

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, 2019

**Comprehensive Annual
Financial Report**

of the

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

Mahwah, New Jersey

For the Fiscal Year Ended June 30, 2019

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

November 8, 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, 2019 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, 2019, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year ended is 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 Codification Section 2100. 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 30 students in 2018-2019.

The District completed the 2018-2019 fiscal year with an enrollment of 2,832 students, which is 40 fewer students than the previous year's enrollment. In addition, 71 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>
2018-2019	2,832	(1.39) %
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.

The Honorable President and
 Members of the Board of Education
 Mahwah Township School District
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 November 8, 2019

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 took 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

96.5% of the Class of 2019 is pursuing higher education.

Post Graduation Plans

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Graduates	199	221	251
Post Secondary Ed.	(192) 96.5%	(211) 95.4%	(235) 93.6%
4- Yr. Colleges	(159) 80.0%	(185) 83.7%	(212) 84.5%
2 - Yr. Colleges	(33) 16.6%	(26) 11.7%	(23) 9.2%
Other	(7) 3.4%	(10) 4.5%	(16) 6.3%

College Data

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

<u>State</u>	<u># of Students Attending</u>	<u>State</u>	<u># of Students Attending</u>
New Jersey	61	Colorado	2
New York	27	Ohio	2
Pennsylvania	20	DC	2
Virginia	11	Texas	2
Massachusetts	8	Alabama	1

The Honorable President and
 Members of the Board of Education
 Mahwah Township School District
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Delaware	8	Illinois	1
South Carolina	6	Louisiana	1
Connecticut	6	Michigan	1
Florida	5	Washington	1
Maryland	4	Hawaii	1
North Carolina	4		
Indiana	3		
Vermont	2		
New Hampshire	2		

Advanced Placement Testing
220 Students took 523 exams in
24 academic subjects in May 2019
89% of the students scored 3 or better

AP COURSE	Average Score	AP COURSE	Average Score
Art History	2.7	Macroeconomics	3.5
Biology	3.3	Microeconomics	3.8
Calculus AB	3.6	Music Theory	3.7
Calculus BC	4.7	Physics C- Mechanics	4.1
Chemistry	3.0	Psychology	3.9
Chinese	5.0	Spanish	4.3
Computer Science	3.8	Statistics	4.2
Computer Science Principals	3.6	Studio Art- Drawing	3.7
English Language	4.0	Studio Art-2D	2.0
English Literature	3.1	Studio Art-3D	2.6
European History	3.5	US Govt. & Politics	3.8
French Language	4.5	US History	4.5

Class of 2019 – 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>
American University	2	Marist College	4	The College of Saint Rose	1
Bergen Community College	19	Marymount Manhattan College	1	The Ohio State University	1
Binghamton University	2	McDaniel College	1	The University of Alabama	1
Boston College	1	Millersville University of Pennsylvania	1	The University of Scranton	3
Boston University	3	Monmouth University	4	The University of Tampa	2
Bucknell University	1	Moravian College	1	The University of Texas, Austin	1
Cascadia College	1	Muhlenberg College	1	Tulane University	1
Case Western Reserve University	1	New Jersey Institute of Technology	1	United States Air Force Academy	1
College of Charleston	3	North Carolina State University	1	University of Central Florida	1
College of Mount Saint Vincent	1	Northeastern University	3	University of Connecticut	1
Colorado State University	1	Northhampton Community College	1	University of Delaware	8
Cornell University	1	Northwestern University	1	University of Hawaii at Manoa	1
Curry College	1	Pennsylvania State University	1	University of Maryland, College Park	3
Drexel University	1	Ramapo College of New Jersey	11	University of Miami	1
East Carolina University	1	Regis University	1	University of Michigan	1
Eastman School of Music of the U of Rochester	1	Rensselaer Polytechnic Institute	1	University of New Hampshire at Durham	2

Class of 2019 – 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>
Fashion Institute of Technology	1	Rider University	1	University of New Haven	2
George Mason University	1	Rowan University	3	University of Notre Dame	1
Harrisburg Area Community College	1	Rutgers University-New Brunswick	6	University of Pennsylvania	1
High Point University	1	Rutgers University-Newark	1	University of Pittsburgh	1
Indiana University at Bloomington	2	Sacred Heart University	3	University of South Carolina - Columbia	3
Iona College	1	Saint Joseph's University	1	University of Vermont	2
Ithaca College	3	Seton Hall University	4	Villanova University	3
James Madison University	7	Stevens Institute of Technology	3	Virginia Tech	1
John Jay College of Criminal Justice	2	Stony Brook University	1	Wake Forest University	1
Lehigh University	1	SUNY College at Cortland	2	Washington and Lee University	1
Liberty University	1	Syracuse University	5	West Chester University of Pennsylvania	1
Lycoming College	1	Texas A&M University	1	William Paterson University	5
Lynn University	1	The College of New Jersey	2		

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, 2019 ending balance of \$6,023,253.

B. Capital Reserve Analysis

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)
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)

B. Capital Reserve Analysis

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
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
2018-2019	Expenditures	(1,064,820)
2018-2019	Investment Income	51,435
2018-2019	Return of Unexpended	10,000
2018-2019	Fund Balance Allocation	1,350,000
	Beginning Balance July 1, 2019	\$6,023,253

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, 2019.

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 2018-2019 school year the district made payments of \$1,628,469 (\$1,335,000 principal and \$293,469 interest) towards debt issues. At June 30, 2019, the District's outstanding debt of \$5,750,000 represents the principal for two remaining issues. These remaining issues are expected to be fully paid in the 2022-2023 and 2023-2024 years.

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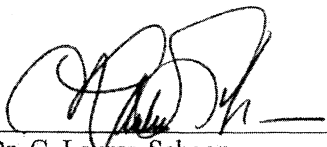
9) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in “Notes to the Basic Financial Statements”, Note 3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under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


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

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

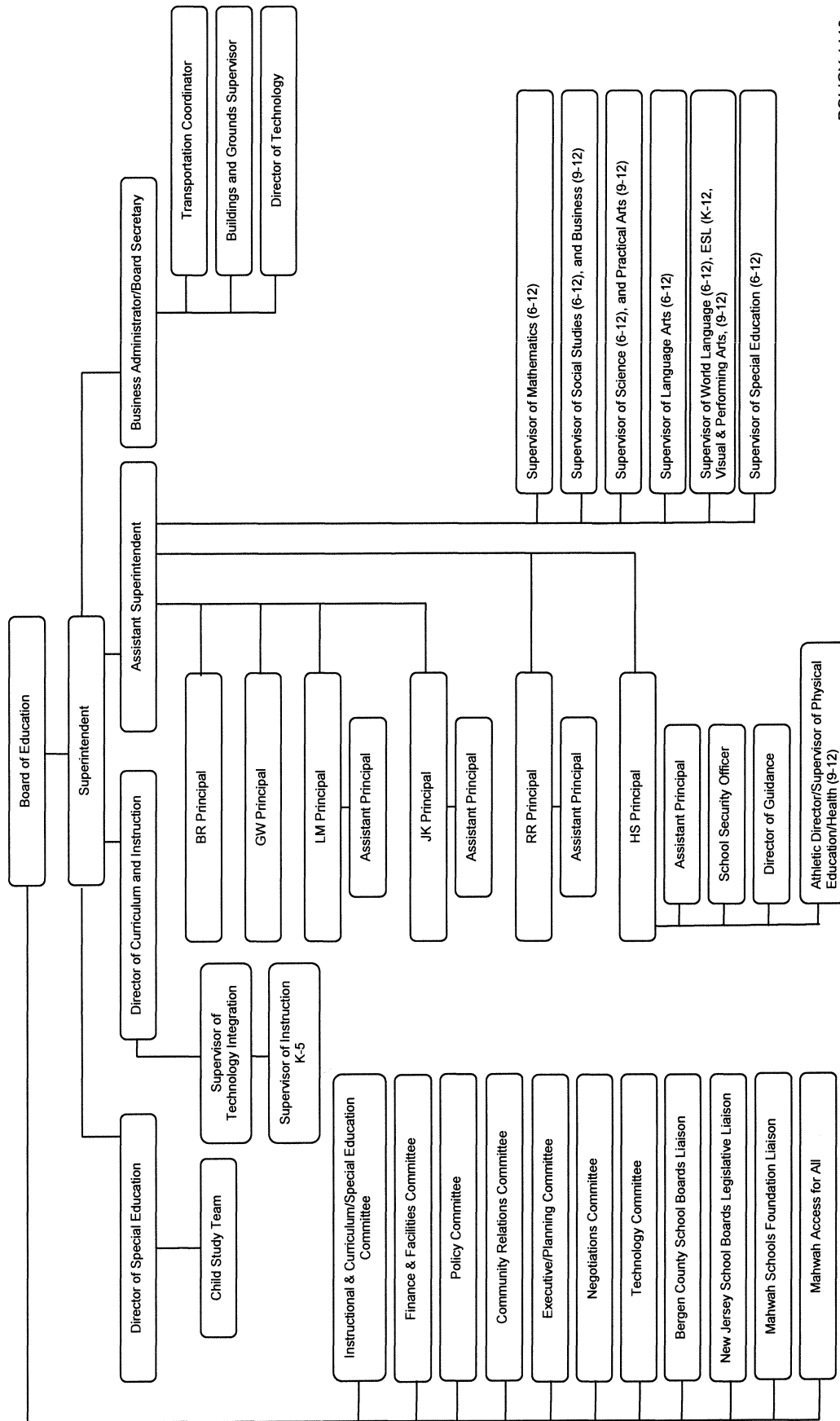
12) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Mahwah Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of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

Respectfully submitted,

Signed: 
Dr. C. Lauren Schoen
Title: Superintendent

Signed: 
Kyle J. Bleeker
Title: Business Administrator

ORGANIZATIONAL CHART – 2018- 2019



POLICY 1110

**TOWNSHIP OF MAHWAH SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2019**

<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	2021
Brett L. Coplin	2019
Michael Galow	2021
Benjamin A. Kezmarsky	2021
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

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

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

Fogarty & 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

Professional Insurance Associates
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
973-298-8500 | 973-298-8501 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, 2019, and the related notes to the financial statements, which collectively comprise of the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 other supplementary schedules 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
the Board of Education
Township of Mahwah School District
Bergen County, New Jersey
Page 3

The accompanying other supplementary schedules 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 other 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.

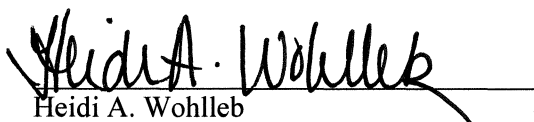
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

November 8, 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, 2019
(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, 2019. 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.

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, 2019
(Unaudited)**

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

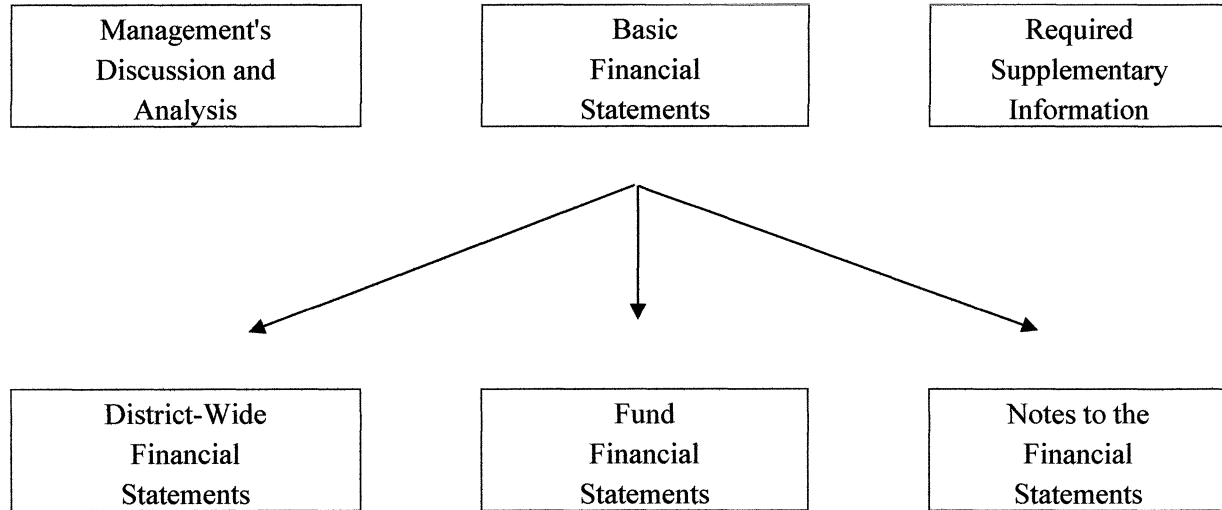


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

**Township of Mahwah School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(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, 2019
(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, 2019
(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, 2019 and 2018. The District's *combined* net position was \$11,334,973 on June 30, 2019, \$3,422,071 or 43.25% more than it was the fiscal year before. The net position of the governmental activities increased by \$3,480,380 and the net position of the business-type activities decreased by \$58,309.

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2018/19
	2018/19	2017/18 (Restated)	2018/19	2017/18	2018/19	2017/18 (Restated)	
Assets:							
Current and Other Assets	\$ 16,234,161	\$ 18,522,022	\$ 1,010,025	\$ 940,625	\$ 17,244,186	\$ 19,462,647	
Capital Assets, Net	18,212,419	13,909,452	156,118	193,187	18,368,537	14,102,639	
Total Assets	<u>34,446,580</u>	<u>32,431,474</u>	<u>1,166,143</u>	<u>1,133,812</u>	<u>35,612,723</u>	<u>33,565,286</u>	6.10%
Deferred Outflows of Resources	<u>3,313,943</u>	<u>4,127,206</u>	<u>149,023</u>	<u>155,166</u>	<u>3,462,966</u>	<u>4,282,372</u>	-19.13%
Liabilities:							
Other Liabilities	923,801	738,019	80,770	79,047	1,004,571	817,066	
Long-Term Liabilities	21,655,614	25,075,529	581,358	572,278	22,236,972	25,647,807	
Total Liabilities	<u>22,579,415</u>	<u>25,813,548</u>	<u>662,128</u>	<u>651,325</u>	<u>23,241,543</u>	<u>26,464,873</u>	-12.18%
Deferred Inflows of Resources	<u>4,283,213</u>	<u>3,327,617</u>	<u>215,960</u>	<u>142,266</u>	<u>4,499,173</u>	<u>3,469,883</u>	29.66%
Net Position:							
Net Investment in Capital Assets	12,820,744	7,263,645	156,118	193,187	12,976,862	7,456,832	
Restricted	11,296,479	11,003,689			11,296,479	11,003,689	
Unrestricted (Deficit)	<u>(13,219,328)</u>	<u>(10,849,819)</u>	<u>280,960</u>	<u>302,200</u>	<u>(12,938,368)</u>	<u>(10,547,619)</u>	
Total Net Position	<u>\$ 10,897,895</u>	<u>\$ 7,417,515</u>	<u>\$ 437,078</u>	<u>\$ 495,387</u>	<u>\$ 11,334,973</u>	<u>\$ 7,912,902</u>	43.25%

**Township of Mahwah School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)**

Figure A-4 represents the *Changes in Net Position*. Net investment in capital assets increased \$5,520,030 due to \$5,187,995 in capital assets additions and the retirement of \$1,335,000 of serial bonds payable, offset by \$814,706 of depreciation expense, amortized deferred amount on refunding of \$80,868, and capital asset disposals of \$107,391. Restricted net position increased \$292,790 primarily due to an increase in the capital reserve of \$346,615, offset by a decrease in excess surplus of \$58,380. Unrestricted net position (deficit) decreased \$2,390,749 primarily due to changes in deferred inflows and outflows related to pensions, offset by decreases in the net pension liability and compensated absences.

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	Change
Revenue:							
Program Revenue:							
Charges for Services			\$ 13,656,724	\$ 12,941,378	\$ 13,656,724	\$ 12,941,378	
Grants and Contributions:							
Operating	\$ 19,258,386	\$ 23,796,580	203,054	193,615	19,461,440	23,990,195	
Capital		(30)				(30)	
General Revenue:							
Property Taxes	63,609,561	61,950,052			63,609,561	61,950,052	
Unrestricted State/ Federal Aid	102,848	187,178			102,848	187,178	
Other	422,868	790,651	482	188	423,350	790,839	
Total Revenue	<u>83,393,663</u>	<u>86,724,431</u>	<u>13,860,260</u>	<u>13,135,181</u>	<u>97,253,923</u>	<u>99,859,612</u>	-2.61%
Expenses:							
Instruction	41,795,580	44,568,509			41,795,580	44,568,509	
Pupil and Instruction Services	19,423,343	18,562,322			19,423,343	18,562,322	
Administration and Business	7,098,397	8,472,483			7,098,397	8,472,483	
Maintenance and Operations	6,207,827	6,046,342			6,207,827	6,046,342	
Transportation	4,606,930	4,463,140			4,606,930	4,463,140	
Other	781,206	685,205	13,904,140	13,014,702	14,685,346	13,699,907	
Total Expenses	<u>79,913,283</u>	<u>82,798,001</u>	<u>13,904,140</u>	<u>13,014,702</u>	<u>93,817,423</u>	<u>95,812,703</u>	-2.08%
Disposal of Capital Assets, Net of Depreciation			(14,429)	(9,624)	(14,429)	(9,624)	-49.93%
Increase/(Decrease) in Net Position	<u>\$ 3,480,380</u>	<u>\$ 3,926,430</u>	<u>\$ (58,309)</u>	<u>\$ 110,855</u>	<u>\$ 3,422,071</u>	<u>\$ 4,037,285</u>	-15.24%

**Township of Mahwah School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(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-5 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-5
Net Cost of Governmental Activities**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2018/2019</u>	<u>2017/2018</u>	<u>2018/2019</u>	<u>2017/2018</u>
Instruction	\$ 41,795,580	\$ 44,568,509	\$28,845,681	\$28,188,174
Pupil and Instruction Services	19,423,343	18,562,322	15,737,020	14,373,384
Administration and Business	7,098,397	8,472,483	5,587,909	6,182,745
Maintenance and Operations	6,207,827	6,046,342	5,939,030	5,681,822
Transportation	4,606,930	4,463,140	3,764,051	3,890,121
Other	781,206	685,205	781,206	685,205
	<u>\$ 79,913,283</u>	<u>\$ 82,798,001</u>	<u>\$ 60,654,897</u>	<u>\$ 59,001,451</u>

**Township of Mahwah School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)**

Business-Type Activities

Net position from the District's business-type activities decreased by \$58,309 (a decrease of \$67,260 in Region I services, offset by an increase of \$8,951 in food service. (Refer to Figure A-4). The increase in food service was due primarily to non-operating revenue exceeding the operating loss, offset by the disposal of capital assets, net of depreciation. The decrease in the Region I services was due primarily to changes in deferred inflows and outflows related to pensions and an increase in transportation expenses, offset by an increase in transportation revenue.

Financial Analysis of the District's Funds

The financial position of the District decreased. 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 2018/2019 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-6
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2018/19	2017/18 (Restated)	2018/19	2017/18	2018/19	2017/18 (Restated)	
Sites (Land)	\$ 1,451,475	\$ 1,451,475			\$ 1,451,475	\$ 1,451,475	
Buildings and Building Improvements	14,110,802	10,251,573			14,110,802	10,251,573	
Site Improvements	319,943	330,976			319,943	330,976	
Machinery and Equipment	2,330,199	1,875,428	\$ 156,118	\$ 193,187	2,486,317	2,068,615	
Total Capital Assets, Net of Depreciation	\$ 18,212,419	\$ 13,909,452	\$ 156,118	\$ 193,187	\$ 18,368,537	\$ 14,102,639	30.25%

The District's capital assets (net of depreciation) increased \$4,265,898, or 30.25%, 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 2018/2019 school year, District additions totaled \$5,187,995 which were offset by \$814,706 in depreciation and \$107,391 in disposals.

**Township of Mahwah School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)**

Long-Term Liabilities

The District's long-term liabilities decreased by \$3,410,835, or 13.30%, during the fiscal year. At fiscal year-end, the District had \$5,750,000 of general obligation bonds outstanding, \$12,111,631 in net pension liability (\$11,530,273 governmental activities and \$581,358 business-type activities), \$450,213 in unamortized bond issuance premiums, and \$3,925,128 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-7
Outstanding Long-Term Liabilities**

	Total School District		Total Percentage Change 2018/19
	2018/19	2017/18	
Governmental Activities:			
General Obligation Bonds, Net (Financed with Property Taxes)	\$ 5,750,000	\$ 7,085,000	
Net Pension Liability	11,530,273	13,385,719	
Other Long-Term Liabilities	4,375,341	4,604,810	
Total Governmental Activities	21,655,614	25,075,529	-13.64%
Business-Type Activities:			
Net Pension Liability	581,358	572,278	
Total Business-Type Activities	581,358	572,278	1.59%
Total District-wide	\$ 22,236,972	\$ 25,647,807	-13.30%

- Principal payments of \$1,335,000 on the District's general obligation bonds were made during the fiscal year.
- The District's net pension liability decreased by \$1,846,366 (\$1,855,446 governmental activities decrease, offset by \$9,080 business-type activities increase).
- Unamortized bond premiums decreased by \$99,170.
- Compensated absences payable decreased by the net amount of \$130,299.
- The District's other long-term liabilities as of June 30, 2019 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, 2019
(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 2019-2020 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 continues to benefit from staff contributions to their health costs. This contribution was gradually implemented over a 4-year period. That implementation was completed during the 2015/2016 school year. Subsequently, contract negotiation with some bargaining units has resulted in a modified contribution schedule that is less beneficial to the District than the State guidelines. Medical costs will need to be monitored and examined for opportunities to reduce costs and maintain our contractual obligations.

Future forecasting will be aided by the completion of a successor agreement between the Mahwah Board of Education and the Mahwah Education Association which represents the largest group of district staff. The previous agreement ended on June 30, 2019 and a 4-year successor agreement was ratified on June 24, 2019. The ability to accurately forecast the costs associated with these employees will allow for better budgeting and planning of the overall financial outlook.

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, 2019

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 8,216,542	\$ 648,756	\$ 8,865,298
Internal Balances	416,725	(416,725)	
Interfund Receivable	10,000		10,000
Receivables from State Government	1,015,007	1,595	1,016,602
Receivables from Federal Government	42,761	30,551	73,312
Receivables from Other Governmental Units		733,211	733,211
Other Receivables	4,873		4,873
Inventory		12,637	12,637
Restricted Assets - Cash and Cash Equivalents:			
Capital Reserve Account	6,023,253		6,023,253
Emergency Reserve Account	505,000		505,000
Capital Assets, Net:			
Sites (Land)	1,451,475		1,451,475
Depreciable Buildings and Building Improvements, Site Improvements and Machinery and Equipment	<u>16,760,944</u>	<u>156,118</u>	<u>16,917,062</u>
Total Assets	<u>34,446,580</u>	<u>1,166,143</u>	<u>35,612,723</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding	358,325		358,325
Deferred Outflows Related to Pensions	<u>2,955,618</u>	<u>149,023</u>	<u>3,104,641</u>
Total Deferred Outflows of Resources	<u>3,313,943</u>	<u>149,023</u>	<u>3,462,966</u>
LIABILITIES			
Current Liabilities:			
Interfund Payable	3,000		3,000
Payable to State Government	5,241		5,241
Accounts Payable	815,713	52,476	868,189
Accrued Interest Payable	98,463		98,463
Unearned Revenue	1,384	28,294	29,678
Noncurrent Liabilities:			
Due Within One Year	1,569,438		1,569,438
Due Beyond One Year	<u>20,086,176</u>	<u>581,358</u>	<u>20,667,534</u>
Total Liabilities	<u>22,579,415</u>	<u>662,128</u>	<u>23,241,543</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	<u>4,283,213</u>	<u>215,960</u>	<u>4,499,173</u>
Total Deferred Inflows of Resources	<u>4,283,213</u>	<u>215,960</u>	<u>4,499,173</u>
NET POSITION			
Net Investment in Capital Assets	12,820,744	156,118	12,976,862
Restricted for:			
Capital Projects	6,023,253		6,023,253
Debt Service	1,708		1,708
Emergency	505,000		505,000
Excess Surplus	4,766,518		4,766,518
Unrestricted (Deficit)	<u>(13,219,328)</u>	<u>280,960</u>	<u>(12,938,368)</u>
Total Net Position	<u>\$ 10,897,895</u>	<u>\$ 437,078</u>	<u>\$ 11,334,973</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, 2019

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	\$ 28,628,023		\$ 6,789,855		\$ (21,838,168)		\$ (21,838,168)
Special Education	9,005,629		5,189,698		(3,815,931)		(3,815,931)
Other Special Instruction	2,248,012		554,994		(1,693,018)		(1,693,018)
Other Instruction	1,913,916		415,352		(1,498,564)		(1,498,564)
Support Services:							
Tuition	5,511,864		634,923		(4,876,941)		(4,876,941)
Student & Instruction Related Services	13,911,479		3,051,400		(10,860,079)		(10,860,079)
General Administrative Services	915,175		118,488		(796,687)		(796,687)
School Administrative Services	3,726,778		905,774		(2,821,004)		(2,821,004)
Central Services	1,300,621		300,875		(999,746)		(999,746)
Administrative Information Technology	1,155,823		185,351		(970,472)		(970,472)
Plant Operations and Maintenance	6,207,827		268,797		(5,939,030)		(5,939,030)
Pupil Transportation	4,606,930		842,879		(3,764,051)		(3,764,051)
Interest on Long-Term Debt	257,711				(257,711)		(257,711)
Unallocated Depreciation	523,495				(523,495)		(523,495)
Total Governmental Activities	79,913,283	\$ -0-	19,258,386	\$ -0-	(60,654,897)		(60,654,897)

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:							
Food Service	\$ 1,110,326	\$ 930,170	\$ 203,054		\$ 22,898	\$ 22,898	\$ 22,898
Region I Transportation	12,200,760	12,193,458			(7,302)	(7,302)	(7,302)
Region I Administration	462,092	412,399			(49,693)	(49,693)	(49,693)
Region I Summer School	130,962	120,697			(10,265)	(10,265)	(10,265)
Total Business-Type Activities	13,904,140	13,656,724	203,054		(44,362)	(44,362)	(44,362)
Total Primary Government	\$ 93,817,423	\$ 13,656,724	\$ 19,461,440	\$ -0-	\$ (60,654,897)	(44,362)	(60,699,259)

General Revenues and Other Item:

Taxes:

Property Taxes, Levied for General Purposes, Net	61,981,537	61,981,537	61,981,537			61,981,537
Taxes Levied for Debt Service	1,628,024		1,628,024			1,628,024
Federal and State Aid not Restricted	102,848		102,848			102,848
Investment Earnings	222,516		222,516		482	222,998
Miscellaneous Income	200,352		200,352			200,352
Other Item:						
Disposal of Capital Assets, Net of Depreciation					(14,429)	(14,429)

Total General Revenues and Other Item

	64,135,277		64,135,277		(13,947)	64,121,330
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Change in Net Position

	3,480,380		3,480,380		(58,309)	3,422,071
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Net Position - Beginning (Restated)

	7,417,515		7,417,515		495,387	7,912,902
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Net Position - Ending

	\$ 10,897,895	\$	437,078	\$	437,078	\$ 11,334,973
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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, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 8,214,834		\$ 1,708		\$ 8,216,542
Interfund Receivable	469,455			\$ 1,708	471,163
Receivables from State Government	1,015,007				1,015,007
Receivables from Federal Government		\$ 42,761			42,761
Other Receivables		4,873			4,873
Restricted Cash and Cash Equivalents	6,528,253				6,528,253
Total Assets	\$ 16,227,549	\$ 47,634	\$ 1,708	\$ 1,708	\$ 16,278,599
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Payable	\$ 22,604	\$ 23,126	\$ 1,708		\$ 47,438
Payable to State Government		5,241			5,241
Accounts Payable	236,146	17,883			254,029
Unearned Revenue		1,384			1,384
Total Liabilities	258,750	47,634	1,708		308,092
Fund Balances:					
Restricted:					
Capital Reserve Account	6,023,253				6,023,253
Emergency Reserve Account	505,000				505,000
Excess Surplus	2,348,374				2,348,374
Excess Surplus Designated for Subsequent Year's Expenditures	2,418,144				2,418,144
Debt Service Fund				\$ 1,708	1,708
Assigned:					
Year-End Encumbrances	2,506,809				2,506,809
Designated for Subsequent Year's Expenditures	263,592				263,592
Unassigned	1,903,627				1,903,627
Total Fund Balances	15,968,799			1,708	15,970,507
Total Liabilities and Fund Balances	\$ 16,227,549	\$ 47,634	\$ 1,708	\$ 1,708	\$ 16,278,599

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

Total Fund Balances (Above)	\$ 15,970,507
Capital Assets Used in Governmental Activities are not Financial Resources and therefore are not reported in the Funds. The cost of the assets is \$36,129,348 and the accumulated depreciation is \$17,916,929.	18,212,419
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 \$738,989.	358,325
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(11,530,273)
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:	
Deferred Outflows Related to Pensions, Excluding District Contribution Subsequent to the Measurement Date	2,393,934
Deferred Inflows Related to Pensions	(4,283,213)
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.	(9,675,128)
Interest on Long-Term Debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due.	(98,463)
Bond Premiums are reported as revenue in the Funds. These premiums total \$1,334,853 and the accumulated amortization is \$884,640.	(450,213)
Net Position of Governmental Activities	\$ 10,897,895

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, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Local Sources:				
Local Tax Levy	\$ 61,981,537		\$ 1,628,024	\$ 63,609,561
Miscellaneous Revenues	422,868	\$ 82,566		505,434
Total - Local Sources	62,404,405	82,566	1,628,024	64,114,995
State Sources	12,194,811	20,439		12,215,250
Federal Sources	38,749	942,867		981,616
Total Revenues	74,637,965	1,045,872	1,628,024	77,311,861
EXPENDITURES				
Current:				
Regular Instruction	17,534,872	94,401		17,629,273
Special Education Instruction	5,240,661	105,206		5,345,867
Other Special Instruction	1,310,681			1,310,681
Other Instruction	1,226,434			1,226,434
Support Services and Undistributed Costs:				
Tuition	4,876,941	634,923		5,511,864
Student & Instruction Related Services	9,231,303	211,342		9,442,645
General Administrative Services	644,677			644,677
School Administrative Services	2,308,922			2,308,922
Central Services	810,585			810,585
Administration Information Technology	852,662			852,662
Plant Operations and Maintenance	5,724,278			5,724,278
Pupil Transportation	4,268,003			4,268,003
Unallocated Benefits	18,403,599			18,403,599
Debt Service:				
Principal			1,335,000	1,335,000
Interest and Other Charges			293,469	293,469
Capital Outlay	4,718,233			4,718,233
Total Expenditures	77,151,851	1,045,872	1,628,469	79,826,192
Excess/(Deficiency) of Revenues				
Over/(Under) Expenditures	(2,513,886)		(445)	(2,514,331)
Fund Balance - July 1	18,482,685		2,153	18,484,838
Fund Balance - June 30	\$ 15,968,799	\$ -0-	\$ 1,708	\$ 15,970,507

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, 2019

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (2,514,331)

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	\$ (788,711)
	Capital outlays	5,184,640
	Disposal of capital assets, net of accumulated depreciation	<u>(92,962)</u>
		4,302,967

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.

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 (+).

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

Change in Net Pension Liability	1,855,446
Changes in Assumptions	(1,796,657)
Difference Between Expected and Actual Experience	(154,757)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	(199,303)
Changes in Proportion	485,958
	17,456

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

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

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 (-)

Change in Net Position of Governmental Activities (A-2) (80,868)

\$ 3,480,380

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019

	Business-Type Activities - Enterprise Funds					
	Major Funds			Total		Enterprise Funds
	Food Service	Region I	Administration	Non-Major Fund	Total Region I	
ASSETS:						
Current Assets:						
Cash and Cash Equivalents	\$ 292,430		\$ 337,765	\$ 18,561	\$ 356,326	\$ 648,756
Receivable from:						
Federal Government	30,551					30,551
State Government	1,595					1,595
Other Governmental Units		\$ 720,336	12,875		733,211	733,211
Interfund Receivable - General Fund	22,604					22,604
Inventories	12,637					12,637
Total Current Assets	359,817	720,336	350,640	18,561	1,089,537	1,449,354
Non-Current Assets:						
Capital Assets	449,293					449,293
Less: Accumulated Depreciation	(293,175)					(293,175)
Total Non-Current Assets	156,118					156,118
Total Assets	515,935	720,336	350,640	18,561	1,089,537	1,605,472
DEFERRED OUTFLOWS OF RESOURCES:						
Deferred Outflows Related to Pensions			149,023		149,023	149,023
Total Deferred Outflows of Resources			149,023		149,023	149,023

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019

	Business-Type Activities - Enterprise Funds				
	Major Funds		Total		Total Enterprise Funds
	Food Service	Region I Administration	Transportation	Non-Major Fund	
LIABILITIES:					
Current Liabilities:					
Interfund Payable - General Fund	\$	439,329	\$	439,329	\$ 439,329
Accounts Payable	\$	14,156	\$	38,320	52,476
Unearned Revenue:					
Prepaid Student Balances	25,482				25,482
Commodities	2,812				2,812
Noncurrent Liabilities:					
Due Beyond One Year			581,358		581,358
Total Liabilities	42,450	439,329	619,678	1,059,007	1,101,457
DEFERRED INFLOWS OF RESOURCES:					
Deferred Inflows Related to Pensions			215,960		215,960
Total Deferred Inflows of Resources			215,960	215,960	215,960
NET POSITION:					
Investment in Capital Assets	156,118				156,118
Unrestricted/(Deficit)	317,367	281,007	(335,975)	18,561	280,960
Total Net Position (Deficit)	\$ 473,485	\$ 281,007	\$ (335,975)	\$ 18,561	\$ 437,078

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, 2019

	Business-Type Activities - Enterprise Funds				
	Major Funds		Total	Total Region I	Total Enterprise Funds
	Transportation	Administration	Non-Major Fund		
Food Service	Region I	Administration	Total Region I	Total Enterprise Funds	
Operating Revenue:					
Charges for Services:					
Daily Sales:					
Reimbursable Programs	\$ 363,758				\$ 363,758
Non-Reimbursable Programs	562,784				562,784
Program Fees		\$ 412,399	\$ 120,697	\$ 533,096	533,096
Transportation Fees from Other LEA's Within the State	\$ 12,193,458	412,399	120,697	12,193,458	12,193,458
Special Events	926,542			12,726,554	13,653,096
	3,628				3,628
Total Operating Revenue	930,170	12,193,458	120,697	12,726,554	13,656,724
Operating Expenses:					
Cost of Sales:					
Reimbursable	307,638				307,638
Non-Reimbursable	181,965				181,965
Total Cost of Sales	489,603				489,603
Salaries, Benefits & Payroll Taxes	451,705	393,638	110,858	504,496	956,201
Employee Benefits					
Contracted Services	45,000	12,200,760		12,200,760	12,245,760
Purchased Professional/Technical Services			9,694	21,950	21,950
Purchased Property Services	33,756				33,756
Other Purchased Services	2,600			1,882	4,482
Supplies and Materials	47,819				47,819
Rent					
General Supplies		35,000		44,000	44,000
Miscellaneous Expenses		14,708		16,118	16,118
Operating Expenses:	13,848	4,608		4,608	18,456
Depreciation Expense	25,995				25,995
Total Operating Expenses	1,110,326	12,200,760	130,962	12,793,814	13,904,140

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds					
	Major Funds		Non-Major Funds		Total Enterprise Funds	
	Food Service	Region I Transportation	Administration	Total Non-Major Funds		Total Region I
Operating Loss	\$ (180,156)	\$ (7,302)	\$ (49,693)	\$ (10,265)	\$ (67,260)	\$ (247,416)
Non-Operating Revenue:						
Federal Sources:						
National School Lunch Program	151,556					151,556
Food Distribution Program	43,498					43,498
State Sources - School Lunch Program	8,000					8,000
Local Sources - Interest Revenue	482					482
Total Non-Operating Revenue	203,536					203,536
Change in Net Position Before Transfer and Other Item	23,380	(7,302)	(49,693)	(10,265)	(67,260)	(43,880)
Transfer		(71,045)	71,045			
Other Item - Disposal of Capital Assets, Net	(14,429)					(14,429)
Change in Net Position After Transfer and Other Item	8,951	(78,347)	21,352	(10,265)	(67,260)	(58,309)
Net Position/(Deficit) - Beginning of Year	464,534	359,354	(357,327)	28,826	30,853	495,387
Net Position/(Deficit) - End of Year	\$ 473,485	\$ 281,007	\$ (335,975)	\$ 18,561	\$ (103,667)	\$ 437,078

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, 2019

	Business-Type Activities - Enterprise Funds					
	Major Funds			Total		Total Enterprise Funds
	Food Service	Transportation	Region I Administration	Non-Major Fund	Total Region I	
Cash Flows from Operating Activities:						
Receipts from Customers	\$ 931,713	\$ 12,259,694	\$ 410,392	\$ 120,697	\$ 12,790,783	\$ 13,722,496
Payments to/for Employees			(298,901)	(110,858)	(409,759)	(409,759)
Payments to Food Service Vendor	(1,022,988)				(12,200,760)	(1,022,988)
Payments to Transportation Vendors		(12,200,760)		(69,995)	(90,099)	(12,200,760)
Payments to Suppliers				(20,104)	(90,099)	(108,427)
Net Cash Provided by/(Used for) Operating Activities	(109,603)	58,934	41,496	(10,265)	90,165	(19,438)
Cash Flows from Investing Activities:						
Interest Income	482					482
Net Cash Provided by Investing Activities	482					482
Cash Flows from Noncapital and Related Financing Activities:						
Federal Subsidy Reimbursements Received from General Fund	132,476					132,476
State Subsidy Reimbursements Received from General Fund	6,992					6,992
Cash Received - Interfund Payable - General Fund Transfer		12,111			12,111	12,111
		(71,045)	71,045			
Net Cash Provided by/(Used for) Noncapital and Related Financing Activities	139,468	(58,934)	71,045		12,111	151,579
Cash Flows from Capital and Related Financing Activities:						
Purchase of Capital Assets	(3,355)					(3,355)
Net Cash Used for Capital and Related Financing Activities	(3,355)					(3,355)
Net Increase in Cash and Cash Equivalents	26,992		112,541	(10,265)	102,276	129,268
Cash and Cash Equivalents, July 1	265,438		225,224	28,826	254,050	519,488
Cash and Cash Equivalents, June 30	\$ 292,430	\$ -	\$ 337,765	\$ 18,561	\$ 356,326	\$ 648,756

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds					
	Major Funds			Total		Total Enterprise Funds
	Food Service	Region I	Administration	Non-Major Fund	Total Region I	
Reconciliation of Operating Loss to Net Cash Provided by/(Used for) Operating Activities:						
Operating Loss	\$ (180,156)	\$ (7,302)	\$ (49,693)	\$ (10,265)	\$ (67,260)	\$ (247,416)
Adjustment to Reconcile Operating Loss to Net Cash Provided by/(Used for) Operating Activities:						
Depreciation	25,995					25,995
Federal Food Distribution Program	43,498					43,498
Changes in Assets and Liabilities:						
(Increase)/Decrease in:						
Pensions:						
Change in Assumptions				90,511	90,511	90,511
Difference Between Expected and Actual Experience				5,386	5,386	5,386
Net Difference Between Projected and Actual in Investment Earnings on Pension Plan Investments				9,350	9,350	9,350
District Contribution Subsequent to the Measurement Date				(5,820)	(5,820)	(5,820)
Change in Proportion - Pensions				(19,590)	(19,590)	(19,590)
Receivable from Other Governmental Units		66,236	(2,007)		64,229	64,229
Inventory	3,616					3,616
Net Pension Liability			9,080		9,080	9,080
Accounts Payable	(2,577)		4,279		4,279	1,702
Unearned Revenue - Commodities	(1,522)					(1,522)
Unearned Revenue - Prepaid Balances	1,543					1,543
Net Cash Provided by/(Used for) Operating Activities	\$ (109,603)	\$ 58,934	\$ 41,496	\$ (10,265)	\$ 90,165	\$ (19,438)

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received commodities from the Federal Food Distribution Program valued at \$41,976 and utilized commodities from the Federal Food Distribution Program valued at \$43,498 for the fiscal year ended June 30, 2019.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2019

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Flexible Spending Trust</u>
ASSETS:				
Cash and Cash Equivalents	\$ 904,804	\$ 677,916	\$ 298,559	\$ 56,560
Interfund Receivable: Special Revenue Fund	<u>3,000</u>			
Total Assets	<u>907,804</u>	<u>677,916</u>	<u>298,559</u>	<u>56,560</u>
LIABILITIES:				
Interfund Payable - General Fund				10,000
Payroll Deductions and Withholdings	8,080			
Due to Student Groups	894,269			
School Store	<u>5,455</u>			
Total Liabilities	<u>907,804</u>	<u>-0-</u>	<u>-0-</u>	<u>10,000</u>
NET POSITION:				
Held in Trust for:				
Unemployment Benefit Claims		677,916		
Scholarships			298,559	
Flexible Spending Claims				<u>46,560</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 677,916</u>	<u>\$ 298,559</u>	<u>\$ 46,560</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, 2019

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:			
Contributions:			
Plan Member	\$ 87,640		\$ 72,712
Donations		\$ 6,850	
Total Contributions	<u>87,640</u>	<u>6,850</u>	<u>72,712</u>
Investment Earnings:			
Interest	<u>6,779</u>	<u>1,836</u>	<u>42</u>
Net Investment Earnings	<u>6,779</u>	<u>1,836</u>	<u>42</u>
Total Additions	<u>94,419</u>	<u>8,686</u>	<u>72,754</u>
DEDUCTIONS:			
Quarterly Contribution Reports and Unemployment Claims	96,469		
Scholarships Awarded		18,250	
Flexible Spending Claims			<u>52,692</u>
Total Deductions	<u>96,469</u>	<u>18,250</u>	<u>52,692</u>
Change in Net Position	(2,050)	(9,564)	20,062
Net Position - Beginning of the Year	<u>679,966</u>	<u>308,123</u>	<u>26,498</u>
Net Position - End of the Year	<u>\$ 677,916</u>	<u>\$ 298,559</u>	<u>\$ 46,560</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, 2019

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, 2019
(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, 2019
(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, 2019
(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, 2019 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, 2019
(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	\$ 74,651,046	\$ 1,050,609
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and revenue, whereas the GAAP basis does not.		
Current Year Encumbrances		(4,737)
Prior Year State aid payments recognized for GAAP statements, not recognized for budgetary purposes	128,232	
Current Year State aid payments recognized for budgetary purposes, not recognized for GAAP statements	<u>(141,313)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 74,637,965</u>	<u>\$ 1,045,872</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 77,151,851	\$ 1,050,609
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		<u>(4,737)</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 77,151,851</u>	<u>\$ 1,045,872</u>

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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, 2019
(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, 2019.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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, 2019.

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, 2019
(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 \$15,968,799 General Fund balance at June 30, 2019, \$6,023,253 is restricted in the capital reserve account; \$505,000 is restricted in the emergency reserve account; \$4,766,518 is restricted for excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) (\$2,418,144 is prior year excess surplus which is included as anticipated budget revenue for the fiscal year ending June 30, 2020 and \$2,348,374 is current year excess surplus which will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2021); \$2,506,809 is assigned for encumbrances; \$263,592 is designated for subsequent year's expenditures; and \$1,903,627 is unassigned which is \$141,313 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, 2020.

Debt Service Fund: The Debt Service Fund balance at June 30, 2019 of \$1,708 is restricted and has been included as anticipated budget revenue for the fiscal year ending June 30, 2020.

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, 2019 as outlined above.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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 \$141,313 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, 2019.

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, 2019.

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

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

R. Deficit Net Position:

The District has a \$13,219,328 deficit in unrestricted net position in governmental activities as of June 30, 2019 primarily due to the non-recognition of the June state aid payments as explained in Note 1P on the previous page, the accrual of \$3,925,128 in compensated absences payable, \$98,463 in accrued interest payable, \$450,213 of unamortized bond issuance premiums, deferred inflows related to pensions of \$4,009,161, and net pension liability of \$11,530,273, offset by deferred outflows related to pensions of \$2,119,882, excluding District contribution subsequent to the measurement date, and \$4,674,028 governmental funds assigned and unassigned fund balances. The District also has a \$335,975 deficit in unrestricted net position in Region I Administration as of June 30, 2019 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, 2019 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, changes in proportion, the difference between expected and actual experience, 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, 2019, with regard to pensions, for changes in assumptions, changes in proportion, the difference between expected and actual experience, and the net difference between projected and actual investment earnings on pension plan investments.

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, 2019
(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, 2019
(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, 2019
(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, 2019
(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, 2019, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents			Total
	Restricted			
	Reserve Accounts			
	Capital	Emergency		
Checking Accounts	\$ 10,803,137	\$ 6,023,253	\$ 505,000	\$ 17,331,390

During the period ended June 30, 2019, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2019 was \$17,331,390 and the bank balance was \$20,613,689.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at fiscal year-end of any unanticipated revenue or unexpended line item appropriation amounts or both.

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

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

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, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance, July 1, 2018	\$ 5,676,638
Board Approved Withdrawal:	
Capital Outlay	(1,064,820)
Interest Earned	51,435
Increase Approved by Board Resolution June 26, 2019	1,350,000
Unexpended Balances Returned:	
Capital Outlay	<u>10,000</u>
Ending Balance, June 30, 2019	<u>\$ 6,023,253</u>

The balance in the capital reserve account at June 30, 2019 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.

The activity of the emergency reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance, July 1, 2018	\$ 500,000
Interest Earned	<u>5,000</u>
Ending Balance, June 30, 2019	<u>\$ 505,000</u>

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

NOTE 6. RECEIVABLES FROM OTHER GOVERNMENTS

The following receivables due from other governments existed as of June 30, 2019:

	Governmental Activities		Business-Type Activities
	General Fund	Special Revenue Fund	Proprietary Funds
Federal		\$ 42,761	\$ 30,551
State	\$ 1,015,007		1,595
	<u>\$ 1,015,007</u>	<u>\$ 42,761</u>	<u>\$ 32,146</u>

NOTE 7: TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2019, the District transferred \$1,132,412 to the capital outlay accounts; \$49,787 for equipment and \$1,082,625, including \$1,064,820 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, 2019 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	<u>1,451,475</u>			<u>1,451,475</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	24,912,646	\$ 4,350,943		29,263,589
Site Improvements	330,976			330,976
Machinery and Equipment	4,928,766	833,697	\$ (679,155)	5,083,308
Total Capital Assets Being Depreciated	<u>30,172,388</u>	<u>5,184,640</u>	<u>(679,155)</u>	<u>34,677,873</u>
Governmental Activities Capital Assets	<u>31,623,863</u>	<u>5,184,640</u>	<u>(679,155)</u>	<u>36,129,348</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(14,661,073)	(491,714)		(15,152,787)
Site Improvements		(11,033)		(11,033)
Machinery and Equipment	(3,053,338)	(285,964)	586,193	(2,753,109)
	<u>(17,714,411)</u>	<u>(788,711)</u>	<u>586,193</u>	<u>(17,916,929)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 13,909,452</u>	<u>\$ 4,395,929</u>	<u>\$ (92,962)</u>	<u>\$ 18,212,419</u>

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

NOTE 8. CAPITAL ASSETS (Cont'd)

Capital asset balances and activity for the fiscal year ended June 30, 2019 were as follows: (Cont'd)

	Beginning Balance (Restated)	Increases	Adjustments/ Decreases	Ending Balance
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 478,525	\$ 3,355	\$ (32,587)	\$ 449,293
Less Accumulated Depreciation	(285,338)	(25,995)	18,158	(293,175)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 193,187</u>	<u>\$ (22,640)</u>	<u>\$ (14,429)</u>	<u>\$ 156,118</u>

The increases totaling \$5,187,995 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	\$ 25,189
Student and Instruction Related Services	32,399
General Administrative Services	47,155
School Administrative Services	7,982
Plant Operations and Maintenance	90,905
Pupil Transportation	61,586
Unallocated	523,495
	<u>\$ 788,711</u>

NOTE 9. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2019, the following changes occurred in liabilities reported in the District-wide financial statements:

	Balance 6/30/2018	Issued/ Added	Retired/ Matured	Balance 6/30/2019
Governmental Activities:				
Serial Bonds Payable	\$ 7,085,000		\$ 1,335,000	\$ 5,750,000
Unamortized Bond Issuance Premiums	549,383		99,170	450,213
Net Pension Liability	13,385,719		1,855,446	11,530,273
Compensated Absences Payable	4,055,427	\$ 59,182	189,481	3,925,128
Total Governmental Activities	<u>25,075,529</u>	<u>59,182</u>	<u>3,479,097</u>	<u>21,655,614</u>
Business-Type Activities:				
Net Pension Liability	572,278	9,080		581,358
Total Business-Type Activities	<u>572,278</u>	<u>9,080</u>		<u>581,358</u>
Total District-wide	<u>\$25,647,807</u>	<u>\$ 68,262</u>	<u>\$ 3,479,097</u>	<u>\$22,236,972</u>

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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, 2019 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	4.50% - 5.00%	\$ 2,820,000
School Refunding Bonds	10/05/11	08/15/23	4.00% - 5.00%	2,930,000
				<u>\$ 5,750,000</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>
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
2024	545,000	13,625	558,625
	<u>\$ 5,750,000</u>	<u>\$ 593,650</u>	<u>\$ 6,343,650</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2019, the Board had no bonds authorized but not issued.

C. Operating Leases Payable:

As of June 30, 2019, the Board has commitments to lease copiers, postage meters and computers under operating leases which expire in 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, 2019 were \$280,784 and future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 85,892
2021	77,940
2022	77,940
2023	6,495
Total future minimum lease payments	<u>\$ 248,267</u>

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

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

D. Capital Leases Payable:

As of June 30, 2019, 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, 2019 is \$110,268 and the long-term portion is \$3,814,860.

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, 2019, 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, 2019 is \$99,170 and the long-term portion is \$351,043.

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, 2019 is \$0- and the long-term portion is \$12,111,631 (\$11,530,273 governmental activities and \$581,358 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 tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.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, 2019
(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 is being paid by the employer in level annual payments over a period of 15 years which began 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 \$632,594 for 2019 (\$602,078 governmental activities and \$30,516 business-type activities).

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2019, the District reported a liability of \$12,111,631 for its proportionate share of the net pension liability (\$11,530,273 governmental activities and \$581,358 business-type activities). The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the District's proportion was 0.0615%, which was an increase of 0.0015% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$534,054.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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)

At June 30, 2019, the District reported 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	6.44 years	\$ 95,864	
2015	5.72 years	432,674	
2016	5.57 years	1,467,258	
2017	5.48 years		\$ 2,232,687
2018	5.63 years		1,639,968
Subtotal		1,995,796	3,872,655
Changes in Proportion:			
2014	6.44 years		126,006
2015	5.72 years		42,185
2016	5.57 years		241,162
2017	5.48 years		41,106
2018	5.63 years	287,870	
Subtotal		287,870	450,459
Difference Between Expected and Actual Experience:			
2015	5.72 years	120,043	
2016	5.57 years	44,527	
2017	5.48 years	66,401	
2018	5.63 years		62,451
Subtotal		230,971	62,451
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:			
2015	5 years		(73,187)
2016	5 years		(409,149)
2017	5 years		368,255
2018	5 years		227,689
Subtotal			113,608
District Contribution Subsequent to the Measurement Date - 2018			
	1 year	590,004	
		\$ 3,104,641	\$ 4,499,173

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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
2019	\$ 84,061
2020	(116,384)
2021	(834,565)
2022	(723,414)
2023	(231,645)
	\$ (1,821,947)

Actuarial Assumptions

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

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 Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. 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, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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, 2018) 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, 2018 are summarized in the following table.

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

Discount Rate

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

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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, 2018 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, 2018		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
District's proportionate share of the Net Pension Liability	\$ 15,228,980	\$ 12,111,631	\$ 9,496,374

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

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

The following represents the membership tiers for TPAF:

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

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

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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 2019, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

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 2019, the State of New Jersey contributed \$4,548,960 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$8,385,506.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2019, the State's proportionate share of the net pension liability attributable to the District was \$143,842,354. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the District's proportion was 0.2261%, which was a decrease of 0.0156% from its proportion measured as of June 30, 2017.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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)

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		<u>143,842,354</u>
Total		<u>\$ 143,842,354</u>

For the fiscal year ended June 30, 2019, the State recognized pension expense on behalf of the District in the amount of \$8,385,506 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2019 financial statements.

The State reported collective 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	8.50 years	\$ 1,076,424,469	
2015	8.30 years	3,063,649,492	
2016	8.30 years	6,913,685,892	
2017	8.30 years		\$ 10,084,192,916
2018	8.29 years		5,994,557,085
Difference Between Expected and Actual Experience:			
2014	8.50 years		10,252,211
2015	8.30 years	189,214,650	
2016	8.30 years		85,977,601
2017	8.30 years	179,419,108	
2018	8.29 years	1,051,605,259	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:			
2015	5 years		(192,642,062)
2016	5 years		(863,710,381)
2017	5 years		678,024,787
2018	5 years		384,121,486
		<u>\$ 12,473,998,870</u>	<u>\$ 16,180,773,643</u>

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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
2019	\$ 401,574,312
2020	208,932,249
2021	(222,922,941)
2022	(149,225,008)
2023	(735,040,983)
Thereafter	(3,210,092,402)
	\$ (3,706,774,773)

Actuarial Assumptions

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

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

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

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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, 2018) 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, 2018 are summarized in the following table.

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 50% of the actuarially determined contributions. Based on those assumptions, the pension 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 pension 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, 2019
(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, 2018 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease (3.86%)	Current Discount Rate (4.86%)	1% Increase (5.86%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 170,018,931	\$ 143,842,354	\$ 122,142,610

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 \$39,291 for the fiscal year ended June 30, 2019. Employee contributions to DCRP amounted to \$72,115 for the fiscal year ended June 30, 2019.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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 Codification Section P50, 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 GASB Codification Section P50. 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.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2017, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	145,050
Active Plan Members	<u>217,131</u>
Total	<u><u>362,181</u></u>

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

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

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

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017 which was rolled forward to June 30, 2018. The 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.

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%	
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 4.55%	2.15 - 4.15%
	based on years of service	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%
	based on years of service	based on age

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

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

Mortality Rates

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

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

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

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

Health Care Trend Assumptions

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

Discount Rate

The discount rate for June 30, 2018 and 2017 was 3.87% and 3.58%, respectively, a change of +.29%. 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 Proportionate Share of the Total OPEB Liability Attributable to the District

	Total OPEB Liability
Balance at June 30, 2017	\$ 112,369,283
Changes for Year:	
Service Cost	3,912,435
Interest	4,118,093
Difference Between Expected and Actual Experience	(8,860,523)
Changes of Assumptions	(11,222,184)
Member Contributions	90,376
Gross Benefit Payments	(2,614,938)
Net Changes	(14,576,741)
Balance at June 30, 2018	\$ 97,792,542

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, 2018 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, 2018		
	At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
Total OPEB Liability Attributable to the District	\$ 115,610,692	\$ 97,792,542	\$ 83,628,953

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

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

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)
(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, 2018 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, 2018		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 80,831,232	\$ 97,792,542	\$ 120,224,524

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

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$4,351,850 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 Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, 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, 2018, the State had deferred outflows of resources and deferred inflows of resources related to OPEB attributable to the District from the following sources:

	Year of Deferral	Original Amortization Period	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54 years		\$ (11,878,555)
Changes in Assumptions	2018	9.51 years		(10,042,143)
				(21,920,698)
Difference Between Expected and Actual Experience	2018	9.51 years		(9,492,950)
Changes in Proportion	N/A	N/A	\$ 1,391,836	(238,970)
			\$ 1,391,836	\$ (31,652,618)

N/A - Not Available

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

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

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
(Cont'd)

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

Fiscal Year Ending June 30,	Total
2019	\$ (3,870,951)
2020	(3,870,951)
2021	(3,870,951)
2022	(3,870,951)
2023	(3,870,951)
Total Thereafter	(12,058,893)
	\$ (31,413,648)

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, 2019
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

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

The June 30, 2019 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, 2018 is as follows:

	Northeast Bergen County School Board Insurance Group (NESBIG)
Total Assets	\$ 30,413,531
Net Position	\$ 18,154,560
Total Revenue	\$ 13,574,729
Total Expenses	\$ 12,086,513
Member Dividends	\$ 1,621,000
Change in Net Position for the Year Ended June 30, 2018	\$ (132,784)

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

Burton Agency
44 Bergen 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
2018-2019	\$ -0-	\$ 6,779	\$ 87,640	\$ 96,469	\$ 677,916
2017-2018	-0-	-0-	91,832	60,808	679,966
2016-2017	-0-	-0-	87,916	40,659	648,942

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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, 2019:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 469,455	\$ 22,604
Special Revenue Fund		23,126
Capital Projects Fund		1,708
Debt Service Fund	1,708	
Proprietary Funds:		
Region I Transportation		439,329
Food Service	22,604	
Fiduciary Funds:		
Student Activity Agency	3,000	
Flexible Benefits Trust		10,000
	<u>\$ 496,767</u>	<u>\$ 496,767</u>

The General Fund interfund receivable of \$469,455 is comprised of \$20,126 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, 2019, a \$439,329 interfund loan due from the Region I Transportation Fund due to receivables which had not yet been collected as of June 30, 2019, 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 a prior year interfund not settled.

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, 2019
(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, 2019:

	Governmental Funds		District Contribution	Total
	General Fund	Special Revenue Fund	Subsequent to Measurement Date	Governmental Activities
Salaries	\$ 21,819			\$ 21,819
Vendors	210,959	\$ 605		211,564
Due to:				
State of New Jersey	3,368	17,278	\$ 561,684	582,330
	<u>\$ 236,146</u>	<u>\$ 17,883</u>	<u>\$ 561,684</u>	<u>\$ 815,713</u>

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

NOTE 17. ACCOUNTS PAYABLE (Cont'd)

The following accounts payable balances existed as of June 30, 2019: (Cont'd)

	<u>Proprietary Funds</u>		<u>District</u>	<u>Total</u>
	<u>Food</u>	<u>Region I</u>	<u>Contribution</u>	<u>Business -</u>
	<u>Service</u>	<u>Administration</u>	<u>Subsequent to</u>	<u>Type</u>
			<u>Measurement</u>	<u>Funds</u>
			<u>Date</u>	
Vendors	\$ 14,156	\$ 10,000		\$ 24,156
Due to:				
State of New Jersey			\$ 28,320	28,320
	<u>\$ 14,156</u>	<u>\$ 10,000</u>	<u>\$ 28,320</u>	<u>\$ 52,476</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, 2019, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

<u>Governmental Funds</u>		
<u>General</u>	<u>Special</u>	<u>Total</u>
	<u>Revenue</u>	
<u>\$ 2,506,809</u>	<u>\$ 4,737</u>	<u>\$ 2,511,546</u>

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

NOTE 19. OPERATING LEASE

The District has a commitment to lease computer equipment under an operating lease which expires during the fiscal year ended June 30, 2022. Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 642,413
2021	642,413
2022	642,413
Total future minimum lease payments	<u>\$ 1,927,239</u>

NOTE 20. 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, 2019. As a result, the District Wide Financial Statements as of June 30, 2018 have been restated as follows:

	<u>Balance 6/30/2018 as Previously Reported</u>	<u>Retroactive Adjustments</u>	<u>Balance 6/30/2018 Restated</u>
<u>Statement of Net Position - Governmental Activities:</u>			
Assets:			
Capital Assets, Net:			
Depreciable Buildings and Building Improvements, Site Improvements and Machinery and Equipment	\$ 12,265,143	\$ 192,834	\$ 12,457,977
Total Assets	32,238,640	192,834	32,431,474
Net Position:			
Net Investment in Capital Assets	7,070,811	192,834	7,263,645
Total Net Position	7,224,681	192,834	7,417,515

**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 FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
District's proportion of the net pension liability	0.0636181678%	0.0628894962%	0.0602580602%	0.0599611482%	0.0615131394%
District's proportionate share of the net pension liability	\$ 11,911,061	\$ 14,117,432	\$ 17,846,709	\$ 13,957,997	\$ 12,111,631
District's covered employee payroll	\$ 4,257,820	\$ 4,130,496	\$ 4,142,788	\$ 4,291,979	\$ 4,240,155
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%	285.64%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%

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 FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 524,459	\$ 540,681	\$ 535,324	\$ 564,328	\$ 632,594
Contributions in relation to the contractually required contribution	(524,459)	(540,681)	(535,324)	(564,328)	(632,594)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 4,311,146	\$ 4,257,820	\$ 4,130,496	\$ 4,142,788	\$ 4,291,979
Contributions as a percentage of covered employee payroll	12.17%	12.70%	12.96%	13.62%	14.74%

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 FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
State's proportion of the net pension liability attributable to the District	0.2361649679%	0.2427921080%	0.2446592460%	0.2417091642%	0.2261037579%
State's proportionate share of the net pension liability attributable the District	\$ 126,222,489	\$ 153,454,980	\$ 192,464,540	\$ 162,969,034	\$ 143,842,354
District's covered employee payroll	\$ 24,275,683	\$ 24,508,618	\$ 23,984,530	\$ 23,663,322	\$ 25,117,473
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%	572.68%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%

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 FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 6,791,955	\$ 9,369,808	\$ 14,461,032	\$ 11,289,669	\$ 8,385,506
Contributions in relation to the contractually required contribution	<u>(1,312,623)</u>	<u>(1,958,837)</u>	<u>(2,623,690)</u>	<u>(3,329,710)</u>	<u>(4,548,960)</u>
Contribution deficiency/(excess)	<u>\$ 5,479,332</u>	<u>\$ 7,410,971</u>	<u>\$ 11,837,342</u>	<u>\$ 7,959,959</u>	<u>\$ 3,836,546</u>
District's covered employee payroll	\$ 24,508,618	\$ 23,984,530	\$ 23,663,322	\$ 25,117,473	\$ 26,033,263
Contributions as a percentage of covered employee payroll	5.36%	8.17%	11.09%	13.26%	17.47%

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 PROPORTIONATE SHARE OF THE TOTAL
OPEB LIABILITY ATTRIBUTABLE TO THE DISTRICT AND RELATED RATIOS
LAST TWO FISCAL YEARS
UNAUDITED

	Fiscal Year Ending	
	June 30, 2018	June 30, 2017
Total OPEB Liability		
Service Cost	\$ 3,912,435	\$ 4,723,448
Interest	4,118,093	3,561,710
Difference Between Expected and Actual Experience	(8,860,523)	
Changes in Assumptions	(11,222,184)	(14,902,456)
Member Contributions	90,376	95,838
Gross Benefit Payments	(2,614,938)	(2,602,711)
Net Change in Total OPEB Liability	(14,576,741)	(9,124,171)
Total OPEB Liability - Beginning	112,369,283	121,493,454
Total OPEB Liability - Ending	\$ 97,792,542	\$ 112,369,283
District's Covered Employee Payroll *	\$ 27,955,301	\$ 28,127,318
Total OPEB Liability as a Percentage of Covered Employee Payroll	350%	400%

* - Covered payroll for the fiscal years ending June 30, 2018 and 2017 is based on the payroll on the June 30, 2017 and 2016 census data, respectively.

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, 2019
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

	<u>As of June 30,</u>	
	<u>2018</u>	<u>2017</u>
Discount Rate	5.66%	5.00%
Municipal Bond Rate	3.87%	3.58%

The mortality rates utilized in the July 1, 2016 valuation were as follows: 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 mortality rates utilized in the July 1, 2017 valuation were as follows: 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 Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)
(Continued)

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

	As of June 30,	
	2018	2017
Discount Rate	4.86%	4.25%
Municipal Bond Rate	3.87%	3.58%
Salary Increases:		
2011 - 2026	1.55% - 4.55%	
Thereafter	2.00% - 5.45%	
2012 - 2021		Varies based on
Thereafter		experience

The mortality rates utilized in the July 1, 2016 valuation were as follows: 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 mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)
(Continued)

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

The mortality rates utilized in the June 30, 2017 valuation were as follows: 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 scale MP-2017. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using scale MP-2017. 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 scale MP-2017.

The mortality rates utilized in the June 30, 2018 valuation were as follows: Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using scale MP-2017. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using scale MP-2017. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using scale MP-2017.

The health care trend rates utilized in the June 30, 2017 valuation were as follows: For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after eight years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The health care trend rates utilized in the June 30, 2018 valuation were as follows: For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The assumed Medicare Advantage trend rate is 4.5% in all future years.

**BUDGETARY COMPARISON SCHEDULES
(UNAUDITED)**

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 61,981,537		\$ 61,981,537	\$ 61,981,537	
Unrestricted Miscellaneous Revenues	15,000		15,000	282,654	\$ 267,654
Interest Earned on Capital Reserve Funds	100		100	51,435	51,335
Interest Earned on Emergency Reserve Funds	100		100	5,000	4,900
Other Restricted Miscellaneous Revenues	190,000		190,000	83,779	(106,221)
Total - Local Sources	62,186,737		62,186,737	62,404,405	217,668
State Sources:					
Transportation Aid	636,428		636,428	636,428	
Extraordinary Special Education Costs Aid - Current Year	250,000		250,000	872,239	622,239
Extraordinary Special Education Costs Aid - Prior Year Additional				2,245	2,245
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				51,588	51,588
On-Behalf TPAF Contributions (Non-Budgeted):					
Post-Retirement Medical Benefits					
Pension					
Non-Contributory Insurance				2,106,594	2,106,594
Long-Term Disability Insurance				4,548,960	4,548,960
Reimbursed TPAF Social Security (Non-Budgeted)				95,222	95,222
				3,870	3,870
				1,841,553	1,841,553
Total State Sources	2,935,621		2,935,621	12,207,892	9,272,271
Federal Sources:					
Medicaid Reimbursement (SEMI)	29,856		29,856	38,749	8,893
Total Federal Sources	29,856		29,856	38,749	8,893
TOTAL REVENUES	65,152,214		65,152,214	74,651,046	9,498,832

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 814,178	\$ 76,463	\$ 890,641	\$ 888,744	\$ 1,897
Grades 1-5 - Salaries of Teachers	5,218,903	(374,959)	4,843,944	4,644,380	199,564
Grades 6-8 - Salaries of Teachers	3,751,658	(73,288)	3,678,370	3,633,373	44,997
Grades 9-12 - Salaries of Teachers	5,813,602	5,864	5,819,466	5,757,639	61,827
Regular Programs - Home Instruction:					
Salaries of Teachers	35,000	36,440	71,440	71,440	
Purchased Professional - Educational Services	20,000		20,000	16,613	3,387
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	666,646	(37,299)	629,347	591,312	38,035
Purchased Professional - Educational Services	400,000	29,303	429,303	429,301	2
Other Purchased Services (400-500 series)	265,550	(21,177)	244,373	237,111	7,262
General Supplies	1,303,589	134,116	1,437,705	1,140,346	297,359
Textbooks	125,071	(19,700)	105,371	87,981	17,390
Other Objects	63,352	(239)	63,113	36,632	26,481
Total Regular Programs - Instruction	18,477,549	(244,476)	18,233,073	17,534,872	698,201
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	677,134	(99,007)	578,127	578,127	
Other Salaries for Instruction	273,206	(65,401)	207,805	207,753	52
General Supplies	24,676	20,100	44,776	22,925	21,851
Textbooks	1,161		1,161	918	243
Total Learning and/or Language Disabilities	976,177	(144,308)	831,869	809,723	22,146

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Special Education - Instruction: (Cont'd)					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 3,529,468	\$ 345,386	\$ 3,874,854	\$ 3,860,709	\$ 14,145
Other Salaries for Instruction	149,789	59,214	209,003	209,003	
Other Purchased Services (400-500 series)		400	400	190	210
General Supplies	45,831	(24)	45,807	41,966	3,841
Textbooks	5,092	(1,617)	3,475	3,334	141
Total Resource Room/Resource Center	3,730,180	403,359	4,133,539	4,115,202	18,337
Preschool Disabilities - Part-Time:					
Salaries of Teachers	316,555	(109,129)	207,426	207,151	275
Other Salaries for Instruction	64,960	(23,201)	41,759	41,758	1
General Supplies	4,002		4,002	3,845	157
Total Preschool Disabilities - Part-Time	385,517	(132,330)	253,187	252,754	433
Home Instruction:					
Salaries of Teachers	40,000	22,982	62,982	62,982	
Purchased Professional - Educational Services	15,000	(13,008)	1,992		1,992
Total Home Instruction	55,000	9,974	64,974	62,982	1,992
Total Special Education Instruction	5,146,874	136,695	5,283,569	5,240,661	42,908
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	928,430	160,094	1,088,524	1,088,523	1
General Supplies	38,577	(22,557)	16,020	13,574	2,446
Textbooks	5,350	(2,945)	2,405	2,405	
Total Basic Skills/Remedial - Instruction	972,357	134,592	1,106,949	1,104,502	2,447

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 225,128	\$ (21,633)	\$ 203,495	\$ 203,494	\$ 1
General Supplies	3,388		3,388	2,685	703
Total Bilingual Education - Instruction	228,516	(21,633)	206,883	206,179	704
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	383,715	36,326	420,041	417,493	2,548
Supplies and Materials	17,939	(5,935)	12,004	11,213	791
Other Objects	26,750	(13,873)	12,877	12,877	
Total School-Sponsored Cocurricular Activities - Instruction	428,404	16,518	444,922	441,583	3,339
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	562,578	(13,139)	549,439	549,439	
Purchased Services (300-500 series)	131,550	(973)	130,577	118,882	11,695
Supplies and Materials	136,895	(12,790)	124,105	108,968	15,137
Other Objects	13,606	(1,326)	12,280	7,562	4,718
Total School-Sponsored Cocurricular Athletics - Instruction	844,629	(28,228)	816,401	784,851	31,550
Total Instruction	26,098,329	(6,532)	26,091,797	25,312,648	779,149

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	\$ 1,318,654	\$ 11,926	\$ 11,926	\$ 11,731	\$ 195
Tuition to Other LEAs Within the State - Special	535,508	200,224	1,518,878	1,424,832	94,046
Tuition to County Vocational Schools - Regular	207,480	(86,871)	448,637	448,636	1
Tuition to County Vocational Schools - Special	1,032,255	73,182	207,480	100,578	106,902
Tuition to County Special Services Schools and Regional Day Schools	2,138,658	(175,461)	1,105,437	1,088,136	17,301
Tuition to Private Schools for the Disabled - Within the State	59,676	(59,676)	1,963,197	1,768,194	195,003
Tuition to Private Schools for the Disabled and Other LEA's - Outside the State	35,000	35,000	35,000	34,834	166
Tuition - Other					
Total Undistributed Expenditures - Instruction	<u>5,292,231</u>	<u>(1,676)</u>	<u>5,290,555</u>	<u>4,876,941</u>	<u>413,614</u>
Health Services:					
Salaries	472,686	9,303	481,989	481,985	4
Purchased Professional and Technical Services	24,000	1,378	25,378	25,378	
Supplies and Materials	21,286	(5,753)	15,533	15,199	334
Total Health Services	<u>517,972</u>	<u>4,928</u>	<u>522,900</u>	<u>522,562</u>	<u>338</u>
Speech, OT, PT and Related Services:					
Salaries	388,127	1,734	389,861	389,861	
Purchased Professional - Educational Services	2,764,726	(154,946)	2,609,780	2,036,700	573,080
Supplies and Materials	8,336		8,336	7,947	389
Other Objects	10,000		10,000	7,921	2,079
Total - Speech, OT, PT and Related Services	<u>3,171,189</u>	<u>(153,212)</u>	<u>3,017,977</u>	<u>2,442,429</u>	<u>575,548</u>

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Other Support Services - Students - Extraordinary Services:					
Salaries	\$ 1,406,065	\$ 6,010	\$ 1,412,075	\$ 1,412,074	\$ 1
Purchased Professional - Educational Services		9,000	9,000	8,490	510
Supplies and Materials		2,254	2,254	2,254	
Other Objects		250	250	250	
Total Other Support Services - Students - Extraordinary Services	1,406,065	17,514	1,423,579	1,423,068	511
Guidance:					
Salaries of Other Professional Staff	881,185	5,538	886,723	839,353	47,370
Salaries of Secretarial and Clerical Assistants	90,116		90,116	80,637	9,479
Other Purchased Professional and Technical Services	6,000	3,566	9,566	9,566	
Supplies and Materials	49,348		49,348	36,316	13,032
Other Objects	131,136	(7,555)	123,581	87,156	36,425
Total Guidance	1,157,785	1,549	1,159,334	1,053,028	106,306
Child Study Team:					
Salaries of Other Professional Staff	1,355,895	145,085	1,500,980	1,500,245	735
Salaries of Secretarial and Clerical Assistants	111,267	(4,750)	106,517	106,508	9
Miscellaneous Purchased Services (400-500 series)	17,500	(1,178)	16,322	9,796	6,526
Supplies and Materials	14,115	587	14,702	14,485	217
Other Objects	7,500	(587)	6,913	3,914	2,999
Total Child Study Team	1,506,277	139,157	1,645,434	1,634,948	10,486

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	\$ 167,307	\$ (4,249)	\$ 163,058	\$ 162,000	\$ 1,058
Salaries of Other Professional Staff	1,051,848	77,560	1,129,408	1,129,408	
Salaries of Secretarial and Clerical Assistants	47,472	(1,978)	45,494	44,505	989
Other Salaries	50,000		50,000	6,975	43,025
Other Purchased Professional and Technical Services	18,500	13,274	31,774	28,173	3,601
Other Purchased Services (400-500 series)	10,000	(9,646)	354	354	
Supplies and Materials	8,500	5,691	14,191	14,102	89
Other Objects	15,000	(9,207)	5,793	5,688	105
Total Improvement of Instructional Services	1,368,627	71,445	1,440,072	1,391,205	48,867
Educational Media Services/School Library:					
Salaries	404,201	50,446	454,647	447,392	7,255
Supplies and Materials	199,360	53,932	253,292	221,323	31,969
Other Objects	12,000	13,283	25,283	22,889	2,394
Total Educational Media Services/School Library	615,561	117,661	733,222	691,604	41,618
Instructional Staff Training Services:					
Other Salaries	15,000		15,000	10,660	4,340
Purchased Professional - Educational Services	2,000	5,650	7,650	7,650	
Other Purchased Professional and Technical Services	75,000	(25,645)	49,355	37,292	12,063
Other Purchased Services (400-500 series)	10,000	210	10,210	8,968	1,242
Supplies and Materials	4,000	10,094	14,094	7,229	6,865
Other Objects	4,000	(99)	3,901	660	3,241
Total Instructional Staff Training Services	110,000	(9,790)	100,210	72,459	27,751

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Support Services - General Administration:					
Salaries	\$ 279,124	\$ 1,275	\$ 280,399	\$ 275,837	\$ 4,562
Legal Services	104,998	28,598	133,596	120,702	12,894
Audit Fees	73,400	(9,273)	64,127	29,400	34,727
Other Purchased Professional Services	51,000	(1,842)	49,158	36,047	13,111
Purchased Technical Services	41,000	6,275	47,275	46,474	801
Communications/Telephone	244,250	(104,355)	139,895	89,898	49,997
BOE Other Purchased Services	5,500	1,307	6,807	6,188	619
General Supplies	14,000	(532)	13,468	2,766	10,702
BOE In-House Training/Meeting Supplies	3,300		3,300	3,294	6
Miscellaneous Expenditures	17,500	(6,910)	10,590	5,179	5,411
BOE Membership Dues and Fees	31,000		31,000	28,892	2,108
Total Support Services - General Administration	865,072	(85,457)	779,615	644,677	134,938
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	1,450,738	16,127	1,466,865	1,436,092	30,773
Salaries of Other Professional Staff		32,941	32,941	4,306	28,635
Salaries of Secretarial and Clerical Assistants	655,602	14,610	670,212	668,228	1,984
Purchased Professional and Technical Services		4,298	4,298	4,298	
Other Purchased Services (400-500 series)	15,000	(7,794)	7,206	931	6,275
Supplies and Materials	182,398	(18,301)	164,097	152,561	11,536
Other Objects	56,040	(7,056)	48,984	42,506	6,478
Total Support Services - School Administration	2,359,778	34,825	2,394,603	2,308,922	85,681

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Central Services:					
Salaries	\$ 714,259	\$ (13,827)	\$ 700,432	\$ 700,432	
Purchased Technical Services	114,200	(16,856)	97,344	81,144	\$ 16,200
Miscellaneous Purchased Services (400-500 series)	5,115	(1,763)	3,352	2,757	595
Supplies and Materials	21,500	(8,100)	13,400	10,442	2,958
Miscellaneous Expenditures	14,062	2,793	16,855	15,810	1,045
Total Central Services	869,136	(37,753)	831,383	810,585	20,798
Administration Information Technology:					
Salaries	434,237	(2,744)	431,493	431,493	
Purchased Professional Services	51,800	121,774	173,574	167,573	6,001
Other Purchased Services (400-500 series)	33,000	(10,073)	22,927	20,687	2,240
Supplies and Materials	216,577	68,182	284,759	232,818	51,941
Other Objects		500	500	91	409
Total Administration Information Technology	735,614	177,639	913,253	852,662	60,591
Required Maintenance for School Facilities:					
Salaries	481,117	14,817	495,934	493,315	2,619
Cleaning, Repair and Maintenance Services	1,422,689	(79,035)	1,343,654	923,795	419,859
General Supplies	227,000	(39,701)	187,299	130,851	56,448
Total Required Maintenance for School Facilities	2,130,806	(103,919)	2,026,887	1,547,961	478,926

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Custodial Services:					
Salaries	\$ 169,868	\$ 104	\$ 169,972	\$ 132,440	\$ 37,532
Purchased Professional and Technical Services	1,692,408	23,696	1,716,104	1,679,577	36,527
Cleaning, Repair and Maintenance Services	527,578	59,959	587,537	327,789	259,748
Insurance	326,000	(580)	325,420	325,420	
Miscellaneous Purchased Services	61,200	12,938	74,138	70,384	3,754
General Supplies	341,621	(16,666)	324,955	260,185	64,770
Energy (Natural Gas)	359,000	(20,366)	338,634	232,521	106,113
Energy (Electricity)	891,014	(375)	890,639	758,579	132,060
Other Objects	520	520	520	520	520
Total Custodial Services	4,368,689	59,230	4,427,919	3,786,895	641,024
Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	360,748	(24,883)	335,865	165,284	170,581
Total Care and Upkeep of Grounds	360,748	(24,883)	335,865	165,284	170,581
Security:					
Purchased Professional and Technical Services		35,000	35,000	22,403	12,597
Cleaning, Repair and Maintenance Services	81,442	(1,862)	79,580	79,580	
General Supplies	65,032	184,172	249,204	122,155	127,049
Total Security	146,474	217,310	363,784	224,138	139,646

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	\$ 366,879	\$ 411	\$ 367,290	\$ 367,290	
Other Than Between Home and School - Regular	50,000	(14,243)	35,757	35,757	
Cleaning, Repair and Maintenance Services	16,350	15,015	31,365	3,492	\$ 27,873
Contracted Services:					
Aid in Lieu Payments - Nonpublic Schools	140,000	(19,300)	120,700	118,800	1,900
Between Home and School - Vendors	1,656,500	14,985	1,671,485	1,667,233	4,252
Other Than Between Home and School - Vendors	276,112	(60,056)	216,056	162,539	53,517
Special Education Students - Vendors	15,000		15,000	12,310	2,690
Regular Students - ESCs & CTASAs	201,000	48,923	249,923	249,923	
Special Education Students - ESCs & CTASAs	1,260,000	327,226	1,587,226	1,585,294	1,932
Miscellaneous Purchased Services	14,650	(7,473)	7,177	7,177	
General Supplies	114,055	(49,282)	64,773	58,188	6,585
Total Student Transportation Services	4,110,546	256,206	4,366,752	4,268,003	98,749
Unallocated Benefits:					
Social Security Contributions	650,000	(500)	649,500	646,730	2,770
Group Insurance	16,000		16,000	13,761	2,239
Other Retirement Contributions - PERS	607,416	7,193	614,609	602,078	12,531
Other Retirement Contributions - Regular	40,000		40,000	39,291	709
Workmen's Compensation	225,000	(7,193)	217,807	169,046	48,761
Health Benefits	9,545,000	(780,492)	8,764,508	7,890,917	873,591
Tuition Reimbursement	142,685	(7,092)	135,593	99,178	36,415
Other Employee Benefits	142,675	6,250	148,925	97,716	51,209
Unused Sick Payment to Terminated/Retired Staff	210,000	40,000	250,000	248,683	1,317
Total Unallocated Benefits	11,578,776	(741,834)	10,836,942	9,807,400	1,029,542

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
On-Behalf TPAF Contributions (Non-Budgeted):					
Post-Retirement Medical Benefits				\$ 2,106,594	\$ (2,106,594)
Pension				4,548,960	(4,548,960)
Non-Contributory Insurance				95,222	(95,222)
Long-Term Disability Insurance				3,870	(3,870)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				1,841,553	(1,841,553)
Total On-Behalf and Reimbursed TPAF Contributions				8,596,199	(8,596,199)
Total Personal Services - Employee Benefits	\$ 11,578,776	\$ (741,834)	\$ 10,836,942	18,403,599	(7,566,657)
Total Undistributed Expenses	42,671,346	(61,060)	42,610,286	47,120,970	(4,510,684)
TOTAL GENERAL CURRENT EXPENSE	68,769,675	(67,592)	68,702,083	72,433,618	(3,731,535)
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures:					
Instruction		20,061	20,061	20,060	1
Required Maintenance of School Facilities		26,686	26,686	26,686	
Custodial Services	85,797	3,040	88,837	88,836	1
Student Transportation - School Buses - Regular	182,459		182,459	182,459	
Total Equipment	268,256	49,787	318,043	318,041	2
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	111,939	17,805	129,744	96,696	33,048
Other Purchased Professional and Technical Services	207,745	75,304	283,049	189,048	94,001
Construction Services	4,094,369	311,516	4,405,885	3,608,268	797,617
Buildings - Other than Lease Purchase Agreements		678,000	678,000	426,496	251,504
Assessment for Debt Service on SDA Funding	79,684		79,684	79,684	
Total Facilities Acquisition and Construction Services	4,493,737	1,082,625	5,576,362	4,400,192	1,176,170

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
TOTAL CAPITAL OUTLAY	\$ 4,761,993	\$ 1,132,412	\$ 5,894,405	\$ 4,718,233	\$ 1,176,172
TOTAL EXPENDITURES	<u>73,531,668</u>	<u>1,064,820</u>	<u>74,596,488</u>	<u>77,151,851</u>	<u>(2,555,363)</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(8,379,454)	(1,064,820)	(9,444,274)	(2,500,805)	6,943,469
Fund Balance, July 1	<u>18,610,917</u>		<u>18,610,917</u>	<u>18,610,917</u>	
Fund Balance, June 30	<u>\$ 10,231,463</u>	<u>\$ (1,064,820)</u>	<u>\$ 9,166,643</u>	<u>\$ 16,110,112</u>	<u>\$ 6,943,469</u>
Recapitulation:					
Restricted:				\$ 2,348,374	
Excess Surplus				2,418,144	
Excess Surplus - Designated for Subsequent Year's Expenditures				6,023,253	
Capital Reserve				505,000	
Emergency Reserve				2,506,809	
Assigned:				263,592	
Year-End Encumbrances				2,044,940	
Designated for Subsequent Year's Expenditures				<u>16,110,112</u>	
Unassigned				<u>(141,313)</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
June State Aid Payments not Recognized on GAAP Basis					<u>\$ 15,968,799</u>
Fund Balance per Governmental Funds (GAAP)					<u>\$ 15,968,799</u>

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	\$ 22,200	\$ 4,495	\$ 26,695	\$ 21,454	\$ (5,241)
Federal Sources	695,000	314,460	1,009,460	942,867	(66,593)
Local Sources		86,740	86,740	86,288	(452)
Total Revenues	717,200	405,695	1,122,895	1,050,609	(72,286)
EXPENDITURES:					
Instruction					
Personal Services - Salaries	210,000	(124,264)	85,736	85,736	
Tuition	473,500	161,423	634,923	634,923	
General Supplies	7,000	59,459	66,459	11,864	54,595
Textbooks	2,000	136	2,136	2,048	88
Other Objects	20,200	90,099	110,299	104,696	5,603
Total Instruction	712,700	186,853	899,553	839,267	60,286
Support Services					
Personal Services - Salaries	4,500	135,364	139,864	139,864	
Personal Services - Employee Benefits		17,278	17,278	17,278	
Other Purchased Services		59,200	59,200	54,200	5,000
Supplies and Materials		7,000	7,000	7,000	
Total Support Services	4,500	218,842	223,342	211,342	12,000
Total Expenditures	717,200	405,695	1,122,895	1,050,609	72,286
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, 2019
(UNAUDITED)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 74,651,046	\$ 1,050,609
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		
Current Year Encumbrances		(4,737)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	128,232	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(141,313)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 74,637,965</u>	<u>\$ 1,045,872</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 77,151,851	\$ 1,050,609
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, not in the Year the Supplies are Received for Financial Reporting Purposes		
Current Year Encumbrances		<u>(4,737)</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 77,151,851</u>	<u>\$ 1,045,872</u>

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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, 2019 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, 2019

	Elementary and Secondary Education Act			
	Title I	Title IIA	Title III Immigrant	IDEA - Part B, Basic Regular Preschool
REVENUE:				
State Sources				
Federal Sources	\$ 244,880	\$ 54,200	\$ 8,864	\$ 602,713
Local Sources				\$ 32,210
Total Revenue	\$ 244,880	\$ 54,200	\$ 8,864	\$ 602,713
EXPENDITURES:				
Instruction:				
Personal Services - Salaries	\$ 85,736			\$ 602,713
Tuition				\$ 32,210
General Supplies	10,866			
Textbooks				
Other Objects				
Total Instruction	96,602			602,713
Support Services:				
Personal Services - Salaries	131,000		\$ 8,864	
Personal Services - Employee Benefits	17,278			
Other Purchased Services		\$ 54,200		
Total Support Services	148,278	54,200	8,864	
Total Expenditures	\$ 244,880	\$ 54,200	\$ 8,864	\$ 602,713
				\$ 32,210

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Nonpublic Handicapped Services (Chapter 193)				NJ Nonpublic	
	Supplementary Instruction	Examination & Classification	Corrective Speech	Security	Technology	
REVENUE:						
State Sources	\$ 1,874	\$ 2,911	\$ 3,819	\$ 4,934	\$ 1,440	
Federal Sources						
Local Sources						
Total Revenue	\$ 1,874	\$ 2,911	\$ 3,819	\$ 4,934	\$ 1,440	
EXPENDITURES:						
Instruction:						
Personal Services - Salaries						
Tuition						
General Supplies						
Textbooks						
Other Objects						
Total Instruction	\$ 1,874	\$ 2,911	\$ 3,819	\$ 4,934	\$ 1,440	
Support Services:						
Personal Services - Salaries						
Personal Services - Employee Benefits						
Other Purchased Services						
Total Support Services						
Total Expenditures	\$ 1,874	\$ 2,911	\$ 3,819	\$ 4,934	\$ 1,440	

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Local Programs				Totals June 30, 2019
	NJ Nonpublic		Mahwah School Foundation	Mahwah Home School Organization	
	Textbooks	Nursing			
REVENUE:					
State Sources	\$ 2,048	\$ 4,428			\$ 21,454
Federal Sources			\$ 71,490	\$ 13,800	942,867
Local Sources				\$ 998	86,288
Total Revenue	\$ 2,048	\$ 4,428	\$ 71,490	\$ 13,800	\$ 1,050,609
EXPENDITURES:					
Instruction:					
Personal Services - Salaries					\$ 85,736
Tuition					634,923
General Supplies				\$ 998	11,864
Textbooks	\$ 2,048		\$ 71,490	\$ 13,800	2,048
Other Objects					104,696
Total Instruction	2,048	4,428	71,490	13,800	839,267
Support Services:					
Personal Services - Salaries					139,864
Personal Services - Employee Benefits					17,278
Other Purchased Services					54,200
Total Support Services					211,342
Total Expenditures	\$ 2,048	\$ 4,428	\$ 71,490	\$ 13,800	\$ 1,050,609

**CAPITAL PROJECTS FUND
(NOT APPLICABLE)**

PROPRIETARY FUNDS

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019

	Business-Type Activities - Enterprise Funds					Total Enterprise Funds
	Major Funds		Non-Major Fund			
	Food Service	Region I Transportation	Region I Administration	Region I Summer School	Total Region I	
ASSETS:						
Current Assets:						
Cash and Cash Equivalents	\$ 292,430		\$ 337,765	\$ 18,561	\$ 356,326	\$ 648,756
Receivable from:						
Federal Government	30,551					30,551
State Government	1,595					1,595
Other Governmental Units		\$ 720,336	12,875		733,211	733,211
Interfund Receivable - General Fund	22,604					22,604
Inventories	12,637					12,637
Total Current Assets	359,817	720,336	350,640	18,561	1,089,537	1,449,354
Non-Current Assets:						
Capital Assets	449,293					449,293
Less: Accumulated Depreciation	(293,175)					(293,175)
Total Non-Current Assets	156,118					156,118
Total Assets	515,935	720,336	350,640	18,561	1,089,537	1,605,472
DEFERRED OUTFLOWS OF RESOURCES:						
Deferred Outflows Related to Pensions			149,023		149,023	149,023
Total Deferred Outflows of Resources			149,023		149,023	149,023

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019

	Business-Type Activities - Enterprise Funds						Total Enterprise Funds
	Major Funds			Non-Major Fund			
	Food Service	Region I Transportation	Region I Administration	Region I Summer School	Total Region I	Total Region I	
LIABILITIES:							
Current Liabilities:							
Interfund Payable - General Fund		\$ 439,329				\$ 439,329	\$ 439,329
Accounts Payable	\$ 14,156		\$ 38,320			38,320	52,476
Unearned Revenue:							
Prepaid Student Balances	25,482						25,482
Commodities	2,812						2,812
Noncurrent Liabilities:							
Due Beyond One Year			581,358			581,358	581,358
Total Liabilities	42,450	439,329	619,678			1,059,007	1,101,457
DEFERRED INFLOWS OF RESOURCES:							
Deferred Inflows Related to Pensions			215,960			215,960	215,960
Total Deferred Inflows of Resources			215,960			215,960	215,960
NET POSITION:							
Investment in Capital Assets	156,118						156,118
Unrestricted/(Deficit)	317,367	281,007	(335,975)	18,561		(36,407)	280,960
Total Net Position (Deficit)	\$ 473,485	\$ 281,007	\$ (335,975)	\$ 18,561		\$ (36,407)	\$ 437,078

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, 2019

	Business-Type Activities - Enterprise Funds					Total Enterprise Funds
	Major Funds		Non-Major Fund			
	Food Service	Region I Transportation	Region I Administration	Region I Summer School	Total Region I	
Operating Revenue:						
Charges for Services:						
Daily Sales:						
Reimbursable Programs	\$ 363,758					\$ 363,758
Non-Reimbursable Programs	562,784					562,784
Program Fees		\$ 412,399		\$ 120,697	\$ 533,096	533,096
Transportation Fees from Other LEA's Within the State		\$ 12,193,458			12,193,458	12,193,458
Special Events	926,542	12,193,458	412,399	120,697	12,726,554	13,653,096
	3,628					3,628
Total Operating Revenue	930,170	12,193,458	412,399	120,697	12,726,554	13,656,724
Operating Expenses:						
Cost of Sales:						
Reimbursable	307,638					307,638
Non-Reimbursable	181,965					181,965
Total Cost of Sales	489,603					489,603
Salaries, Benefits & Payroll Taxes	451,705		393,638	110,858	504,496	956,201
Contracted Services	45,000	12,200,760			12,200,760	12,245,760
Purchased Professional/Technical Services	33,756		12,256	9,694	21,950	21,950
Purchased Property Services	2,600					33,756
Other Purchased Services	47,819		1,882		1,882	4,482
Supplies and Materials						47,819
Rent			35,000	9,000	44,000	44,000
General Supplies			14,708	1,410	16,118	16,118
Miscellaneous Expenses	13,848		4,608		4,608	18,456
Depreciation Expense	25,995					25,995
Total Operating Expenses	1,110,326	12,200,760	462,092	130,962	12,793,814	13,904,140

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds						Total Enterprise Funds
	Major Funds			Non-Major Fund			
	Food Service	Region I		Region I Summer School	Total Region I		
Operating Loss	\$ (180,156)	\$ (7,302)	\$ (49,693)	\$ (10,265)	\$ (67,260)	\$ (247,416)	
Non-Operating Revenue:							
Federal Sources:							
National School Lunch Program	151,556					151,556	
Food Distribution Program	43,498					43,498	
State Sources - School Lunch Program	8,000					8,000	
Local Sources - Interest Revenue	482					482	
Total Non-Operating Revenue	203,536					203,536	
Change in Net Position Before Transfer and Other Item	23,380	(7,302)	(49,693)	(10,265)	(67,260)	(43,880)	
Transfer							
Other Item - Disposal of Capital Assets, Net	(14,429)	(71,045)	71,045			(14,429)	
Change in Net Position After Transfer and Other Item	8,951	(78,347)	21,352	(10,265)	(67,260)	(58,309)	
Net Position/(Deficit) - Beginning of Year	464,534	359,354	(357,327)	28,826	30,853	495,387	
Net Position/(Deficit) - End of Year	\$ 473,485	\$ 281,007	\$ (335,975)	\$ 18,561	\$ (36,407)	\$ 437,078	

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

	Business-Type Activities - Enterprise Funds					
	Major Funds			Non-Major Fund		
	Food Service	Region I Transportation	Region I Administration	Region I Summer School	Total Region I	Total Enterprise Funds
Cash Flows from Operating Activities:						
Receipts from Customers	\$ 931,713	\$ 12,259,694	\$ 410,392	\$ 120,697	\$ 12,790,783	\$ 13,722,496
Payments to/for Employees			(298,901)	(110,858)	(409,759)	(409,759)
Payments to Food Service Vendor	(1,022,988)				(12,200,760)	(1,022,988)
Payments to Transportation Vendors		(12,200,760)			(90,099)	(12,200,760)
Payments to Suppliers	(18,328)		(69,995)	(20,104)	(108,427)	(108,427)
Net Cash Provided by/(Used for) Operating Activities	(109,603)	58,934	41,496	(10,265)	90,165	(19,438)
Cash Flows from Investing Activities:						
Interest Income	482					482
Net Cash Provided by Investing Activities	482					482
Cash Flows from Noncapital and Related Financing Activities:						
Federal Subsidy Reimbursements Received from General Fund	132,476					132,476
State Subsidy Reimbursements Received from General Fund	6,992					6,992
Cash Received - Interfund Payable - General Fund Transfer		12,111	71,045		12,111	12,111
Net Cash Provided by/(Used for) Noncapital and Related Financing Activities	139,468	(58,934)	71,045		12,111	151,579
Cash Flows from Capital and Related Financing Activities:						
Purchase of Capital Assets	(3,355)					(3,355)
Net Cash Used for Capital and Related Financing Activities	(3,355)					(3,355)
Net Increase/(Decrease) in Cash and Cash Equivalents	26,992	- 0 -	112,541	(10,265)	102,276	129,268
Cash and Cash Equivalents, July 1	265,438	- 0 -	225,224	28,826	254,050	519,488
Cash and Cash Equivalents, June 30	\$ 292,430	\$ - 0 -	\$ 337,765	\$ 18,561	\$ 356,326	\$ 648,756

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

	Business-Type Activities - Enterprise Funds					Total Enterprise Funds
	Major Funds		Non-Major Fund		Total Region I	
	Food Service	Region I Transportation	Region I Administration	Region I Summer School		
Reconciliation of Operating Loss to Net Cash Provided by/(Used for) Operating Activities:						
Operating Loss	\$ (180,156)	\$ (7,302)	\$ (49,693)	\$ (10,265)	\$ (67,260)	\$ (247,416)
Adjustment to Reconcile Operating Loss to Net Cash Provided by/(Used for) Operating Activities:						
Depreciation	25,995					25,995
Federal Food Distribution Program	43,498					43,498
Changes in Assets and Liabilities: (Increase)/Decrease in:						
Pensions:						
Change in Assumptions			90,511		90,511	90,511
Difference Between Expected and Actual Experience			5,386		5,386	5,386
Net Difference Between Projected and Actual in Investment						
Earnings on Pension Plan Investments			9,350		9,350	9,350
District Contribution Subsequent to the Measurement Date			(5,820)		(5,820)	(5,820)
Change in Proportion			(19,590)		(19,590)	(19,590)
Receivable from Other Governmental Units		66,236	(2,007)		64,229	64,229
Inventory	3,616					3,616
Net Pension Liability			9,080		9,080	9,080
Accounts Payable			4,279		4,279	4,279
Unearned Revenue - Commodities			(1,522)		(1,522)	(1,522)
Unearned Revenue - Prepaid Balances						1,543
Net Cash Provided by/(Used for) Operating Activities	\$ (109,603)	\$ 58,934	\$ 41,496	\$ (10,265)	\$ 90,165	\$ (19,438)
<u>Non-Cash Investing, Capital and Financing Activities:</u>						

The Food Service Enterprise Fund received commodities from the Federal Food Distribution Program valued at \$41,976 and utilized commodities from the Federal Food Distribution Program valued at \$43,498 for the fiscal year ended June 30, 2019.

FIDUCIARY FUNDS

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019

	Agency		Unemployment Compensation Trust	Private Purpose Scholarship Trust	Flexible Spending Trust	
	Student Activity	Payroll Total				
<u>ASSETS:</u>						
Cash and Cash Equivalents	\$ 896,724	\$ 8,080	\$ 904,804	\$ 677,916	\$ 298,559	\$ 56,560
Interfund Receivable: Special Revenue Fund	3,000	3,000				
Total Assets	899,724	8,080	907,804	677,916	298,559	56,560
<u>LIABILITIES:</u>						
Interfund Payable - General Fund						10,000
Payroll Deductions and Withholdings		8,080	8,080			
Due to Student Groups	894,269		894,269			
School Store	5,455		5,455			
Total Liabilities	899,724	8,080	907,804	-0-	-0-	10,000
<u>NET POSITION:</u>						
Held in Trust for:						
Unemployment Benefit Claims			677,916			
Scholarships				298,559		
Flexible Spending Claims						46,560
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ 677,916	\$ 298,559	\$ 46,560

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Flexible Spending Trust
ADDITIONS:			
Contributions:			
Plan Member	\$ 87,640		\$ 72,712
Donations		\$ 6,850	
Total Contributions	<u>87,640</u>	<u>6,850</u>	<u>72,712</u>
Investment Earnings:			
Interest	<u>6,779</u>	<u>1,836</u>	<u>42</u>
Net Investment Earnings	<u>6,779</u>	<u>1,836</u>	<u>42</u>
Total Additions	<u>94,419</u>	<u>8,686</u>	<u>72,754</u>
DEDUCTIONS:			
Quarterly Contribution Reports and Unemployment Claims	96,469		
Scholarships Awarded		18,250	
Flexible Spending Claims			52,692
Total Deductions	<u>96,469</u>	<u>18,250</u>	<u>52,692</u>
Change in Net Position	(2,050)	(9,564)	20,062
Net Position - Beginning of the Year	<u>679,966</u>	<u>308,123</u>	<u>26,498</u>
Net Position - End of the Year	<u>\$ 677,916</u>	<u>\$ 298,559</u>	<u>\$ 46,560</u>

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

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 907,553	\$ 760,441	\$ 771,270	\$ 896,724
Interfund Receivable:				
Special Revenue Fund	3,000			3,000
Total Assets	<u>\$ 910,553</u>	<u>\$ 760,441</u>	<u>\$ 771,270</u>	<u>\$ 899,724</u>
<u>LIABILITIES:</u>				
Interfund Payable - General Fund	\$ 41,632		\$ 41,632	
Due to Student Groups	866,676	\$ 757,156	729,563	\$ 894,269
School Store	2,245	3,285	75	5,455
Total Liabilities	<u>\$ 910,553</u>	<u>\$ 760,441</u>	<u>\$ 729,638</u>	<u>\$ 899,724</u>

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

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
Mahwah Schools	\$ 866,676	\$ 757,156	\$ 729,563	\$ 894,269
School Store	2,245	3,285	75	5,455
Total	<u>\$ 868,921</u>	<u>\$ 760,441</u>	<u>\$ 729,638</u>	<u>\$ 899,724</u>

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

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 2,333	\$ 59,362,089	\$ 59,356,342	\$ 8,080
Total Assets	<u>\$ 2,333</u>	<u>\$ 59,362,089</u>	<u>\$ 59,356,342</u>	<u>\$ 8,080</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Payroll Deductions and Withholdings	\$ 2,333	\$ 59,362,089	\$ 59,356,342	\$ 8,080
Total Liabilities	<u>\$ 2,333</u>	<u>\$ 59,362,089</u>	<u>\$ 59,356,342</u>	<u>\$ 8,080</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, 2019

NOT APPLICABLE

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,628,024		\$ 1,628,024	\$ 1,628,024	
Total Revenues	1,628,024		1,628,024	1,628,024	
EXPENDITURES:					
Regular Debt Service:					
Interest	293,469		293,469	293,469	
Redemption of Principal	1,335,000		1,335,000	1,335,000	
Total Regular Debt Service	1,628,469		1,628,469	1,628,469	
Total Expenditures	1,628,469		1,628,469	1,628,469	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(445)	\$ -0-	(445)	(445)	\$ -0-
Fund Balance, July 1	2,153		2,153	2,153	
Fund Balance, June 30	<u>\$ 1,708</u>	<u>\$ -0-</u>	<u>\$ 1,708</u>	<u>\$ 1,708</u>	<u>\$ -0-</u>
<u>Recapitulation of Fund Balance at June 30, 2019:</u>					
Restricted for Subsequent Year's Expenditures			<u>\$ 1,708</u>		

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

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

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

	June 30,				
	2010	2011	2012	2013	2014
Governmental Activities:					
Net Investment in Capital Assets	\$ 16,684,500	\$ 17,585,377	\$ 18,750,913	\$ 19,131,301	\$ 20,438,707
Restricted	4,750,149	7,027,645	10,376,175	12,683,840	13,225,339
Unrestricted/(Deficit)	(2,070,808)	(1,577,317)	(1,707,942)	(1,783,577)	(1,994,401)
Total Governmental Activities Net Position	\$ 19,363,841	\$ 23,035,705	\$ 27,419,146	\$ 30,031,564	\$ 31,669,645
Business-Type Activities:					
Investment in Capital Assets	\$ 52,859	\$ 43,433	\$ 34,008	\$ 35,994	\$ 25,579
Unrestricted	107,272	140,855	182,003	161,026	196,979
Total Business-Type Activities Net Position	\$ 160,131	\$ 184,288	\$ 216,011	\$ 197,020	\$ 222,558
District-wide:					
Net Investment in Capital Assets	\$ 16,737,359	\$ 17,628,810	\$ 18,784,921	\$ 19,167,295	\$ 20,464,286
Restricted	4,750,149	7,027,645	10,376,175	12,683,840	13,225,339
Unrestricted/(Deficit)	(1,963,536)	(1,436,462)	(1,525,939)	(1,622,551)	(1,797,422)
Total District Net Position	\$ 19,523,972	\$ 23,219,993	\$ 27,635,157	\$ 30,228,584	\$ 31,892,203

	June 30,				
	2015	2016	2017	2018 (Restated)	2019
Governmental Activities:					
Net Investment in Capital Assets	\$ 22,990,660	\$ 1,279,666	\$ 3,293,074	\$ 7,263,645	\$ 12,820,744
Restricted	12,850,944	12,773,742	13,838,842	11,003,689	11,296,479
Unrestricted/(Deficit)	(1,968,585)	(12,928,272)	(14,812,906)	(10,849,819)	(13,219,328)
Total Governmental Activities Net Position	\$ 33,873,019	\$ 1,125,136	\$ 2,319,010	\$ 7,417,515	\$ 10,897,895
Business-Type Activities:					
Investment in Capital Assets	\$ 23,417	\$ 181,819	\$ 207,607	\$ 193,187	\$ 156,118
Unrestricted	192,996	247,329	176,925	302,200	280,960
Total Business-Type Activities Net Position	\$ 216,413	\$ 429,148	\$ 384,532	\$ 495,387	\$ 437,078
District-wide:					
Net Investment in Capital Assets	\$ 23,014,077	\$ 1,461,485	\$ 3,500,681	\$ 7,456,832	\$ 12,976,862
Restricted	12,850,944	12,773,742	13,838,842	11,003,689	11,296,479
Unrestricted/(Deficit)	(1,775,589)	(12,680,943)	(14,635,981)	(10,547,619)	(12,938,368)
Total District Net Position	\$ 34,089,432	\$ 1,554,284	\$ 2,703,542	\$ 7,912,902	\$ 11,334,973

Source: Township of Mahwah School District Financial Reports.

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 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	\$ 28,628,023
Special Education	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	9,005,629
Other Special Instruction	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	2,248,012
Other Instruction	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	1,913,916
Support Services:										
Tuition	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	5,511,864
Student & Instruction Related Services	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	13,911,479
General Administrative Services	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	915,175
School Administrative Services	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	3,726,778
Central Services	756,726	783,967	849,296	838,088	967,967	799,771	764,078	1,230,828	1,318,961	1,300,621
Administrative Information Technology	933,142	618,659	959,511	866,024	1,014,923	874,769	836,111	1,432,968	1,208,834	1,155,823
Plant Operations and Maintenance	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	6,207,827
Pupil Transportation	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	4,606,930
Charter Schools		23,079	23,370	51,863						
Interest on Long-term Debt	1,025,225	918,719	788,180	737,273	658,940	583,489	506,456	413,289	314,064	257,711
Unallocated Depreciation								357,063	371,141	523,495
Total Governmental Activities Expenses	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	79,913,283
Business-Type Activities:										
Food Service	913,955	940,643	988,396	1,033,906	992,627	1,014,778	983,105	998,918	1,041,801	1,110,326
Region I Transportation								10,904,780	11,485,575	12,200,760
Region I Administration								391,031	360,853	462,092
Region I Summer School								145,766	126,473	130,962
Total Business-Type Activities Expenses	913,955	940,643	988,396	1,033,906	992,627	1,014,778	983,105	12,440,495	13,014,702	13,904,140
Total District-Wide Expenses	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	93,817,423
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Tuition	1,494									
Operating Grants and Contributions	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	19,258,386
Capital Grants and Contributions	828,782	558,811						(400,795)	(30)	
Total Governmental Activities Program Revenues	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	19,258,386

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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,				
	2010	2011	2012	2013	2014
General Fund:					
Reserved	\$ 4,657,464				
Unreserved	1,298,452				
Restricted		\$ 5,414,285	\$ 8,230,997	\$ 11,005,171	\$ 10,729,477
Assigned		2,106,507	2,423,474	2,214,537	1,693,206
Unassigned		1,061,756	1,195,228	1,227,583	1,409,922
Total General Fund	<u>\$ 5,955,916</u>	<u>\$ 8,582,548</u>	<u>\$ 11,849,699</u>	<u>\$ 14,447,291</u>	<u>\$ 13,832,605</u>

All Other Governmental Funds:					
Reserved					
Unreserved/(Deficit), Reported in:					
Capital Projects Fund	\$ 440,696				
Debt Service Fund	20,385				
Restricted/(Deficit)		\$ (91,853)	\$ 263,550	\$ (49,647)	\$ 1,037,328
Assigned		512,568			
Total All Other Governmental Funds	<u>\$ 461,081</u>	<u>\$ 420,715</u>	<u>\$ 263,550</u>	<u>\$ (49,647)</u>	<u>\$ 1,037,328</u>
Total Governmental Funds	<u>\$ 6,416,997</u>	<u>\$ 9,003,263</u>	<u>\$ 12,113,249</u>	<u>\$ 14,397,644</u>	<u>\$ 14,869,933</u>

	June 30,				
	2015	2016	2017	2018	2019
General Fund:					
Restricted	\$ 10,030,982	\$ 11,758,284	\$ 13,838,079	\$ 11,001,536	\$ 11,294,771
Assigned	1,739,430	3,303,770	2,112,932	5,972,900	2,770,401
Unassigned	1,399,188	1,295,670	1,408,419	1,508,249	1,903,627
Total General Fund	<u>\$ 13,169,600</u>	<u>\$ 16,357,724</u>	<u>\$ 17,359,430</u>	<u>\$ 18,482,685</u>	<u>\$ 15,968,799</u>
All Other Governmental Funds:					
Restricted/(Deficit)	\$ 1,030,795	\$ 1,015,458	\$ 763	\$ 2,153	\$ 1,708
Assigned	254,543				
Committed			613,102		
Total All Other Governmental Funds	<u>\$ 1,285,338</u>	<u>\$ 1,015,458</u>	<u>\$ 613,865</u>	<u>\$ 2,153</u>	<u>\$ 1,708</u>
Total Governmental Funds	<u>\$ 14,454,938</u>	<u>\$ 17,373,182</u>	<u>\$ 17,973,295</u>	<u>\$ 18,484,838</u>	<u>\$ 15,970,507</u>

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Tax Levy	\$ 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	\$ 63,609,561
Tuition Charges	1,494									
Interest Earnings	82,090	87,276	18,658	23,550	24,501	27,025	33,006	60,135	133,980	222,516
Miscellaneous	190,261	184,671	267,363	371,215	300,332	323,407	312,600	283,164	656,671	200,352
Local Sources			21,227		77,578	68,525	72,598	59,606	162,473	82,566
State Sources	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	12,215,250
Federal Sources	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	981,616
Total Revenues	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	77,311,861
Expenditures:										
Instruction:										
Regular Instruction	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	17,629,273
Special Education Instruction	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	5,345,867
Other Special Instruction	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	1,310,681
Other Instruction	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	1,226,434
Support Services:										
Tuition	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	5,511,864
Student & Instruction Related Services	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	9,442,645
General Administrative Services	892,540	765,193	744,771	698,958	749,061	823,890	639,864	656,200	672,130	644,677
School Administrative Services	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	2,308,922
Central Services	756,726	783,967	849,296	838,088	967,967	799,771	764,078	823,658	817,389	810,585
Administrative Information Technology	933,142	618,659	959,511	866,024	1,014,923	874,769	836,111	1,085,866	744,964	852,662
Plant Operations and Maintenance	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	5,724,278
Pupil Transportation	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	4,268,003
Unallocated Benefits	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	18,403,599
Charter Schools		23,079	23,370	51,863						
Capital Outlay	2,131,559	863,168	716,010	304,573	1,901,469	2,082,613	936,353	844,002	1,417,545	4,718,233
Debt Service:										
Principal	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	1,335,000
Interest and Other Charges	1,074,083	951,089	827,703	767,985	690,060	613,355	537,137	455,387	366,775	293,469
Total Expenditures	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	79,826,192

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,127,812)	\$ 2,027,455	\$ 3,109,986	\$ 2,284,395	\$ 472,289	\$ (414,995)	\$ 2,920,844	\$ 642,445	\$ 511,543	\$ (2,514,331)
Other Financing Sources (Uses):										
Proceeds from Borrowing	65,503									
SDA Grants	828,782	558,811								
Transfers In	1,354,550	3,712	300,231	540	375,144	1,556,028	317	445	614,779	
Transfers Out	(1,354,550)	(3,712)	(300,231)	(540)	(375,144)	(1,556,028)	(2,917)	(42,777)	(614,779)	
Total Other Financing Sources (Uses)	894,285	558,811					(2,600)	(42,332)		
Net Change in Fund Balances	\$ (233,527)	\$ 2,586,266	\$ 3,109,986	\$ 2,284,395	\$ 472,289	\$ (414,995)	\$ 2,918,244	\$ 600,113	\$ 511,543	\$ (2,514,331)

Debt Service as a Percentage of Noncapital Expenditures 4.72% 4.77% 4.52% 4.27% 4.08% 4.01% 3.98% 3.58% 3.29% 2.18%

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
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
2019	222,516		82,635	83,779	33,938	422,868

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,	Total Assessed Value										Add: Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Value							
2010	\$ 82,587,000	\$ 3,307,176,900	\$ 12,326,100	\$ 486,416,800	\$ 222,957,200	\$ 31,751,800	\$ 4,143,215,800	\$ 4,931,194	\$ 4,148,146,994	\$ 1.2980	\$ 6,841,606,324			
2011*	101,431,400	4,340,294,700	14,509,400	859,860,855	361,833,700	51,338,000	5,729,268,055	6,107,242	5,735,375,297	0.9610	5,735,375,297			
2012	98,254,900	4,334,976,500	14,456,400	840,148,055	357,168,100	51,338,000	5,696,341,955	5,269,822	5,701,611,777	0.9840	6,314,882,225			
2013	98,683,500	4,344,961,000	14,456,400	820,024,655	330,679,100	49,592,700	5,658,397,355	5,347,200	5,663,744,555	1.0090	6,206,660,611			
2014	98,654,000	4,337,511,000	14,449,400	789,730,155	339,535,700	49,592,700	5,629,472,955	4,740,139	5,634,213,094	1.0320	5,634,213,094			
2015	97,182,300	4,374,675,800	13,819,800	770,650,255	374,621,600	49,592,700	5,680,542,455	4,740,139	5,685,282,594	1.0420	6,030,661,715			
2016	99,182,100	4,386,777,000	14,540,400	797,400,700	339,170,900	49,592,700	5,686,663,800	4,774,230	5,691,438,030	1.0610	5,923,219,890			
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			
2018	97,032,700	4,429,547,200	16,542,500	782,611,800	343,166,400	49,592,700	5,718,493,300	- 0 -	5,718,493,300	1.0970	6,112,325,113			

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.

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
2018	1.0624	0.0346	1.097	0.455	0.263	1.815

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

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

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

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

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

<u>Taxpayer</u>	<u>2019</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
MacArthur Boulevard, LLC	\$ 100,000,000	1	1.73%
Vista Distribution Center, Inc.	81,000,000	2	1.40%
Howmedica Osteonics Corporation	60,000,000	3	1.04%
Crossroads Developers	55,350,200	4	0.96%
Colfin Ind.	33,000,000	5	0.57%
933 Inspiration, LLC	30,918,900	6	0.54%
Sharp Office Holdings	27,397,000	7	0.47%
Inwood Realty Group	24,555,400	8	0.42%
555 MacArthur Boulevard, LLC	21,000,000	9	0.36%
Garden Crossroads, LLC	20,100,000	10	0.35%
Total	<u>\$ 453,321,500</u>		<u>7.84%</u>

	<u>2010</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
MacArthur Boulevard, LLC	\$ 100,000,000	1	2.41%
Vista Distribution Center, Inc.	90,490,100	2	2.18%
Sharp Electronics	77,550,000	3	1.87%
Howmedica Osteonics Corporation	69,276,800	4	1.67%
Crossroads Developers	55,350,200	5	1.33%
Jaguar Land Rover North America, Inc.	31,599,600	6	0.76%
Inwood Realty Group	24,555,400	7	0.59%
Harte 1 HR Mahwah LP	21,937,500	8	0.53%
Garden Crossroads, LLC	20,100,000	9	0.48%
Coolidge Mahwah, LLC	20,000,000	10	0.48%
Total	<u>\$ 510,859,600</u>		<u>12.30%</u>

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

Source: Municipal Tax Assessor.

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
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-
2019	63,609,561	63,609,561	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	
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%	732	
2013	17,147,000	-0-	-0-	-0-	-0-	-0-	17,147,000	0.91%	656	
2014	15,197,000	-0-	-0-	-0-	-0-	-0-	15,197,000	0.82%	580	
2015	13,202,000	-0-	-0-	-0-	-0-	-0-	13,202,000	0.68%	503	
2016	11,177,000	-0-	-0-	-0-	-0-	-0-	11,177,000	0.55%	425	
2017	9,117,000	-0-	-0-	-0-	-0-	-0-	9,117,000	0.45%	347	
2018	7,085,000	-0-	-0-	-0-	-0-	-0-	7,085,000	0.33%	269	
2019	5,750,000	-0-	-0-	-0-	-0-	-0-	5,750,000	0.27%	218	

^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		
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%	732
2013	17,147,000	-0-	17,147,000	0.301%	656
2014	15,197,000	-0-	15,197,000	0.268%	580
2015	13,202,000	-0-	13,202,000	0.234%	503
2016	11,177,000	-0-	11,177,000	0.197%	425
2017	9,117,000	-0-	9,117,000	0.160%	347
2018	7,085,000	-0-	7,085,000	0.124%	269
2019	5,750,000	-0-	5,750,000	0.101%	218

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, 2018
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	\$ 31,163,101	100.00%	\$ 31,163,101
Bergen County General Obligation Debt	875,747,791	3.47%	<u>30,350,987</u>
Subtotal, Overlapping Debt			61,514,088
Mahwah Township School District Direct Debt			<u>5,750,000</u>
Total Direct and Overlapping Debt			<u>\$ 67,264,088</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 2019

Year Ended December 31,	Equalized Valuation Basis
2016	\$ 6,007,462,286
2017	6,066,774,987
2018	6,044,918,922
	<u>\$ 18,119,156,195</u>
Average Equalized Valuation of Taxable Property	<u>\$ 6,039,718,732</u>
Debt Limit (4% of Average Equalization Value) ^a	\$ 241,588,749
Net Bonded School Debt	<u>5,750,000</u>
Legal Debt Margin	<u>\$ 235,838,749</u>

	Fiscal Year				
	2010	2011	2012	2013	2014
Debt Limit	\$ 274,170,435	\$ 274,665,794	\$ 266,469,440	\$ 258,653,452	\$ 247,028,578
Total Net Debt Applicable to Limit	<u>22,859,000</u>	<u>21,069,000</u>	<u>19,062,000</u>	<u>17,147,000</u>	<u>15,197,000</u>
Legal Debt Margin	<u>\$ 251,311,435</u>	<u>\$ 253,596,794</u>	<u>\$ 247,407,440</u>	<u>\$ 241,506,452</u>	<u>\$ 231,831,578</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	8.34%	7.67%	7.15%	6.63%	6.15%

	Fiscal Year				
	2015	2016	2017	2018	2019
Debt Limit	\$ 240,588,360	\$ 236,223,123	\$ 237,872,690	\$ 239,477,464	\$ 241,588,749
Total Net Debt Applicable to Limit	<u>13,202,000</u>	<u>11,177,000</u>	<u>9,117,000</u>	<u>7,085,000</u>	<u>5,750,000</u>
Legal Debt Margin	<u>\$ 227,386,360</u>	<u>\$ 225,046,123</u>	<u>\$ 228,755,690</u>	<u>\$ 232,392,464</u>	<u>\$ 235,838,749</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	5.49%	4.73%	3.83%	2.96%	2.38%

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
2010	25,912	\$ 65,992	\$ 1,709,984,704	8.3%
2011	26,056	68,865	1,794,346,440	4.3%
2012	26,148	71,789	1,877,138,772	7.4%
2013	26,207	71,100	1,863,317,700	6.4%
2014	26,237	73,637	1,932,013,969	5.1%
2015	26,291	76,821	2,019,700,911	4.4%
2016	26,278	77,901	2,047,082,478	4.1%
2017	26,381	81,203	2,142,216,343	3.6%
2018	26,380	81,203 *	2,142,135,140 *	3.2%
2019	26,380 *	81,203 *	2,142,135,140 *	N/A

* - Latest Bergen County per capita personal income (2017) and population data (2018) 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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Instruction:					
Regular	215	205	210	211	216
Special Education/Other Special Instruction	64	62	60	71	81
Other Instruction	15	12	14	13	15
Support Services:					
Student & Instruction Related Services	78	86	84	97	101
School Administrative Services	28	28	27	27	29
General Administrative Services	3	3	3	2	2
Central Services	6	6	7	7	8
Administration Information Technology	4	4	4	4	4
Plant Operations and Maintenance	13	10	9	9	9
Pupil Transportation	7	8	7	6	4
Total	<u>433</u>	<u>424</u>	<u>425</u>	<u>447</u>	<u>469</u>
<u>Function/Program</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Instruction:					
Regular	222	216	216	218	214
Special Education/Other Special Instruction	78	84	84	86	91
Other Instruction	17	10	8	5	2
Support Services:					
Health Services					
Student & Instruction Related Services	93	98	102	115	126
Related Services	26	26	25	26	23
General Administrative Services	2	3	3	3	3
Central Services	8	8	9	9	9
Administration Information Technology	4	4	5	5	5
Plant Operations and Maintenance	9	9	8	9	9
Pupil Transportation	8	8	6	5	5
Total	<u>467</u>	<u>466</u>	<u>466</u>	<u>481</u>	<u>487</u>

Source: Mahwah Township School District Personnel Records.

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

Pupil/Teacher Ratio

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff ^d	Pupil/Teacher Ratio				Average Daily Enrollment (ADE) ^e	Average Daily Attendance (ADA) ^e	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	High School					
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%	
2019	2,832	73,479,490	25,946	6.54%	305	17.7:1	15.2:1	11.9:1	2,832	2,711	-1.19%	95.73%	

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<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	27,096	27,096	27,096
Capacity (students)	275	275	275	275	275	275	275	216	216	216
Enrollment	305	261	236	233	237	234	222	217	199	230
George Washington School										
Square Feet	34,365	34,365	34,365	34,365	34,365	34,365	34,365	30,867	30,867	30,867
Capacity (students)	241	241	241	241	241	241	241	241	241	241
Enrollment	259	236	210	178	193	193	201	202	193	189
Lenape Meadows School										
Square Feet	82,000	82,000	82,000	82,000	82,000	82,000	82,000	76,597	76,597	76,597
Capacity (students)	578	578	578	578	578	578	578	564	564	564
Enrollment	482	492	483	469	473	486	461	425	431	384
Joyce Kilmer School										
Square Feet	82,220	82,220	82,220	82,220	82,220	82,220	82,220	71,555	71,555	71,555
Capacity (students)	558	558	558	558	558	558	558	578	578	578
Enrollment	537	492	527	527	473	444	438	447	452	435
<u>Middle School:</u>										
Ramapo Ridge Middle School										
Square Feet	100,037	100,037	100,037	100,037	100,037	100,037	100,037	112,040	112,040	112,040
Capacity (students)	826	826	826	826	826	826	826	820	820	820
Enrollment	887	839	798	798	773	752	753	702	696	678
<u>High School:</u>										
Mahwah High School										
Square Feet	187,844	187,844	187,844	187,844	187,844	187,844	187,844	164,791	173,763	173,763
Capacity (students)	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,143	1,143	1,143
Enrollment	1,027	1,051	1,048	1,017	1,028	970	911	929	901	916

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>District Building</u>										
Athletic Building Square Feet	13,000	13,000	13,000	13,000	13,000	13,000	13,000	9,660	9,660	9,660
Central Administration Square Feet	9,000	9,000	9,000	9,000	9,000	9,000	9,000	7,181	7,181	7,181
Maintenance Garage Square Feet	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,584	4,584	4,584

Number of Schools at June 30, 2019
 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				
		2010	2011	2012	2013	2014
Mahwah High School	N/A	\$ 571,033	\$ 510,661	\$ 731,338	\$ 1,063,843	\$ 862,880
Betsy Ross	N/A	52,578	74,650	183,389	362,955	142,309
Joyce Kilmer	N/A	201,326	142,433	279,942	214,008	285,589
Ramapo Ridge	N/A	215,969	232,352	212,155	402,290	701,730
George Washington	N/A	140,156	132,081	111,994	98,488	108,521
Lenape Meadows	N/A	104,457	125,488	110,149	114,521	210,679
Total School Facilities		<u>1,285,519</u>	<u>1,217,665</u>	<u>1,628,967</u>	<u>2,256,105</u>	<u>2,311,708</u>
Grand Total		<u>\$ 1,285,519</u>	<u>\$ 1,217,665</u>	<u>\$ 1,628,967</u>	<u>\$ 2,256,105</u>	<u>\$ 2,311,708</u>

<u>School Facilities*</u>	Project # (s)	Project				
		2015	2016	2017	2018	2019
Mahwah High School	N/A	\$ 618,465	\$ 339,673	\$ 603,471	\$ 609,911	\$ 666,297
Betsy Ross	N/A	65,139	81,194	67,674	117,396	116,996
Joyce Kilmer	N/A	396,551	130,277	149,747	216,746	133,752
Ramapo Ridge	N/A	441,479	217,011	215,894	396,647	269,018
George Washington	N/A	97,937	68,091	123,793	80,470	98,500
Lenape Meadows	N/A	157,998	227,614	177,241	164,613	263,398
Total School Facilities		<u>1,777,569</u>	<u>1,063,860</u>	<u>1,337,820</u>	<u>1,585,783</u>	<u>1,547,961</u>
Grand Total		<u>\$ 1,777,569</u>	<u>\$ 1,063,860</u>	<u>\$ 1,337,820</u>	<u>\$ 1,585,783</u>	<u>\$ 1,547,961</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, 2019
UNAUDITED

	Coverage	Deductible
Northeast Bergen County School		
Board Insurance Group:		
Property - Blanket Building & Contents	\$ 157,745,342	\$ 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	15,000,000	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



Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-298-8500 | 973-298-8501 Fax

Lawrence Business Center
11 Lawrence Road
Newton, NJ 07860
973-383-6699 | 973-383-6555 Fax

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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 8, 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

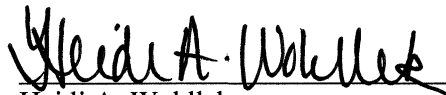
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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
November 8, 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, 2019. 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, 2019.

Report on Internal Control Over Compliance

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

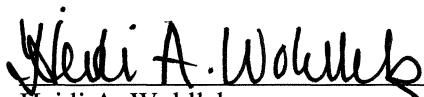
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

Mount Arlington, New Jersey
November 8, 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, 2019

Federal CFDA Number	Grant or State Project Number	Grant Period From To	Program or Award Amount	Balance at June 30, 2018		Cash Received	Budgetary Expenditures	Balance at June 30, 2019		Amount Provided to Subrecipients
				Unearned Revenue/ (Accounts Receivable)	Due to Grantor			Unearned Revenue	Due to Grantor	
U.S. Department of Education:										
Passed-through State Department of Education:										
Special Revenue Fund:										
Special Education Cluster:										
84.027	IDEA-2900-19	7/1/18 6/30/19	\$ 602,713		\$ 602,713		\$ (602,713)			
84.173	IDEA-2900-19	7/1/18 6/30/19	32,210		32,210		(32,210)			
					634,923		(634,923)			
Subtotal Special Education Cluster										
Elementary and Secondary Education Act:										
84.010	ESEA-2900-19	7/1/18 6/30/19	280,047		206,983		(244,880)	\$ (37,897)		
84.010	ESEA-2900-18	7/1/17 6/30/18	146,341	\$ (47,037)	47,037					
84.367A	ESEA-2900-19	7/1/18 6/30/19	54,200		54,200		(54,200)			
84.367A	ESEA-2900-18	7/1/17 6/30/18	55,722	(26,166)	26,166					
84.365A	ESEA-2900-18	7/1/17 6/30/18	15,525	(1,834)	1,834					
84.365A	ESEA-2900-19	7/1/18 6/30/19	8,864	(3,386)	4,000		(8,864)	(4,864)		
84.365A	ESEA-2900-18	7/1/17 6/30/18	4,186	(10,000)	3,386					
84.424A	ESEA-2900-18	7/1/17 6/30/18	10,000		10,000					
Total Special Revenue Fund				(88,423)	988,529		(942,867)	(42,761)		
Total U.S. Department of Education				(88,423)	988,529		(942,867)	(42,761)		
U.S. Department of Health and Human Services -										
Passed-through State Department of Human										
Services:										
Medicaid Cluster										
93.778	N/A	7/1/18 6/30/19	38,749		38,749		(38,749)			
Total General Fund/Medicaid Cluster					38,749		(38,749)			
Total U.S. Department of Health and Human Services					38,749		(38,749)			
U.S. Department of Agriculture - Passed-through										
State Department of Agriculture:										
Child Nutrition Cluster:										
10.555	N/A	7/1/18 6/30/19	151,556		121,005		(151,556)	(30,551)		
10.555	N/A	7/1/17 6/30/18	152,117	(11,471)	11,471					
10.555	N/A	7/1/18 6/30/19	41,976		41,976		(39,164)	\$ 2,812		
10.555	N/A	7/1/17 6/30/18	34,146	4,334			(4,334)			
Subtotal Child Nutrition Cluster				(7,137)	174,452		(195,054)	(30,551)	2,812	
Total U.S. Department of Agriculture				(7,137)	174,452		(195,054)	(30,551)	2,812	
TOTAL FEDERAL AWARDS				\$ (95,560)	\$ -	\$ 1,201,730	\$ (1,176,670)	\$ (73,312)	\$ 2,812	\$ -
										\$ -

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, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2018		Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2019		MEMO Cumulative Total Expenditures	
		From	To		Budgetary Unearned Revenue/(Accounts Receivable)	Due to Grantor					GAAP (Accounts Receivable)	Budgetary Unearned Revenue		Due to Grantor
State Department of Education:														
General Fund:														
Special Education Categorical Aid	19-495-034-5120-089	7/1/18	6/30/19	\$ 1,989,854	\$ 1,989,854	\$ 1,885,151		\$ (1,989,854)				\$ 104,703	\$ 1,989,854	
Special Education Categorical Aid	18-495-034-5120-089	7/1/17	6/30/18	1,989,854	\$ (105,130)	105,130						3,122	59,339	
Categorical Security Aid	19-495-034-5120-084	7/1/18	6/30/19	59,339	(3,135)	56,217		(59,339)						
Categorical Security Aid	18-495-034-5120-084	7/1/17	6/30/18	59,339	3,135	3,135								
Transportation Aid	19-495-034-5120-014	7/1/18	6/30/19	636,428	(15,220)	602,940		(636,428)					636,428	
Transportation Aid	18-495-034-5120-014	7/1/17	6/30/18	288,066	1,601	15,220								
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17	6/30/18	30,305	(1,601)	1,601								
PARCC Readiness Aid	18-495-034-5120-098	7/1/17	6/30/18	30,305	(1,601)	1,601								
Professional Learning Community Aid	18-495-034-5120-101	7/1/17	6/30/18	29,250	(1,545)	1,545								
Extraordinary Special Education Costs Aid	19-495-034-5120-044	7/1/18	6/30/19	872,239	(577,440)	579,685		(872,239)		\$ (872,239)		872,239	872,239	
Extraordinary Special Education Costs Aid	18-495-034-5120-044	7/1/17	6/30/18	579,685	(51,588)	(2,245)		(51,588)				51,588	579,685	
Nonpublic School Transportation Costs	19-495-034-5120-014	7/1/18	6/30/19	51,588	(50,797)	50,797								
Nonpublic School Transportation Costs	18-495-034-5120-014	7/1/17	6/30/18	50,797										
On-Behalf TPAF Contributions:														
Post-Retirement Medical	19-495-034-5094-001	7/1/18	6/30/19	2,106,594		2,106,594		(2,106,594)				91,180	2,106,594	
Pension	19-495-034-5094-002	7/1/18	6/30/19	4,548,960		4,548,960		(4,548,960)					4,548,960	
Non-Contributory Insurance	19-495-034-5094-004	7/1/18	6/30/19	95,222		95,222		(95,222)					95,222	
Long-Term Disability Insurance	19-495-034-5094-004	7/1/18	6/30/19	3,870		3,870		(3,870)					3,870	
Reimbursed TPAF Contributions:														
Social Security Aid	19-495-034-5094-003	7/1/18	6/30/19	1,841,553	(86,848)	1,750,373		(1,841,553)					1,841,553	
Social Security Aid	18-495-034-5094-003	7/1/17	6/30/18	1,774,828		86,848								
Total General Fund State Aid					(843,317)	11,894,889		(12,207,892)				1,156,320	12,785,332	
Special Revenue Fund:														
NJ Nonpublic Aid:														
Textbook Aid (Chapter 194)	19-100-034-5120-064	7/1/18	6/30/19	2,136		2,136		(2,048)				\$ 88	2,048	
Nursing Services (Chapter 226)	19-100-034-5120-070	7/1/18	6/30/19	4,462		4,462		(4,428)				34	4,428	
Auxiliary Services (Chapter 192):														
Compensatory Education	18-100-034-5120-067	7/1/17	6/30/18	4,429					\$ (4,429)					
Handicapped Services (Chapter 193):														
Supplementary Instruction	19-100-034-5120-066	7/1/18	6/30/19	2,379		2,379		(1,874)				505	1,874	
Supplementary Instruction	18-100-034-5120-066	7/1/17	6/30/18	2,062		2,062								
Examination and Classification	19-100-034-5120-066	7/1/18	6/30/19	4,914		4,914		(2,911)				2,003	2,911	
Examination and Classification	18-100-034-5120-066	7/1/17	6/30/18	5,822		5,822		(3,819)				645	3,819	
Corrective Speech	19-100-034-5120-066	7/1/18	6/30/19	4,464		4,464		(4,934)				1,966	4,934	
Corrective Speech	18-100-034-5120-066	7/1/17	6/30/18	4,464		4,464								
Technology Initiative	19-100-034-5120-509	7/1/18	6/30/19	6,900		6,900		(1,440)					1,440	
Technology Initiative	18-100-034-5120-373	7/1/18	6/30/19	1,440		1,440								
Total Special Revenue Fund					9,058	26,695		(21,454)				5,241	21,454	

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2018		Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2019		MEMO	
		From	To		Budgetary Unearned Revenue/(Accounts Receivable)	Due to Grantor					GAAP (Accounts Receivable)	Budgetary Unearned Revenue		Due to Grantor
State Department of Education:														
Enterprise Fund:														
State School Lunch Program	19-100-010-3350-023	7/1/18	6/30/19	\$ 8,000				\$ 6,405	\$ (8,000)		\$ (1,595)	\$ 1,595	\$ 8,000	
State School Lunch Program	18-100-010-3350-023	7/1/17	6/30/18	7,915				.587						
Total Enterprise Fund								6,992	(8,000)		(1,595)	1,595	8,000	
								\$ 11,928,576	\$ (12,237,346)	\$ (9,058)	\$ (1,016,602)	\$ 5,241	\$ 12,814,786	
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT DETERMINATION														
Less - State Awards Not Subject to Single Audit Major Program Determination:														
On-Behalf TPAF Pension System Contributions:														
Post-Retirement Medical Pension	19-495-034-5094-001	7/1/18	6/30/19	2,106,594					2,106,594					
Non-Contributory Insurance	19-495-034-5094-002	7/1/18	6/30/19	4,548,960					4,548,960					
Long-Term Disability Insurance	19-495-034-5094-004	7/1/18	6/30/19	95,222					95,222					
Subtotal On-Behalf TPAF Pension System Contributions	19-495-034-5094-004	7/1/18	6/30/19	3,870					3,870					
									6,754,646					
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT MAJOR PROGRAM DETERMINATION														
\$ (5,482,700)														

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, 2019

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, 2019. 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, 2019
(Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(13,081) for the general fund and \$(4,737) for the special revenue fund (of which \$3,722 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.

	Federal	State	Total
General Fund	\$ 38,749	\$ 12,194,811	\$ 12,233,560
Special Revenue Fund	942,867	20,439	963,306
Food Service Enterprise Fund	195,054	8,000	203,054
Total Financial Assistance	\$ 1,176,670	\$ 12,223,250	\$ 13,399,920

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, 2019. Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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	7/1/18-6/30/19	\$ 602,713	\$ 602,713
Preschool	84.173	7/1/18-6/30/19	32,210	32,210
<u>State:</u>				
Extraordinary Special	19-495-034-5120-044	7/1/18-6/30/19	872,239	872,239
Education Costs Aid	18-495-034-5120-044	7/1/17-6/30/18	579,685	2,245
Reimbursed TPAF				
Contributions:				
Social Security Aid	19-495-034-5094-003	7/1/18-6/30/19	1,841,553	1,841,553

TOWNSHIP OF MAHWAH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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 Generally 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, 2019

Status of Prior Year Findings:

There were no prior year audit findings.