 821,784	\$ 759,451	\$ 673,682	\$ 907,553
Interfund Receivable:				
Special Revenue Fund	<u>3,000</u>			<u>3,000</u>
Total Assets	<u>\$ 824,784</u>	<u>\$ 759,451</u>	<u>\$ 673,682</u>	<u>\$ 910,553</u>
<u>LIABILITIES:</u>				
Interfund Payable - General Fund		\$ 41,632		\$ 41,632
Due to Student Groups	\$ 823,255	715,625	\$ 672,204	866,676
School Store	<u>1,529</u>	<u>2,194</u>	<u>1,478</u>	<u>2,245</u>
Total Liabilities	<u>\$ 824,784</u>	<u>\$ 759,451</u>	<u>\$ 673,682</u>	<u>\$ 910,553</u>

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

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Mahwah Schools	\$ 823,255	\$ 715,625	\$ 672,204	\$ 866,676
School Store	1,529	2,194	1,478	2,245
Total	<u>\$ 824,784</u>	<u>\$ 717,819</u>	<u>\$ 673,682</u>	<u>\$ 868,921</u>

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

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 859	\$ 57,742,628	\$ 57,741,154	\$ 2,333
Interfund Receivable:				
General Fund	<u>895</u>		<u>895</u>	
Total Assets	<u>\$ 1,754</u>	<u>\$ 57,742,628</u>	<u>\$ 57,742,049</u>	<u>\$ 2,333</u>
<u>LIABILITIES:</u>				
Liabilities:				
Payroll Deductions and Withholdings	<u>\$ 1,754</u>	<u>\$ 57,742,628</u>	<u>\$ 57,742,049</u>	<u>\$ 2,333</u>
Total Liabilities	<u>\$ 1,754</u>	<u>\$ 57,742,628</u>	<u>\$ 57,742,049</u>	<u>\$ 2,333</u>

LONG-TERM DEBT

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOT APPLICABLE

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,398,458		\$ 2,398,458	\$ 2,398,458	
Total Revenues	2,398,458		2,398,458	2,398,458	
EXPENDITURES:					
Regular Debt Service:					
Interest	366,776		366,776	366,775	\$ 1
Redemption of Principal	2,032,000		2,032,000	2,032,000	
Total Regular Debt Service	2,398,776		2,398,776	2,398,775	1
Total Expenditures	2,398,776		2,398,776	2,398,775	1
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(318)		(318)	(317)	1
Other Financing Sources:					
Transfers In - Capital Projects Fund:					
Interest Earned				1,707	1,707
Total Other Financing Sources				1,707	1,707
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(318)	\$ -0-	(318)	1,390	1,708
Fund Balance, July 1	763		763	763	
Fund Balance, June 30	\$ 445	\$ -0-	\$ 445	\$ 2,153	\$ 1,708

Recapitulation of Fund Balance at June 30, 2018:

Restricted → Designated for Subsequent Year's Expenditures	\$ 445
Restricted	1,708
	<u>\$ 2,153</u>

STATISTICAL SECTION
(UNAUDITED)

This part of the School'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 School's overall financial health.

Contents

	<u>Exhibit</u>
Financial Trends These schedules contain trend information to help the reader understand how the School's financial performance and well-being have changed over time.	J-1 thru J-5
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the School's ability to generate its property taxes.	J-6 thru J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the School's current levels of outstanding debt and the School's ability to issue additional debt in the future.	J-10 thru J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information These schedules contain information about the School's operations and resources to help the reader understand how the School's financial information relates to the services the School provides and the activities it performs.	J-16 thru J-20

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

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 23,601,775	\$ 23,415,618	\$ 22,730,683	\$ 22,325,235	\$ 23,806,884	\$ 23,572,905	\$ 23,679,032	\$ 23,720,946	\$ 30,335,322	\$ 31,200,125
Special Education	5,838,538	5,893,422	6,537,015	6,949,744	7,000,275	7,337,373	7,278,721	7,374,663	9,992,170	9,235,512
Other Special Instruction	1,115,930	1,158,515	962,707	1,055,544	1,152,787	1,262,005	1,237,216	1,308,823	1,788,011	2,046,142
Other Instruction	1,875,831	1,904,192	1,586,206	1,925,041	2,024,631	1,887,480	1,973,003	2,157,527	1,711,862	2,086,730
Support Services:										
Tuition	2,429,116	2,745,506	2,603,901	2,498,790	3,009,961	3,803,762	4,337,067	4,483,777	5,643,899	5,413,906
Student & Instruction Related Services	7,454,519	7,763,541	7,566,562	8,208,086	8,789,889	9,022,126	9,564,208	9,383,619	11,186,665	13,148,416
General Administrative Services	1,956,928	1,662,089	1,970,567	1,548,465	1,638,448	1,439,456	1,720,600	1,927,941	1,009,474	953,025
School Administrative Services	2,738,693	3,009,152	2,692,798	3,146,546	2,952,463	3,308,362	3,017,075	2,896,896	5,224,374	4,991,663
Central Services	728,055	756,726	783,967	849,296	838,088	967,967	799,771	764,078	1,230,828	1,318,961
Administrative Information Technology	633,583	933,142	618,659	959,511	866,024	1,014,923	874,769	836,111	1,432,968	1,208,834
Plant Operations and Maintenance	4,782,759	5,702,269	5,700,503	5,655,134	6,346,986	6,677,836	5,929,083	5,220,979	7,196,988	6,046,342
Pupil Transportation	3,267,140	3,279,246	3,279,741	3,390,980	3,333,208	3,554,637	3,715,677	3,946,228	4,721,661	4,463,140
Charter Schools			23,079	23,370	51,863					
Interest on Long-term Debt	1,141,873	1,025,225	918,719	788,180	737,273	658,940	583,489	506,456	413,289	314,064
Unallocated Depreciation									357,063	371,141
Total Governmental Activities Expenses	57,564,740	59,248,643	57,975,107	59,323,922	62,548,780	64,507,772	64,709,711	64,528,044	82,244,574	82,798,001
Business-Type Activities:										
Food Service	887,639	913,955	940,643	988,396	1,033,906	992,627	1,014,778	983,105	998,918	1,041,801
Region I Transportation									10,904,780	11,485,575
Region I Administration									391,031	360,853
Region I Summer School									145,766	126,473
Total Business-Type Activities Expenses	887,639	913,955	940,643	988,396	1,033,906	992,627	1,014,778	983,105	12,440,495	13,014,702
Total District-Wide Expenses	58,452,379	60,162,598	58,915,750	60,312,318	63,582,686	65,500,399	65,724,489	65,511,149	94,685,069	95,812,703
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Tuition	46,334	1,494								
Operating Grants and Contributions	7,673,604	6,955,882	5,834,182	7,546,552	8,649,222	7,911,541	7,529,294	7,817,464	22,362,904	23,796,580
Capital Grants and Contributions	(66,128)	828,782	558,811						(400,795)	(30)
Total Governmental Activities Program Revenues	7,653,810	7,786,158	6,392,993	7,546,552	8,649,222	7,911,541	7,529,294	7,817,464	21,962,109	23,796,550

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-Type Activities:										
Charges for Services:										
Food Service										
Region I Transportation										
Region I Administration										
Region I Summer School										
Operating Grants and Contributions										
Total Business-Type Activities Revenues										
Total District-Wide Program Revenues										
Net (Expense)/Revenue:										
Governmental Activities										
Business-type Activities										
Total District-Wide Net (Expense)/Revenue										
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net										
Taxes Levied for Debt Service										
Unrestricted Grants and Contributions										
Refunding Bond Proceeds, Net										
Investment Earnings										
Miscellaneous Income										
Adjustment to Capital Assets										
Transfers										
Total Governmental Activities General Revenues and Other Changes in Net Position										
Business-type Activities:										
Miscellaneous										
Disposal of Capital Assets, Net of Depreciation										
Transfers										
Total Business-type Activities General Revenues and Other Changes in Net Position										
Total District-Wide General Revenues and Other Changes in Net Position										
Change in Net Position:										
Governmental Activities										
Business-Type Activities										
Total District-Wide Change in Net Position										
Source: Township of Mahwah School District Financial Reports.										

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

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

	June 30,				
	2009	2010	2011	2012	2013
General Fund:					
Reserved	\$ 5,562,394	\$ 4,657,464			
Unreserved	1,170,564	1,298,452			
Restricted			\$ 5,414,285	\$ 8,230,997	\$ 11,005,171
Assigned			2,106,507	2,423,474	2,214,537
Unassigned			1,061,756	1,195,228	1,227,583
Total General Fund	\$ 6,732,958	\$ 5,955,916	\$ 8,582,548	\$ 11,849,699	\$ 14,447,291

All Other Governmental Funds:					
Reserved					
Unreserved/(Deficit), Reported in:					
Capital Projects Fund	\$ (89,186)	\$ 440,696			
Debt Service Fund	6,752	20,385			
Restricted/(Deficit)			\$ (91,853)	\$ 263,550	\$ (49,647)
Assigned			512,568		
Total All Other Governmental Funds	\$ (82,434)	\$ 461,081	\$ 420,715	\$ 263,550	\$ (49,647)
Total Governmental Funds	\$ 6,650,524	\$ 6,416,997	\$ 9,003,263	\$ 12,113,249	\$ 14,397,644

	June 30,				
	2014	2015	2016	2017	2018
General Fund:					
Restricted	\$ 10,729,477	\$ 10,030,982	\$ 11,758,284	\$ 13,838,079	\$ 11,001,536
Assigned	1,693,206	1,739,430	3,303,770	2,112,932	5,972,900
Unassigned	1,409,922	1,399,188	1,295,670	1,408,419	1,508,249
Total General Fund	\$ 13,832,605	\$ 13,169,600	\$ 16,357,724	\$ 17,359,430	\$ 18,482,685

All Other Governmental Funds:					
Restricted/(Deficit)	\$ 1,037,328	\$ 1,030,795	\$ 1,015,458	\$ 763	\$ 2,153
Assigned		254,543			
Committed				613,102	
Total All Other Governmental Funds	\$ 1,037,328	\$ 1,285,338	\$ 1,015,458	\$ 613,865	\$ 2,153
Total Governmental Funds	\$ 14,869,933	\$ 14,454,938	\$ 17,373,182	\$ 17,973,295	\$ 18,484,838

Source: Township of Mahwah School District Financial Reports.

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

UNAUDITED

(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Tax Levy	\$ 50,920,193	\$ 52,967,384	\$ 54,675,367	\$ 55,582,764	\$ 56,601,573	\$ 57,600,743	\$ 58,704,715	\$ 59,780,712	\$ 60,977,358	\$ 61,950,052
Tuition Charges	46,334	1,494								
Interest Earnings	116,316	82,090	87,276	18,658	23,550	24,501	27,025	33,006	60,135	133,980
Miscellaneous	231,614	190,261	184,671	267,363	371,215	300,332	323,407	312,600	283,164	656,671
Local Sources				21,227		77,578	68,525	72,598	59,606	162,473
State Sources	7,187,608	6,309,017	4,730,958	6,143,444	7,375,171	8,150,533	6,587,961	6,856,555	9,258,100	10,457,809
Federal Sources	951,880	1,004,062	1,470,035	1,541,907	1,027,792	897,500	1,043,940	1,041,441	1,005,075	910,519
Total Revenues	59,453,945	60,554,308	61,148,307	63,575,363	65,399,301	67,051,187	66,755,573	68,096,912	71,643,438	74,271,504
Expenditures:										
Instruction:										
Regular Instruction	16,371,184	16,790,174	16,393,507	16,495,532	16,562,024	16,642,133	16,975,012	16,258,610	16,795,275	17,548,458
Special Education Instruction	4,271,454	4,383,036	5,071,239	5,082,108	5,060,104	5,388,786	5,450,617	5,287,002	5,087,538	5,034,310
Other Special Instruction	1,115,930	1,158,515	962,707	1,055,544	1,152,787	1,262,005	1,237,216	1,308,823	1,336,733	1,165,617
Other Instruction	1,115,052	1,136,824	1,048,403	1,084,847	1,152,796	1,117,209	1,184,641	1,228,979	1,265,686	1,211,040
Support Services:										
Tuition	2,429,117	2,745,506	2,603,901	2,498,790	3,009,961	3,803,762	4,337,067	4,483,777	5,643,899	5,413,906
Student & Instruction Related Services	5,697,535	5,952,610	5,941,932	6,071,346	6,719,355	6,993,599	7,584,567	7,100,831	7,465,764	8,356,047
General Administrative Services	803,216	892,540	765,193	744,771	698,958	749,061	823,890	639,864	656,200	672,130
School Administrative Services	2,378,005	2,518,677	2,525,619	2,324,118	2,389,730	2,492,001	2,478,935	2,484,779	2,698,117	2,651,495
Central Services	728,055	756,726	783,967	849,296	838,088	967,967	799,771	764,078	823,658	817,389
Administrative Information Technology	633,583	933,142	618,659	959,511	866,024	1,014,923	874,769	836,111	1,085,866	744,964
Plant Operations and Maintenance	4,411,110	5,324,656	5,346,287	5,265,156	5,987,488	6,312,559	5,582,776	4,838,122	5,233,048	5,344,721
Pupil Transportation	3,072,623	3,051,282	3,083,276	3,158,197	3,136,353	3,369,639	3,546,408	3,737,090	3,809,159	3,998,747
Unallocated Benefits	11,599,650	11,097,790	10,308,826	11,434,078	12,501,817	11,923,725	11,603,931	12,709,512	15,740,661	16,984,817
Charter Schools			23,079	23,370	51,863					
Capital Outlay	1,526,358	2,131,559	863,168	716,010	304,573	1,901,469	2,082,613	936,353	844,002	1,417,545
Debt Service:										
Principal	1,685,000	1,735,000	1,830,000	1,875,000	1,915,000	1,950,000	1,995,000	2,025,000	2,060,000	2,032,000
Interest and Other Charges	1,172,163	1,074,083	951,089	827,703	767,985	690,060	613,355	537,137	455,387	366,775
Total Expenditures	59,010,035	61,682,120	59,120,852	60,465,377	63,114,906	66,578,898	67,170,568	65,176,068	71,000,993	73,759,961

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 443,910	\$ (1,127,812)	\$ 2,027,455	\$ 3,109,986	\$ 2,284,395	\$ 472,289	\$ (414,995)	\$ 2,920,844	\$ 642,445	\$ 511,543
Other Financing Sources (Uses):										
Proceeds from Borrowing	(66,128)	65,503	828,782	558,811						
SDA Grants	291	1,354,550	3,712	300,231	540	375,144	1,556,028	317	445	614,779
Transfers In	(10,491)	(1,354,550)	(3,712)	(300,231)	(540)	(375,144)	(1,556,028)	(2,917)	(42,777)	(614,779)
Transfers Out										
Total Other Financing Sources (Uses)	(76,328)	894,285	558,811					(2,600)	(42,332)	
Net Change in Fund Balances	\$ 367,582	\$ (233,527)	\$ 2,586,266	\$ 3,109,986	\$ 2,284,395	\$ 472,289	\$ (414,995)	\$ 2,918,244	\$ 600,113	\$ 511,543
Debt Service as a Percentage of Noncapital Expenditures	4.97%	4.72%	4.77%	4.52%	4.27%	4.08%	4.01%	3.98%	3.58%	3.32%

Source: Township of Mahwah School District Financial Reports.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Prior Year Refunds	Rentals	Other	Total
2009	\$ 116,316	\$ 46,334	\$ 157,108	\$ 67,130	\$ 7,376	\$ 394,264
2010	81,536	1,494	111,305	70,640	8,316	273,291
2011	83,564		89,277	80,093	15,301	268,235
2012	18,427		102,708	158,812	5,843	285,790
2013	18,617		197,295	153,328	20,592	389,832
2014	24,501		116,315	160,246	23,771	324,833
2015	25,782		145,601	139,441	38,365	349,189
2016	32,689		126,531	149,251	36,818	345,289
2017	59,690		155,865	89,791	37,508	342,854
2018	132,273		293,703	115,381	247,587	788,944

Source: Township of Mahwah School District Records.

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

Year Ended December 31,	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2008	\$ 89,819,900	\$ 3,282,523,000	\$ 12,848,400	\$ 475,560,100	\$ 231,148,000	\$ 31,751,800	\$ 4,123,651,200	\$ 4,444,235	\$ 4,128,095,435	\$ 1.2110	\$ 6,794,306,951
2009	85,259,100	3,306,757,000	12,833,400	474,772,000	230,606,800	31,751,800	4,141,980,100	4,557,002	4,146,537,102	1.2520	7,114,552,732
2010	82,587,000	3,307,176,900	12,326,100	486,416,800	222,957,200	31,751,800	4,143,215,800	4,931,194	4,148,146,994	1.2980	6,841,606,324
2011*	101,431,400	4,340,294,700	14,509,400	859,860,855	361,833,700	51,338,000	5,729,268,055	6,107,242	5,735,375,297	0.9610	5,735,375,297
2012	98,254,900	4,334,976,500	14,456,400	840,148,055	357,168,100	51,338,000	5,696,341,955	5,269,822	5,701,611,777	0.9840	6,314,882,225
2013	98,683,500	4,344,961,000	14,456,400	820,024,655	330,679,100	49,592,700	5,638,397,355	5,347,200	5,663,744,555	1.0090	6,206,660,611
2014	98,654,000	4,337,511,000	14,449,400	789,730,155	339,555,700	49,592,700	5,629,472,955	4,740,139	5,634,213,094	1.0320	5,634,213,094
2015	97,182,300	4,374,675,800	13,819,800	770,650,255	374,621,600	49,592,700	5,680,542,455	4,740,139	5,685,282,594	1.0420	6,030,661,715
2016	99,182,100	4,386,777,000	14,540,400	797,400,700	339,170,900	49,592,700	5,686,663,800	4,774,230	5,691,438,030	1.0610	5,923,219,890
2017	91,422,600	4,409,862,900	16,507,400	794,286,300	338,063,200	49,592,700	5,699,735,100	4,706,708	5,704,441,808	1.0780	6,050,679,269

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

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

a - Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies;

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

Source: Municipal Tax Assessor.

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

Year Ended December 31,	School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Township of Mahwah	Bergen County	
2008	\$ 1.1402	\$ 0.0708	\$ 1.211	\$ 0.461	\$ 0.304	\$ 1.976
2009	1.1819	0.0701	1.252	0.481	0.330	2.063
2010	1.2288	0.0692	1.298	0.503	0.323	2.124
2011*	0.9122	0.0488	0.961	0.391	0.228	1.580
2012	0.9358	0.0482	0.984	0.395	0.247	1.626
2013	0.9612	0.0478	1.009	0.405	0.250	1.664
2014	0.9853	0.0467	1.032	0.423	0.239	1.694
2015	0.9957	0.0463	1.042	0.427	0.254	1.723
2016	1.0164	0.0446	1.061	0.430	0.256	1.747
2017	1.0349	0.0431	1.078	0.441	0.267	1.786

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

a - The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b - Rates for debt service are based on each year's requirements.

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

Source: Municipal Tax Collector and School Business Administrator.

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 50,920,193	\$ 50,920,193	100.00%	\$ -0-
2010	52,967,384	52,967,384	100.00%	-0-
2011	54,675,367	54,675,367	100.00%	-0-
2012	55,582,764	55,582,764	100.00%	-0-
2013	56,601,573	56,601,573	100.00%	-0-
2014	57,600,743	57,600,743	100.00%	-0-
2015	58,704,715	58,704,715	100.00%	-0-
2016	59,780,712	59,780,712	100.00%	-0-
2017	60,977,358	60,977,358	100.00%	-0-
2018	61,950,052	61,950,052	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities					Business-Type Activities			Percentage of Personal Income ^a	
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	School Facilities Loans	Capital Leases	Total District	Income ^a	Per Capita ^a	
2009	\$ 24,594,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 24,594,000	1.50%	\$ 1,021	
2010	22,859,000	-0-	-0-	-0-	-0-	-0-	22,859,000	1.45%	945	
2011	21,069,000	-0-	-0-	-0-	-0-	-0-	21,069,000	1.23%	813	
2012	19,062,000	-0-	-0-	-0-	-0-	-0-	19,062,000	1.06%	730	
2013	17,147,000	-0-	-0-	-0-	-0-	-0-	17,147,000	0.91%	653	
2014	15,197,000	-0-	-0-	-0-	-0-	-0-	15,197,000	0.81%	576	
2015	13,202,000	-0-	-0-	-0-	-0-	-0-	13,202,000	0.68%	498	
2016	11,177,000	-0-	-0-	-0-	-0-	-0-	11,177,000	0.55%	420	
2017	9,117,000	-0-	-0-	-0-	-0-	-0-	9,117,000	0.44%	342	
2018	7,085,000	-0-	-0-	-0-	-0-	-0-	7,085,000	0.34%	265	

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

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

Source: Mahwah Township School District Financial Reports.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation Taxable ^a	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	\$ 24,594,000	\$ -0-	\$ 24,594,000	0.596%	\$ 1,021
2010	22,859,000	-0-	22,859,000	0.551%	945
2011	21,069,000	-0-	21,069,000	0.508%	813
2012	19,062,000	-0-	19,062,000	0.332%	730
2013	17,147,000	-0-	17,147,000	0.301%	653
2014	15,197,000	-0-	15,197,000	0.268%	576
2015	13,202,000	-0-	13,202,000	0.234%	498
2016	11,177,000	-0-	11,177,000	0.197%	420
2017	9,117,000	-0-	9,117,000	0.160%	342
2018	7,085,000	-0-	7,085,000	0.124%	265

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

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

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

Source: Mahwah Township District Financial Reports.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2017
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Mahwah Township	\$ 29,206,696	100.00%	\$ 29,206,696
Bergen County General Obligation Debt	876,045,885	3.52%	30,812,340
Subtotal, Overlapping Debt			60,019,036
Mahwah Township School District Direct Debt			7,085,000
Total Direct and Overlapping Debt			<u>\$ 67,104,036</u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2018

Year Ended December 31,	Equalized Valuation Basis
2015	\$ 5,886,572,492
2016	6,007,462,286
2017	6,066,774,987
	<u>\$ 17,960,809,765</u>
Average Equalized Valuation of Taxable Property	<u>\$ 5,986,936,588</u>
Debt Limit (4% of Average Equalization Value) ^a	\$ 239,477,464
Net Bonded School Debt	<u>7,085,000</u>
Legal Debt Margin	<u>\$ 232,392,464</u>

	Fiscal Year				
	2009	2010	2011	2012	2013
Debt Limit	\$ 269,024,421	\$ 274,170,435	\$ 274,665,794	\$ 266,469,440	\$ 258,653,452
Total Net Debt Applicable to Limit	<u>24,594,000</u>	<u>22,859,000</u>	<u>21,069,000</u>	<u>19,062,000</u>	<u>17,147,000</u>
Legal Debt Margin	<u>\$ 244,430,421</u>	<u>\$ 251,311,435</u>	<u>\$ 253,596,794</u>	<u>\$ 247,407,440</u>	<u>\$ 241,506,452</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	9.14%	8.34%	7.67%	7.15%	6.63%

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt Limit	\$ 247,028,578	\$ 240,588,360	\$ 236,223,123	\$ 237,872,690	\$ 239,477,464
Total Net Debt Applicable to Limit	<u>15,197,000</u>	<u>13,202,000</u>	<u>11,177,000</u>	<u>9,117,000</u>	<u>7,085,000</u>
Legal Debt Margin	<u>\$ 231,831,578</u>	<u>\$ 227,386,360</u>	<u>\$ 225,046,123</u>	<u>\$ 228,755,690</u>	<u>\$ 232,392,464</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	6.15%	5.49%	4.73%	3.83%	2.96%

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

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

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

Year	Population ^a	Bergen County Per Capita Personal Income ^b	Personal Income ^c	Township Unemployment Rate ^d
2008	24,079	\$ 68,124	\$ 1,640,357,796	4.5%
2009	24,185	65,097	1,574,370,945	8.1%
2010	25,930	66,080	1,713,454,400	8.3%
2011	26,116	69,044	1,803,153,104	4.3%
2012	26,270	71,953	1,890,205,310	7.4%
2013	26,390	71,449	1,885,539,110	6.4%
2014	26,485	73,293	1,941,165,105	5.1%
2015	26,582	76,388	2,030,545,816	4.4%
2016	26,623	77,187	2,054,949,501	4.1%
2017	26,759	77,187 *	2,065,446,933 *	3.6%
2018	26,759 *	77,187 *	2,065,446,933 *	N/A

* - Latest Bergen County per capita personal income (2016) and population data (2017) available was used for calculation purposes.

N/A - Not Available.

Source:

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

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

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

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

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Instruction:					
Regular	217	215	205	210	211
Special Education/Other Special Instruction	65	64	62	60	71
Other Instruction	15	15	12	14	13
Support Services:					
Student & Instruction Related Services	78	78	86	84	
School Administrative Services	28	28	28	27	97
General Administrative Services	3	3	3	3	27
Central Services	6	6	6	7	7
Administration Information Technology	4	4	4	4	4
Plant Operations and Maintenance	14	13	10	9	9
Pupil Transportation	7	7	8	7	6
Total	<u>437</u>	<u>433</u>	<u>424</u>	<u>425</u>	<u>448</u>
<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction:					
Regular	216	222	216	216	218
Special Education/Other Special Instruction	81	78	84	84	86
Other Instruction	15	17	10	8	5
Support Services:					
Student & Instruction Related Services	101	93	98	102	115
Related Services	29	26	26	25	26
General Administrative Services	2	2	3	3	3
Central Services	8	8	8	9	9
Administration Information Technology	4	4	4	5	5
Plant Operations and Maintenance	9	9	9	8	9
Pupil Transportation	4	8	8	6	5
Total	<u>469</u>	<u>467</u>	<u>466</u>	<u>466</u>	<u>481</u>

Source: Mahwah Township School District Personnel Records.

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

Fiscal Year	Pupil/Teacher Ratio											
	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff ^d	Elementary School	Middle School	High School	Average Daily Enrollment (ADE) ^e	Average Daily Attendance (ADA) ^e	% Change in Average Daily Enrollment	Student Attendance Percentage
2009	3,529	\$ 54,626,514	\$ 15,479	-2.37%	303	17.0:1	18.1:1	14.0:1	3,484	3,355	0.81%	96.30%
2010	3,453	56,741,478	16,433	6.16%	296	17.0:1	18.1:1	14.0:1	3,438	3,313	-1.31%	96.36%
2011	3,371	55,476,595	15,886	-3.33%	294	17.0:1	20.9:1	21.2:1	3,369	3,220	-2.01%	95.58%
2012	3,294	57,046,664	17,318	9.01%	292	19.6:1	22.2:1	22.1:1	3,299	3,172	-2.06%	96.14%
2013	3,241	60,127,348	17,777	2.65%	295	18.0:1	22.2:1	22.1:1	3,222	3,086	-2.35%	95.78%
2014	3,183	62,037,369	19,490	9.64%	299	18.9:1	10.0:1	8.0:1	3,177	3,043	-1.40%	95.81%
2015	3,068	62,479,600	20,368	4.50%	298	12.5:1	15.5:1	3.0:1	3,068	2,946	-3.44%	96.04%
2016	2,996	61,677,578	20,587	1.08%	300	17.5:1	16.5:1	12.2:1	2,970	2,852	-3.18%	96.03%
2017	2,922	67,641,604	23,149	12.45%	300	17.7:1	15.6:1	11.9:1	2,913	2,788	-1.93%	95.72%
2018	2,872	69,943,641	24,354	5.20%	304	17.1:1	14.8:1	11.5:1	2,866	2,739	-1.61%	95.57%

a - Enrollment is obtained from October 15 Enrollment Summary, including students placed out of district.

b - Operating expenditures equal total expenditures less debt service and capital outlay.

c - Cost per pupil is calculated based upon enrollment and operating expenditures as presented and may not be the same as other (State) cost per pupil calculations.

d - Teaching staff includes only full-time equivalents of certificated staff.

e - Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Source: Mahwah Township School District records.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>District Building</u>										
<u>Elementary Schools:</u>										
Betsy Ross School										
Square Feet	33,526	33,526	33,526	33,526	33,526	33,526	33,526	33,526	27,096	27,096
Capacity (students)	275	275	275	275	275	275	275	275	216	216
Enrollment	305	305	261	236	233	237	234	222	217	199
George Washington School										
Square Feet	34,365	34,365	34,365	34,365	34,365	34,365	34,365	34,365	30,867	30,867
Capacity (students)	241	241	241	241	241	241	241	241	241	241
Enrollment	259	259	236	210	178	193	193	201	202	193
Lenape Meadows School										
Square Feet	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000	76,597	76,597
Capacity (students)	578	578	578	578	578	578	578	578	564	564
Enrollment	482	482	492	483	469	473	486	461	425	431
Joyce Kilmer School										
Square Feet	82,220	82,220	82,220	82,220	82,220	82,220	82,220	82,220	71,555	71,555
Capacity (students)	558	558	558	558	558	558	558	558	578	578
Enrollment	537	537	492	527	527	473	444	438	447	452
<u>Middle School:</u>										
Ramapo Ridge Middle School										
Square Feet	100,037	100,037	100,037	100,037	100,037	100,037	100,037	100,037	112,040	112,040
Capacity (students)	826	826	826	826	826	826	826	826	820	820
Enrollment	887	887	839	798	798	773	752	753	702	696
<u>High School:</u>										
Mahwah High School										
Square Feet	187,844	187,844	187,844	187,844	187,844	187,844	187,844	187,844	164,791	173,763
Capacity (students)	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,143	1,143
Enrollment	1,027	1,027	1,051	1,048	1,017	1,028	970	911	929	901

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>District Building</u>										
Athletic Building										
Square Feet	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	9,660	9,660
Central Administration										
Square Feet	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	7,181	7,181
Maintenance Garage										
Square Feet	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,584	4,584

Number of Schools at June 30, 2018

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

Source: Mahwah Township School District.

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

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

<u>School Facilities*</u>	Project # (s)	Project				
		2009	2010	2011	2012	2013
Mahwah High School	N/A	\$ 313,398	\$ 571,033	\$ 510,661	\$ 731,338	\$ 1,063,843
Betsy Ross	N/A	40,343	52,578	74,650	183,389	362,955
Joyce Kilmer	N/A	127,484	201,326	142,433	279,942	214,008
Ramapo Ridge	N/A	261,848	215,969	232,352	212,155	402,290
George Washington	N/A	50,587	140,156	132,081	111,994	98,488
Lenape Meadows	N/A	94,587	104,457	125,488	110,149	114,521
Total School Facilities		<u>888,247</u>	<u>1,285,519</u>	<u>1,217,665</u>	<u>1,628,967</u>	<u>2,256,105</u>
Grand Total		<u>\$ 888,247</u>	<u>\$ 1,285,519</u>	<u>\$ 1,217,665</u>	<u>\$ 1,628,967</u>	<u>\$ 2,256,105</u>

<u>School Facilities*</u>	Project # (s)	Project				
		2014	2015	2016	2017	2018
Mahwah High School	N/A	\$ 862,880	\$ 618,465	\$ 339,673	\$ 603,471	\$ 609,911
Betsy Ross	N/A	142,309	65,139	81,194	67,674	117,396
Joyce Kilmer	N/A	285,589	396,551	130,277	149,747	216,746
Ramapo Ridge	N/A	701,730	441,479	217,011	215,894	396,647
George Washington	N/A	108,521	97,937	68,091	123,793	80,470
Lenape Meadows	N/A	210,679	157,998	227,614	177,241	164,613
Total School Facilities		<u>2,311,708</u>	<u>1,777,569</u>	<u>1,063,860</u>	<u>1,337,820</u>	<u>1,585,783</u>
Grand Total		<u>\$ 2,311,708</u>	<u>\$ 1,777,569</u>	<u>\$ 1,063,860</u>	<u>\$ 1,337,820</u>	<u>\$ 1,585,783</u>

N/A - Not Applicable.

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

Source: Mahwah Township School District records.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2018
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Northeast Bergen County School		
Board Insurance Group:		
Property - Blanket Building & Contents	\$ 152,134,405	\$ 5,000
Earthquake/Flood	5,000,000	50,000
Comprehensive General Liability Coverage	2,000,000	
Additional Comprehensive General Liability Coverage	1,000,000	
Excess Liability	9,000,000	10,000
Umbrella Liability	50,000,000	
Comprehensive Automobile Liability & Physical Damage	1,000,000	1,000
Pollution Liability	4,000,000	15,000
School Board Legal Liability	1,000,000	25,000
Cyber Liability	1,000,000/ 2,000,000	15,000/25,000
Boiler & Machinery	Up to the Property Limit	1,000
Workers Compensation - Coverage through Northeast Bergen County School Board Insurance Group		
Health Insurance through New Jersey State Health Benefits Plan		
Volunteer Accident Policy - QBE Insurance Company		
Student & Athletic Insurance through US Fire Insurance Company		
Accident Policy through Garber Life Insurance Company		
Traveler's Insurance Public Employee Bonds-		
Kyle J. Bleeker Secretary	350,000	
Kenneth Sesholtz Treasurer	350,000	
Blanket Employee Dishonesty (Per Employee)	100,000	5,000
Per Loss (Excess)	500,000	

Source: Mahwah Township School District records.

SINGLE AUDIT SECTION



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Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Township of Mahwah School District, in the County of Bergen (the "District") as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 18, 2019.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

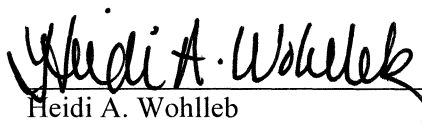
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

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

Mount Arlington, New Jersey
January 18, 2019

NISIVOCCIA LLP


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



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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Township of Mahwah School District (the "District's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2018. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

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

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2018.

Report on Internal Control Over Compliance

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

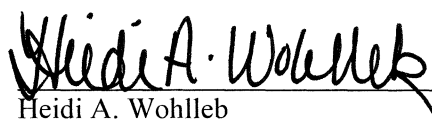
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

Mount Arlington, New Jersey
January 18, 2019

NISIVOCCIA LLP


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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period From To	Program or Award Amount	Balance at June 30, 2017		Cash Received	Budgetary Expenditures	Balance at June 30, 2018		Amount Provided to Subrecipients	
					Unearned Revenue/ (Accounts Receivable)	Due to Grantor			(Accounts Receivable)	Unearned Revenue		
U.S. Department of Education:												
Passed-through State Department of Education:												
Special Revenue Fund:												
Special Education Cluster:												
I.D.E.A. - Part B, Basic Regular	84.027	IDEA-2900-18	7/1/17 6/30/18	\$ 608,508		\$ 608,508						
I.D.E.A. - Part B, Preschool	84.173	IDEA-2900-18	7/1/17 6/30/18	31,769		31,769						
I.D.E.A. - Part B, Preschool	84.173	IDEA-2900-17	7/1/16 6/30/17	32,477	(538)	538						
Subtotal Special Education Cluster												
Elementary and Secondary Education Act:												
Title I	84.010	ESEA-2900-18	7/1/17 6/30/18	212,384		99,304		(146,341)		(47,037)		
Title II A	84.367A	ESEA-2900-18	7/1/17 6/30/18	55,722		29,556		(55,722)		(26,166)		
Title III	84.365A	ESEA-2900-18	7/1/17 6/30/18	15,525		13,691		(15,525)		(1,834)		
Title III - Immigrant	84.365A	ESEA-2900-18	7/1/17 6/30/18	6,200		800		(4,186)		(3,386)		
Title IV	84.424A	ESEA-2900-18	7/1/17 6/30/18	10,000				(10,000)		(10,000)		
Total Special Revenue Fund												
					(538)	784,166		(872,051)		(88,423)		
Total U.S. Department of Education					(538)	784,166		(872,051)		(88,423)		
U.S. Department of Health and Human Services -												
Passed-through State Department of Human												
Services:												
Medicaid Cluster												
Medical Assistance Program (SEMI)	93.778	N/A	7/1/17 6/30/18	38,468		38,468		(38,468)				
Total General Fund/Medicaid Cluster												
						38,468		(38,468)				
Total U.S. Department of Health and Human Services						38,468		(38,468)				
U.S. Department of Agriculture - Passed-through												
State Department of Agriculture:												
Child Nutrition Cluster:												
National School Lunch Program	10.555	N/A	7/1/17 6/30/18	152,117		140,646		(152,117)		(11,471)		
National School Lunch Program	10.555	N/A	7/1/16 6/30/17	149,421		10,231		(10,231)				
Federal Food Distribution Program	10.555	N/A	7/1/17 6/30/18	34,146		34,146		(29,812)		\$ 4,334		
Federal Food Distribution Program	10.555	N/A	7/1/16 6/30/17	49,563		3,771		(3,771)				
Subtotal Child Nutrition Cluster					(6,460)	185,023		(185,700)		(11,471)	4,334	
Total U.S. Department of Agriculture					(6,460)	185,023		(185,700)		(11,471)	4,334	
TOTAL FEDERAL AWARDS					(6,998)	\$ 1,007,657		\$ (1,096,219)		\$ (99,894)	\$ 4,334	\$ -0-

N/A - Not Available/Applicable

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2017			Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Receivable Canceled	Repayment of Prior Years' Balances	Balance at June 30, 2018		MEMO	
		From	To		Budgetary Unearned Revenue/(Accounts Receivable)	Due to Grantor	GAAP (Accounts Receivable)						Budgetary Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:																
General Fund:																
Special Education Categorical Aid	18-495-034-5120-089	7/1/17	6/30/18	\$ 1,989,854	\$ 1,884,724	\$ (1,989,854)		\$ 94,579	\$ 94,579					\$ 105,130	\$ 1,989,854	
Special Education Categorical Aid	17-495-034-5120-089	7/1/16	6/30/17	1,908,970				59,339	59,339					3,135	59,339	
Categorical Security Aid	17-495-034-5120-084	7/1/17	6/30/18	2,940	(2,940)											
Categorical Security Aid	17-495-034-5120-084	7/1/16	6/30/17	2,940												
Transportation Aid	18-495-034-5120-014	7/1/17	6/30/18	288,066				272,846	(288,066)							
Transportation Aid	17-495-034-5120-014	7/1/16	6/30/17	288,066				14,272								
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17	6/30/18	30,305				28,704	(30,305)							
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16	6/30/17	30,305				1,501								
PARCC Readiness Aid	18-495-034-5120-098	7/1/17	6/30/18	30,305				28,704	(30,305)							
PARCC Readiness Aid	17-495-034-5120-098	7/1/16	6/30/17	30,305				1,501								
Professional Learning Community Aid	18-495-034-5120-101	7/1/17	6/30/18	29,250				27,705	(29,250)							
Professional Learning Community Aid	17-495-034-5120-101	7/1/16	6/30/17	29,250				1,450								
Additional Adjustment Aid	17-495-034-5120-085	7/1/17	6/30/18	1				1	(1)							
Extraordinary Special Education Costs Aid	18-495-034-5120-044	7/1/17	6/30/18	577,440				528,956	(577,440)							
Extraordinary Special Education Costs Aid	17-495-034-5120-044	7/1/16	6/30/17	528,956				50,797								
Nonpublic School Transportation Costs	18-495-034-5120-014	7/1/17	6/30/18	50,797				31,533								
Nonpublic School Transportation Costs	17-495-034-5120-014	7/1/16	6/30/17	31,533												
On-Behalf TPAF Contributions:																
Post-Retirement Medical	18-495-034-5094-001	7/1/17	6/30/18	2,202,778				2,202,778	(2,202,778)							
Pension	18-495-034-5094-002	7/1/17	6/30/18	3,329,710				3,329,710	(3,329,710)							
Non-Contributory Insurance	18-495-034-5094-004	7/1/17	6/30/18	80,804				80,804	(80,804)							
Long-Term Disability Insurance	18-495-034-5094-004	7/1/17	6/30/18	3,946				3,946	(3,946)							
Reimbursed TPAF Contributions:																
Social Security Aid	18-495-034-5094-003	7/1/17	6/30/18	1,774,828				1,687,980	(1,774,828)							
Social Security Aid	17-495-034-5094-003	7/1/16	6/30/17	1,744,256				136,570								
Total General Fund State Aid					(813,302)			10,417,408	(10,447,423)					843,317	10,447,423	
Special Revenue Fund:																
NJ Nonpublic Aid:																
Textbook Aid (Chapter 194)	18-100-034-5120-064	7/1/17	6/30/18	2,685				2,685	(2,685)							
Nursing Services (Chapter 226)	18-100-034-5120-070	7/1/17	6/30/18	5,529				5,529	(5,529)							
Nursing Services (Chapter 226)	17-100-034-5120-070	7/1/16	6/30/17	8,550												
Auxiliary Services (Chapter 192):																
Compensatory Education	18-100-034-5120-067	7/1/17	6/30/18	4,429				4,429								
Compensatory Education	17-100-034-5120-067	7/1/16	6/30/17	1,792												
Handicapped Services (Chapter 193):																
Supplementary Instruction	18-100-034-5120-066	7/1/17	6/30/18	2,062				2,062	(1,586)							
Supplementary Instruction	17-100-034-5120-066	7/1/16	6/30/17	2,197												
Examination and Classification	18-100-034-5120-066	7/1/17	6/30/18	5,822				5,822	(3,276)							
Examination and Classification	17-100-034-5120-066	7/1/16	6/30/17	5,224												
Corrective Speech	18-100-034-5120-066	7/1/17	6/30/18	4,464				4,464	(2,857)							
Corrective Speech	17-100-034-5120-066	7/1/16	6/30/17	6,185				4,275	(4,275)							
Security Aid	18-100-034-5120-509	7/1/17	6/30/18	4,275				4,275								
Security Aid	17-100-034-5120-509	7/1/16	6/30/17	4,750												
Technology Initiative	18-100-034-5120-373	7/1/17	6/30/18	1,813				1,813	(1,813)							
Technology Initiative	17-100-034-5120-373	7/1/16	6/30/17	2,366												
Total Special Revenue Fund					7,464			31,079	(22,021)					9,058	22,021	
Enterprise Fund:																
State School Lunch Program	18-100-010-3350-023	7/1/17	6/30/18	7,915				7,328	(7,915)							
State School Lunch Program	17-100-010-3350-023	7/1/16	6/30/17	6,782				473								
Total Enterprise Fund					(473)			7,801	(7,915)					587	7,915	

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2017		Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Receivable Canceled	Repayment of Prior Years' Balances	Balance at June 30, 2018		MEMO		
		From	To		Budgetary Unearned Revenue/(Accounts Receivable)	GAAP (Accounts Receivable)						Due to Grantor	Budgetary Unearned Revenue		Due to Grantor	Budgetary Receivable
Schools Development Authority:																
Capital Projects Fund:																
Educational Facilities Construction & Financing Act																
HIS Electrical Switchgear/Generator	SP-2900-050-14-1001	6/9/14	6/30/17	\$ 373,905	\$ (304,275)	\$ 304,245		\$ 30								
Joyce Kilmer School Unit Ventilators	SP-2900-075-14-1002	6/9/14	6/30/17	264,215	(122,772)	122,772										
Total Capital Projects Fund				(427,047)		427,017		30								
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT DETERMINATION				\$ (1,240,822)	\$ 7,464	\$ -0-	\$ 10,883,305	\$ 30	\$ (10,477,359)	\$ 30	\$ (7,464)	\$ (715,672)	\$ -0-	\$ 9,058	\$ 843,904	\$ 10,477,359
Less - State Awards Not Subject to Single Audit Major Program Determination:																
On-Behalf TPAF Pension System Contributions:																
Post-Retirement Medical	18-495-034-5094-001	7/1/17	6/30/18	2,202,778					2,202,778							
Pension	18-495-034-5094-002	7/1/17	6/30/18	3,329,710					3,329,710							
Non-Contributory Insurance	18-495-034-5094-004	7/1/17	6/30/18	80,804					80,804							
Long-Term Disability Insurance	18-495-034-5094-004	7/1/17	6/30/18	3,946					3,946							
Subtotal On-Behalf TPAF Pension System Contributions				5,617,238					5,617,238							
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT MAJOR PROGRAM DETERMINATION				\$ (4,860,121)												

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Township of Mahwah School District under programs of the federal and state governments for the fiscal year ended June 30, 2018. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(11,989) for the general fund and \$52,071 for the special revenue fund (of which \$51,687 is attributable to encumbrances for local grants which are not included on the schedules of expenditures of state and federal awards). See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 38,468	\$ 10,435,434	\$ 10,473,902
Special Revenue Fund	872,051	22,405	894,456
Capital Projects Fund		(30)	(30)
Food Service Enterprise Fund	<u>185,700</u>	<u>7,915</u>	<u>193,615</u>
Total Financial Assistance	<u>\$ 1,096,219</u>	<u>\$ 10,465,724</u>	<u>\$ 11,561,943</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2018. Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

NOTE 7. SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANT

The District was awarded \$1,036,526 in a prior year for grants from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2018, \$635,701 of grant funds has been collected. The remaining grant balances of \$400,825 were canceled and the projects associated with these grants are now fully completed.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Summary of Auditors' Results:

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

	<u>C.F.D.A. Number/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Special Education Cluster:				
I.D.E.A. - Part B, Basic:				
Regular	84.027	7/1/17-6/30/18	\$ 608,508	\$ 608,508
Preschool	84.173	7/1/17-6/30/18	31,769	31,769
<u>State:</u>				
Special Education				
Categorical Aid	18-495-034-5120-089	7/1/17-6/30/18	1,989,854	1,989,854
Categorical Security Aid	18-495-034-5120-084	7/1/17-6/30/18	59,339	59,339
Additional Adjustment Aid	18-495-034-5120-085	7/1/17-6/30/18	1	1
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	30,305	30,305
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	30,305	30,305
Professional Learning				
Community Aid	18-495-034-5120-101	7/1/17-6/30/18	29,250	29,250

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

Summary of Auditors' Results: (Cont'd)

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

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Status of Prior Year Findings:

There were no prior year audit findings.