

**Comprehensive Annual  
Financial Report**

**of the**

**Borough of Leonia Board of Education**

**County of Bergen**

**Leonia, New Jersey**

**For the Fiscal Year Ended June 30, 2015**

**Prepared by**

**Borough of Leonia, Board of Education  
Finance Department**



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**INTRODUCTORY SECTION**



# LEONIA PUBLIC SCHOOLS

570 Grand Avenue  
Leonia NJ 07605

**JOANNE T. MEGARGEE**  
*Superintendent*

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Email: [megargee@leoniaschools.org](mailto:megargee@leoniaschools.org)

December 2, 2015

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

Dear Board Members:

The comprehensive annual financial report of the Leonia School District for the fiscal year ended June 30, 2015 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the Business Office of the Board of Education. To the best of my knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic 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 the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the State Treasury Circular Letter OMB 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.



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Leonia NJ 07605

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*Superintendent*

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**Page 2**

**1) REPORTING ENTITY AND ITS SERVICES:** Leonia School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds of the District are included in this report. The Leonia Board of Education and its school constitute the District's reporting entity.

The District provided a full range of educational services appropriate to regular students grade levels K through 12 .

**2) ECONOMIC CONDITION AND OUTLOOK:** The Borough of Leonia is substantially developed with both residential and commercial taxpayers. The situation is expected to continue, which suggests that its tax base will remain stable.

**3) INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

- (1) the cost of a control should not exceed the benefits likely to be derived; and
- (2) the evaluation of costs and benefits requires estimates and judgments by management.

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

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

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*Superintendent*

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**4) BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. 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 year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2015.

**5) 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 Financial Statements" Note 1.

**6) FINANCIAL INFORMATION AT FISCAL YEAR-END:** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

**7) DEBT ADMINISTRATION:** The District is continually reviewing the cost of the current debt and along with the advice of Bond Counsel makes determinations as to the refunding potential of current issuances.

**8) CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. 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 and was revised in 2009 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act. Each year the Board designates its official depository at its reorganization meeting.

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

**10) OTHER INFORMATION:**

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570 Grand Avenue  
Leonia NJ 07605

**JOANNE T. MEGARGEE**  
*Superintendent*

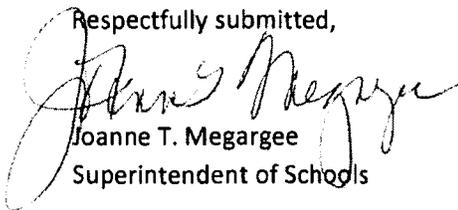
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**Independent Audit** – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Suplee, Clooney and Company, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and State Treasury Circular Letter OMB 04-04. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's report related specifically to the single audit is included in the single audit section of this report.

## **11) ACKNOWLEDGMENTS:**

I would like to express appreciation to the members of the Leonia Board of Education for their commitment to provide fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the maintenance of the school district's financial operation.

Respectfully submitted,



Joanne T. Megargee  
Superintendent of Schools

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**BOROUGH OF LEONIA SCHOOL DISTRICT  
BOARD OF EDUCATION  
LEONIA, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2015**

| <b><u>Members of the Board of Education</u></b> | <b><u>Term Expires</u></b> |
|---|----------------------------|
| Lisa Klein, President                           | 2018                       |
| Noreen Wilds, Vice President                    | 2016                       |
| Douglas D. Chung                                | 2017                       |
| Shelley Perino                                  | 2016                       |
| Neophytos Antoniadis                            | 2016                       |
| Julie Diemer                                    | 2017                       |
| S. Abraham Ravid                                | 2018                       |
| Sandy Klien – Edgewater Representative          | 2016                       |
| Archer Irby                                     | 2017                       |

**Other Officials**

Joanne Megargee, Superintendent

Julia Depinto Perez, Board Secretary/School Business Administrator

Antoinette Kelly, Treasurer of School Monies

Leonia Board of Education  
Leonia, New Jersey

Consultants and Advisors  
June 30, 2015

**Audit Firm**

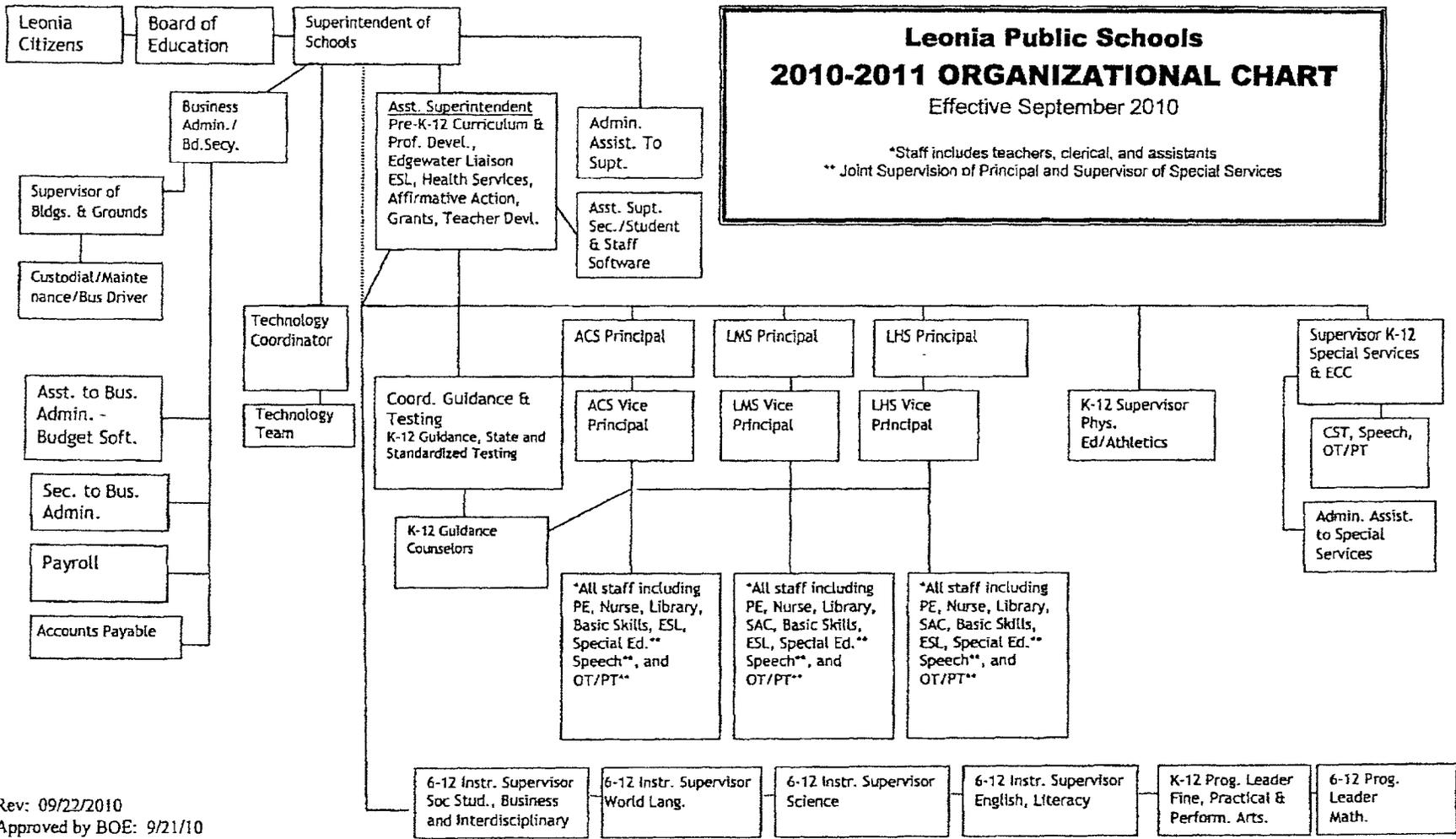
Suplee, Clooney & Company  
308 East Broad Street  
Westfield, New Jersey 07090

**Attorney**

Fogarty & Hara  
16-00 Route 208 South  
Fairlawn, New Jersey 07410

**Official Depository**

TD Bank  
1400 Palisade Avenue  
Fort Lee, New Jersey 07024



7

Rev: 09/22/2010  
 Approved by BOE: 9/21/10  
 organizationchart/4p

**FINANCIAL SECTION**



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail [info@scnco.com](mailto:info@scnco.com)

## **INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Education  
Borough of Leonia School District  
County of Bergen  
Leonia, New Jersey 07605

### **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 Borough of Leonia School District, County of Bergen, New Jersey as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, the provisions of U.S. Office of Management and Budget (OMB) *Circular A-133* "Audits of States, Local Governments and Non-Profit Organizations" and State of New Jersey *OMB Circular 04-04* "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

## SUPLEE, CLOONEY & COMPANY

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Leonia School District, County of Bergen, New Jersey as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

#### *Change in Accounting Principle*

As discussed in Note 6 to the basic financial statements, in 2015, the District adopted Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date (an amendment of GASB Statement 68). Our opinions are not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information in Exhibit C-1 through C-3 and the pension schedules in Exhibit L-1 through L-4 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.

# SUPLEE, CLOONEY & COMPANY

## *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Leonia School District's basic financial statements. The accompanying supplementary information schedules such as the combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Nonprofit Organization," New Jersey's OMB Circular NJOMB 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

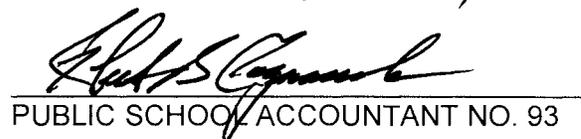
The accompanying supplementary information schedules such as the combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Nonprofit Organization," New Jersey's OMB Circular NJOMB 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and by the State of New Jersey, Department of Education, Division of Finance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The 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 December 2, 2015 on our consideration of the Borough of Leonia School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Leonia School District's internal control over financial reporting and compliance.

  
CERTIFIED PUBLIC ACCOUNTANTS

  
PUBLIC SCHOOL ACCOUNTANT NO. 93

December 2, 2015

**REQUIRED SUPPLEMENTARY INFORMATION – Part I**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

**BOROUGH OF LEONIA SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**UNAUDITED**

The discussion and analysis of the Borough of Leonia School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is a new element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34-*Basic Financial Statements and Management's Discussion and Analysis of State and Local Governments* issued in June 1999.

**Financial Highlights**

Key financial highlights for 2015 are as follows:

- Total net position increased \$1,276,954.85 which represents a 17 percent increase from 2014.
- General revenues accounted for \$23,583,684.26 in revenue or 60 percent of all revenues. Program specific revenues in the form of charges for services, operating and capital grants and contributions accounted for \$15,655,647.54 or 40 percent of total revenues \$39,239,331.80.
- The School District had \$37,962,376.95 in expenses; only \$15,655,647.54 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily local property tax levy) of \$23,583,684.26 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$32,018,914.60 in revenues, and, \$31,347,946.78 in expenditures. The General Fund's fund balance increased by \$670,967.82 compared to 2014.

**Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

**BOROUGH OF LEONIA SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**UNAUDITED**

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of the district, the General Fund is by far the most significant fund.

**Reporting the District as a Whole**

**Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the school district as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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

- Government Activities – All of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, student transportation and extracurricular activities.
- Business-Type Activities – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service program is reported as business activities.

**Reporting the District's Most Significant Funds and Enrichment Program**

**Fund Financial Statements**

Fund Financial reports provide detailed information about the District's funds. The District uses many funds to account for a multitude of financial transactions. The District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

**BOROUGH OF LEONIA SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**UNAUDITED**

**Governmental Funds**

The District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Enterprise Fund**

The enterprise fund uses the same basis of accounting as business-type activities. These statements closely resemble financial statements of a private sector business entity.

**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the District as a whole.

Table 1 provides a comparative summary of the District's net position for 2015 and 2014.

**BOROUGH OF LEONIA SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**UNAUDITED**

**Table 1**  
**Net Position**

|  | <u>2015</u>                  | <u>2014</u>                   |
|--|------------------------------|-------------------------------|
| <b>Assets</b>                            |                              |                               |
| Current and Other Assets                 | \$10,644,160.38              | \$10,854,584.57               |
| Capital Assets                           | <u>34,242,970.44</u>         | <u>34,634,652.64</u>          |
| Total Assets                             | 44,887,130.82                | 45,489,237.21                 |
| <br><b>DEFERRED OUTFLOWS:</b>            |                              |                               |
| Deferred pension                         | 721,437.00                   |                               |
| <br><b>Liabilities</b>                   |                              |                               |
| Long-Term Liabilities                    | 35,030,904.85                | 29,010,217.68                 |
| Other Liabilities                        | <u>1,065,046.39</u>          | <u>896,441.38</u>             |
| Total Liabilities                        | 36,095,951.24                | 29,906,659.06                 |
| <br><b>Deferred Inflows of Resources</b> |                              |                               |
| Gain on Refunding of Long-Term Debt      | 101,321.98                   | 116,141.20                    |
| Deferred Pension                         | <u>464,282.00</u>            | <u>                    </u>   |
|  | 565,603.98                   | 116,141.20                    |
| <br><b>Net Position</b>                  |                              |                               |
| Invested in Capital Assets, Net of Debt  | 7,203,407.63                 | 5,794,656.56                  |
| Restricted                               | 7,878,190.12                 | 8,361,485.75                  |
| Unrestricted(Deficit)                    | <u>(6,134,585.15)</u>        | <u>1,310,294.64</u>           |
| Total Net Position                       | <u><u>\$8,947,012.60</u></u> | <u><u>\$15,466,436.95</u></u> |

The District's combined net position was \$8,947,012.60 on June 30, 2015. The Net Assets for June 30, 2014 have not been restated to reflect the District's Net Pension Liability required by the implementation of GASB 68. The District's investment in capital assets is shown net of any related debt used to acquire those assets.

**BOROUGH OF LEONIA SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**UNAUDITED**

Table 2 shows changes in net position for fiscal years 2015 and 2014.

**Table 2**  
**Changes in Net Position**

|                                      | <u>2015</u>           | <u>2014</u>           |
|--------------------------------------|-----------------------|-----------------------|
| Revenues                             |                       |                       |
| Program Revenues:                    |                       |                       |
| Charges for Services                 | \$7,526,796.65        | \$7,494,935.29        |
| Operating Grants and Contributions   | 8,128,850.89          | 4,383,831.32          |
| General Revenues:                    |                       |                       |
| Property Taxes                       | 20,074,959.00         | 19,730,294.00         |
| Grants and Entitlements              | 3,059,293.30          | 3,038,335.30          |
| Other                                | <u>449,431.96</u>     | <u>437,312.09</u>     |
| Total Revenues                       | <u>39,239,331.80</u>  | <u>35,084,708.00</u>  |
| <br>                                 |                       |                       |
| Program Expenses                     |                       |                       |
| Instruction                          | 21,090,744.85         | 18,579,408.39         |
| Support Services:                    |                       |                       |
| Tuition                              | 1,201,852.91          | 939,292.32            |
| Student and Instruction Related      | 4,357,901.78          | 3,738,144.98          |
| General Administration               | 975,965.10            | 862,725.78            |
| School Administration                | 2,631,734.84          | 2,256,390.19          |
| Central Services/ Adm. Of Technology | 586,761.31            | 875,056.69            |
| Maintenance of Facilities            | 3,070,386.92          | 2,951,107.63          |
| Student Transportation               | 1,219,968.44          | 735,951.90            |
| Business Type Activities             | 610,359.55            | 594,031.42            |
| Other                                | <u>2,216,701.25</u>   | <u>1,787,152.17</u>   |
| Total Expenses                       | <u>37,962,376.95</u>  | <u>33,319,261.47</u>  |
| Increase/ (Decrease) in Net Position | <u>\$1,276,954.85</u> | <u>\$1,765,446.53</u> |

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

Also, as previously noted, the information for FY2014 has not been restated to reflect the effect of the District's implementation of GASB 68 and the related pension liability. Both revenues and expenses increased mainly as a result of the district recognizing a larger on-behalf TPAF contribution as a revenue and as an expense based upon the State's Actuarial report

**BOROUGH OF LEONIA SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**UNAUDITED**

**Government Activities**

The nature of funding public education primarily through property taxes in New Jersey creates the legal requirements to annually seek voter approval for the School District budget. Property taxes made up 56 percent of revenues for governmental activities in the District. There was a \$344,665 increase in property taxes or 2 percent from the prior year. The District's total revenues were \$39,239,331.80, for the year ended June 30, 2015.

Instruction comprises 56 percent of district expenses. Support services make up 36 percent of the district expenses and other services and expenses make up 8 percent.

**Business-Type Activities**

Revenues for the District's business-type activities were comprised of charges for services and operating grants and contributions in the food service program and the adult community school program. The following are some of our major business type activity results.

- Business type revenues exceeded expenses by \$29,909.82
- Revenues consist of \$453,956.54 in operating revenue from charges for services and \$186,312.83 in non-operating revenue from State, Federal and other sources.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services for 2015. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3**  
**Net Cost of Services**

|  | <u>Total Cost of<br/>Services 2015</u> | <u>Net Cost of<br/>Services 2015</u> | <u>Total Cost of<br/>Services 2014</u> | <u>Net Cost of<br/>Services 2014</u> |
|--|--|--------------------------------------|--|--------------------------------------|
| Instruction  | \$21,090,744.85                        | \$8,639,391.12                       | \$18,579,408.39                        | \$8,702,890.17                       |
| Support Services:  |  |                                      |  |                                      |
| Tuition  | 1,201,852.91                           | 1,201,852.91                         |  | 939,292.32                           |
| Students and Instruction Related                           | 4,357,901.78                           | 3,594,826.45                         | 3,738,144.98                           | 3,418,032.98                         |
| General Administration, School &<br>Central Administration | 4,194,461.24                           | 3,391,741.31                         | 3,994,172.66                           | 3,321,308.69                         |
| Maintenance of Facilities                                  | 3,070,386.92                           | 2,823,347.42                         | 2,951,107.63                           | 3,191,480.34                         |
| Student Transportation                                     | 1,219,968.44                           | 468,778.77                           | 735,951.90                             | 104,800.01                           |
| Other  | 2,216,701.25                           | 2,216,701.25                         | 1,787,152.17                           | 1,787,152.17                         |
| Business-Type Activities                                   | <u>610,359.55</u>                      | <u>(29,909.82)</u>                   | <u>594,031.42</u>                      | <u>(24,461.82)</u>                   |
| Total Net Cost of Services                                 | <u>\$37,962,376.95</u>                 | <u>\$22,306,729.41</u>               | <u>\$32,379,969.15</u>                 | <u>\$21,440,494.86</u>               |

**BOROUGH OF LEONIA SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**UNAUDITED**

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

Students and instruction related include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and central services include expenses associated with administrative and financial management of the District.

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

Student transportation includes activities with the conveyance of special education students to and from school, school activities and athletic events, as provided by state law.

"Other" includes unallocated depreciation and interest on long term debt.

Business-Type activities include activities in the food service program and the adult community school program.

**The School District's Funds**

All governmental funds (i.e., general fund, special revenue fund, capital projects fund, and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$35,364,515.43 and expenditures were \$35,460,519.39

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management, which required significant budget adjustments to contend with state aid reductions. The following schedules, which do not include the Capital Project Fund's activity, present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2015, and the amount and percentage of increase or decrease in relation to prior year revenues.

| <u>Revenues</u> | <u>Amount</u>          | <u>Percent of Total</u> | <u>Increase/(Decrease)</u><br><u>from FY 2014</u> | <u>Percent</u><br><u>Increase</u><br><u>(Decrease)</u> |
|-----------------|------------------------|-------------------------|---|--|
| Local Sources   | \$27,644,778.07        | 78.17%                  | \$355,177.96                                      | 1.25%  |
| State Sources   | 7,173,277.73           | 20.28%                  | 526,711.45  | 2.08%  |
| Federal Sources | 546,459.63             | 1.55%                   | 16,413.45   | 1.11%  |
| <b>Total</b>    | <b>\$35,364,515.43</b> | <b>100.00%</b>          | <b>\$898,302.86</b>                               | <b>1.63%</b>   |

**BOROUGH OF LEONIA SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**UNAUDITED**

The following schedule represents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2015, and the percentage of increases and decreases in relation to prior year amounts.

| <u>Expenditures</u> | <u>Amount</u>          | <u>Percent of Total</u> | <u>Increase/(Decrease)<br/>from FY 2014</u> | <u>Percent<br/>Increase<br/>(Decrease)</u> |
|---------------------|------------------------|-------------------------|---|--|
| Current:            |                        |                         |   |  |
| Instruction         | \$13,263,033.53        | 38.23%                  | (\$181,258.56)                              | -1.39%                                     |
| Support Services    | 18,484,355.70          | 53.28%                  | 1,124,872.58                                | 5.74%                                      |
| Capital Outlay      | 199,679.38             | 0.58%                   | (259,278.71)                                | 435.04%                                    |
| Debt Service        | <u>2,746,477.51</u>    | <u>7.92%</u>            | <u>734.99</u>                               | <u>0.03%</u>                               |
| Total               | <u>\$34,693,546.12</u> | <u>100.00%</u>          | <u>\$685,070.30</u>                         | <u>1.27%</u>                               |

**General Fund Budgeting Highlights**

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

Over the course of the year, the Board of Education, when appropriate, approved budget transfers to keep accounts in balance. Transfers to the budget were made to accurately reflect expenditures according to state guidelines and prevent over-expenditures in specific line item accounts. These revisions bear notation:

- TPAF, which is the State's contribution to the pension fund, post-retirement benefits and the employer's share of FICA costs, is neither a revenue or expenditure item in the budget; however, the School District is required to present this information in the revenue and expenditure sections of the report.

**Debt Administration**

At June 30, 2015, the District had \$35,030,904.85 of outstanding long-term liabilities. Of this amount, \$403,316.00 is for compensated absences; \$31,918.85 for capital leases; \$26,805,000.00 of serial bonds for school construction, net of refunding; and \$7,790,670.00 of net pension liability.

**BOROUGH OF LEONIA SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**UNAUDITED**

**Capital Assets**

At the end of the fiscal year 2015, the District had a net of \$34,242,970.44 invested in land and improvements, building and building improvements, and machinery and equipment. Table 4 shows fiscal year 2015 balances compared to 2014.

**Table 4**  
**Capital Assets (Net of Depreciation)**

|   | <u>2015</u>                   | <u>2014</u>                   |
|---|-------------------------------|-------------------------------|
| Governmental Activities Capital Assets, Net:        |                               |                               |
| Site and Site Improvements                          | \$129,546.87                  | \$144,355.36                  |
| Construction in Progress                            | 1,824,195.50                  | 14,694,729.23                 |
| Building and Building Improvements                  | 32,017,063.28                 | 19,523,983.83                 |
| Machinery and Equipment                             | <u>202,004.50</u>             | <u>189,890.24</u>             |
| Total Governmental Activities Capital Assets, Net   | <u>34,172,810.15</u>          | <u>34,552,958.66</u>          |
| Business Type Activities Capital Assets, Net:       |                               |                               |
| Machinery and Equipment                             | <u>70,160.29</u>              | <u>81,693.98</u>              |
| Total Business Type Activities Capital Assets, Net: | <u>70,160.29</u>              | <u>81,693.98</u>              |
| Total Capital Assets, Net                           | <u><u>\$34,242,970.44</u></u> | <u><u>\$34,634,652.64</u></u> |

Overall capital assets decreased by \$391,682.20 from fiscal year 2014 to fiscal year 2015.

**For the Future**

The Leonia School District is currently in adequate financial condition.

Each school year brings a new set of fiscal challenges, including the long term effects of an imposed cap against ever rising costs of insurance, utilities and operating expenses. To this, the Leonia School District strives to maximize dollars spent with revenue producing opportunities and careful fiscal management of expenses.

**BOROUGH OF LEONIA SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**UNAUDITED**

**Contacting the School District's Financial Management Office**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information contact James Olobardi Interim Business Administrator/Board Secretary, Leonia Board of Education, 570 Grand Avenue, Leonia, NJ 07605. Also, please visit our website to learn more about our School District.

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2015

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

BOROUGH OF LEONIA SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2015

|   | <u>GOVERNMENTAL</u><br><u>ACTIVITIES</u> | <u>BUSINESS-TYPE</u><br><u>ACTIVITIES</u> | <u>TOTAL</u>                 |
|---|--|---|------------------------------|
| <b>ASSETS:</b>                            |  |   |                              |
| Cash and cash equivalents                 | \$9,479,592.20                           | \$104,729.75                              | \$9,584,321.95               |
| Receivables, net                          | 996,849.41                               | 15,208.45                                 | 1,012,057.86                 |
| Internal receivable                       |  | 38,214.71                                 | 38,214.71                    |
| Inventory                                 |  | 9,565.86                                  | 9,565.86                     |
| Capital assets:                           |  |   |                              |
| Land and construction in progress         | 1,933,563.50                             |   | 1,933,563.50                 |
| Other capital assets, net of depreciation | 32,239,246.65                            | 70,160.29                                 | 32,309,406.94                |
| Total Assets                              | <u>44,649,251.76</u>                     | <u>237,879.06</u>                         | <u>44,887,130.82</u>         |
| <b>DEFERRED OUTFLOW OF RESOURCES:</b>     |  |   |                              |
| Pension Related                           | <u>721,437.00</u>                        |   | <u>721,437.00</u>            |
|   | 721,437.00                               |   | 721,437.00                   |
| <b>LIABILITIES:</b>                       |  |   |                              |
| Accounts payable                          | 483,672.60                               | 36,304.86                                 | 519,977.46                   |
| Payable to state government               | 402.80                                   |   | 402.80                       |
| Internal payable                          | 36,700.79                                | 1,513.92                                  | 38,214.71                    |
| Unearned Revenue                          | 83,629.51                                | 9,018.58                                  | 92,648.09                    |
| Accrued interest on bonds                 | 413,803.33                               |   | 413,803.33                   |
| Noncurrent liabilities:                   |  |   |                              |
| Due within one year                       | 1,826,918.85                             |   | 1,826,918.85                 |
| Due beyond one year                       | 25,413,316.00                            |   | 25,413,316.00                |
| Net Pension Liability                     | <u>7,790,670.00</u>                      |   | <u>7,790,670.00</u>          |
| Total liabilities                         | <u>36,049,113.88</u>                     | <u>46,837.36</u>                          | <u>36,095,951.24</u>         |
| <b>DEFERRED INFLOW OF RESOURCES</b>       |  |   |                              |
| Pension Related                           | 464,282.00                               |   | 464,282.00                   |
| Gain on Sale of Refunding Bonds           | <u>101,321.98</u>                        |   | <u>101,321.98</u>            |
|   | 565,603.98                               |   | 565,603.98                   |
| <b>NET POSITION:</b>                      |  |   |                              |
| Net investment in capital assets          | 7,133,247.34                             | 70,160.29                                 | 7,203,407.63                 |
| Restricted for:                           |  |   |                              |
| Capital projects                          | 959,618.32                               |   | 959,618.32                   |
| Debt service                              | (413,801.47)                             |   | (413,801.47)                 |
| Other purposes                            | 7,332,373.27                             |   | 7,332,373.27                 |
| Unrestricted (deficit)                    | <u>(6,255,466.56)</u>                    | <u>120,881.41</u>                         | <u>(6,134,585.15)</u>        |
| Total net position                        | <u><u>\$8,755,970.90</u></u>             | <u><u>\$191,041.70</u></u>                | <u><u>\$8,947,012.60</u></u> |

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

BOROUGH OF LEONIA SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
JUNE 30, 2015

| Functions/Programs                               | Expenses                | Indirect<br>Expense<br>Allocation | Program Revenues        |                                       | Net (Expense) Revenue and Changes in Net Position |                             |                        |
|--|-------------------------|-----------------------------------|-------------------------|---------------------------------------|---|-----------------------------|------------------------|
|  |                         |                                   | Charges for<br>Services | Operating Grants<br>and Contributions | Governmental<br>Activities                        | Business-type<br>Activities | Total                  |
| <b>Governmental Activities:</b>                  |                         |                                   |                         |                                       |   |                             |                        |
| Instruction:                                     |                         |                                   |                         |                                       |   |                             |                        |
| Regular  | \$ 11,098,047.80        | \$ 3,948,150.35                   | \$ 6,515,773.11         | \$ 3,176,889.82                       | \$ (5,353,535.23)                                 |                             | \$ (5,353,535.23)      |
| Special  | 3,238,509.99            | 1,105,452.51                      |                         | 2,388,187.47                          | (1,955,775.02)                                    |                             | (1,955,775.02)         |
| Other Instruction                                | 1,227,151.84            | 473,432.36                        |                         | 370,503.33                            | (1,330,080.87)                                    |                             | (1,330,080.87)         |
| Support services:                                |                         |                                   |                         |                                       |   |                             |                        |
| Tuition  | 1,201,852.91            |                                   |                         |                                       | (1,201,852.91)                                    |                             | (1,201,852.91)         |
| Student & instruction related services           | 3,535,204.18            | 822,697.60                        |                         | 763,075.33                            | (3,594,826.45)                                    |                             | (3,594,826.45)         |
| General administrative services                  | 813,154.31              | 162,810.79                        |                         | 123,501.11                            | (852,463.99)                                      |                             | (852,463.99)           |
| School administrative services                   | 1,925,411.30            | 706,323.54                        |                         | 555,755.00                            | (2,075,979.84)                                    |                             | (2,075,979.84)         |
| Central services                                 | 379,921.64              | 154,798.29                        |                         | 123,501.11                            | (411,218.82)                                      |                             | (411,218.82)           |
| Administration information technology            | 52,041.38               |                                   |                         |                                       | (52,041.38)                                       |                             | (52,041.38)            |
| Plant operations and maintenance                 | 2,733,201.45            | 337,185.47                        |                         | 247,002.22                            | (2,823,384.70)                                    |                             | (2,823,384.70)         |
| Pupil transportation                             | 982,752.26              | 237,216.18                        | 557,067.00              | 194,122.67                            | (468,778.77)                                      |                             | (468,778.77)           |
| Unallocated Benefits                             | 7,891,351.34            | (7,891,351.34)                    |                         |                                       |   |                             |                        |
| Interest on Long-Term Debt                       | 971,608.84              |                                   |                         |                                       | (971,608.84)                                      |                             | (971,608.84)           |
| Unallocated depreciation                         | 1,301,808.16            | (56,715.75)                       |                         |                                       | (1,245,092.41)                                    |                             | (1,245,092.41)         |
| Total governmental activities                    | <u>37,352,017.40</u>    |                                   | <u>7,072,840.11</u>     | <u>7,942,538.06</u>                   | <u>(22,336,639.23)</u>                            |                             | <u>(22,336,639.23)</u> |
| <b>Business-type activities</b>                  |                         |                                   |                         |                                       |   |                             |                        |
| Food Service                                     | 566,804.70              |                                   | 403,766.54              | 186,312.83                            |   | \$ 23,274.67                | 23,274.67              |
| Enrichment Program                               | 43,554.85               |                                   | 50,190.00               |                                       |   | 6,635.15                    | 6,635.15               |
| Total business-type activities                   | <u>610,359.55</u>       |                                   | <u>453,956.54</u>       | <u>186,312.83</u>                     |   | <u>29,909.82</u>            | <u>29,909.82</u>       |
| Total primary government                         | \$ <u>37,962,376.95</u> |                                   | \$ <u>7,526,796.65</u>  | \$ <u>8,128,850.89</u>                | <u>(22,336,639.23)</u>                            | <u>29,909.82</u>            | <u>(22,306,729.41)</u> |
| <b>General Revenues:</b>                         |                         |                                   |                         |                                       |   |                             |                        |
| Taxes:   |                         |                                   |                         |                                       |   |                             |                        |
| Property taxes, levied for general purposes, net |                         |                                   |                         |                                       | 17,740,265.00                                     |                             | 17,740,265.00          |
| Taxes levied for debt service                    |                         |                                   |                         |                                       | 2,334,694.00                                      |                             | 2,334,694.00           |
| Federal and state aid not restricted             |                         |                                   |                         |                                       | 2,647,508.30                                      |                             | 2,647,508.30           |
| Federal and state aid restricted                 |                         |                                   |                         |                                       | 411,785.00  |                             | 411,785.00             |
| Miscellaneous income                             |                         |                                   |                         |                                       | 449,431.96  |                             | 449,431.96             |
| Total general revenues and special items         |                         |                                   |                         |                                       | <u>23,583,684.26</u>                              |                             | <u>23,583,684.26</u>   |
| Change in net position                           |                         |                                   |                         |                                       | 1,247,045.03                                      | 29,909.82                   | 1,276,954.85           |
| Net Position - beginning (as restated)           |                         |                                   |                         |                                       | 7,508,925.87                                      | 161,131.88                  | 7,670,057.75           |
| Net Position ending                              |                         |                                   |                         |                                       | \$ <u>8,755,970.90</u>                            | \$ <u>191,041.70</u>        | \$ <u>8,947,012.60</u> |

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

**MAJOR FUND FINANCIAL STATEMENTS**

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

BOROUGH OF LEONIA SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

|  | <u>GENERAL</u>             | <u>SPECIAL</u>           | <u>CAPITAL</u>             | <u>DEBT</u>        | <u>TOTAL</u>                |
|--|----------------------------|--------------------------|----------------------------|--------------------|-----------------------------|
|  | <u>FUND</u>                | <u>REVENUE</u>           | <u>PROJECTS</u>            | <u>SERVICE</u>     | <u>GOVERNMENTAL</u>         |
|  |                            | <u>FUND</u>              | <u>FUND</u>                | <u>FUND</u>        | <u>FUNDS</u>                |
| ASSETS:  |                            |                          |                            |                    |                             |
| Cash and cash equivalents                                    | \$ 8,323,895.35            | \$ 60,355.38             | \$ 1,094,859.61            | \$ 1.86            | \$ 9,479,112.20             |
| Cash-petty cash  | 480.00                     |                          |                            |                    | 480.00                      |
| Accounts receivable:   |                            |                          |                            |                    |                             |
| Federal  |                            | 118,713.59               |                            |                    | 118,713.59                  |
| State  | 288,991.14                 |                          |                            |                    | 288,991.14                  |
| Local  | 574,885.60                 | 14,259.08                |                            |                    | 589,144.68                  |
| Interfunds   | <u>118,153.68</u>          |                          |                            |                    | <u>118,153.68</u>           |
| <br>Total assets   | <br><u>9,306,405.77</u>    | <br><u>193,328.05</u>    | <br><u>1,094,859.61</u>    | <br><u>1.86</u>    | <br><u>10,594,595.29</u>    |
| LIABILITIES AND FUND BALANCES:                               |                            |                          |                            |                    |                             |
| Liabilities:   |                            |                          |                            |                    |                             |
| Accounts payable   | 112,279.84                 | 7,557.76                 | 19,696.00                  |                    | 139,533.60                  |
| Interfund payable  | 36,700.79                  | 118,153.68               |                            |                    | 154,854.47                  |
| Intergovernmental payables:                                  |                            |                          |                            |                    |                             |
| State  |                            | 402.80                   |                            |                    | 402.80                      |
| Unearned revenue   | <u>16,415.70</u>           | <u>67,213.81</u>         |                            |                    | <u>83,629.51</u>            |
| <br>Total liabilities  | <br><u>165,396.33</u>      | <br><u>193,328.05</u>    | <br><u>19,696.00</u>       | <br><u>1.86</u>    | <br><u>378,420.38</u>       |
| Fund balances:   |                            |                          |                            |                    |                             |
| Restricted for:  |                            |                          |                            |                    |                             |
| Tuition reserve  | 150,000.00                 |                          |                            |                    | 150,000.00                  |
| Emergency reserve  | 100,000.00                 |                          |                            |                    | 100,000.00                  |
| Maintenance reserve  | 300,000.00                 |                          |                            |                    | 300,000.00                  |
| Capital reserve  | 2,065,000.00               |                          |                            |                    | 2,065,000.00                |
| Excess Surplus - Designated for subsequent years expenditure | 2,503,317.29               |                          |                            |                    | 2,503,317.29                |
| Excess Surplus   | 2,214,055.98               |                          |                            |                    | 2,214,055.98                |
| Capital projects fund  |                            |                          | 959,618.32                 |                    | 959,618.32                  |
| Debt service fund  |                            |                          |                            | 1.86               | 1.86                        |
| Committed:   |                            |                          |                            |                    |                             |
| Designated for subsequent years expenditures                 | 106,472.71                 |                          |                            |                    | 106,472.71                  |
| Assigned for year-end encumbrances                           | 1,413,718.70               |                          | 115,545.29                 |                    | 1,529,263.99                |
| Unassigned:  |                            |                          |                            |                    |                             |
| General fund   | <u>288,444.76</u>          |                          |                            |                    | <u>288,444.76</u>           |
| <br>Total fund balances                                      | <br><u>9,141,009.44</u>    | <br><u>1,075,163.61</u>  | <br><u>1,075,163.61</u>    | <br><u>1.86</u>    | <br><u>10,216,174.91</u>    |
| <br>Total liabilities and fund balances                      | <br><u>\$ 9,306,405.77</u> | <br><u>\$ 193,328.05</u> | <br><u>\$ 1,094,859.61</u> | <br><u>\$ 1.86</u> | <br><u>\$ 10,594,595.29</u> |

BOROUGH OF LEONIA SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

|  |                        |                              |
|--|------------------------|------------------------------|
| Total Fund Balances (Brought Forward)  |                        | \$10,216,174.91              |
| Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) are different because:   |                        |                              |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.  |                        |                              |
| Cost of Assets   | \$47,983,149.29        |                              |
| Accumulated Depreciation   | <u>(13,810,339.14)</u> |                              |
|  |                        | 34,172,810.15                |
| Long term liabilities, including bonds payable, and other related amounts that are not due and payable in the current period and therefore are not reported as liabilities in the funds. |                        |                              |
| Net Pension Liability  | (7,790,670.00)         |                              |
| Serial bonds payable   | (26,805,000.00)        |                              |
| Deferred Amount on Refunding Bonds, net  | (101,321.98)           |                              |
| Capital leases payable   | (31,918.85)            |                              |
| Compensated absences payable   | <u>(403,316.00)</u>    |                              |
|  |                        | (35,132,226.83)              |
| Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.   |                        |                              |
| Pensions:  |                        |                              |
| Deferred Outflows  |                        |                              |
| Pension Related  | 377,298.00             |                              |
| Employer Contribution related to pensions  | <u>344,139.00</u>      |                              |
|  |                        | 721,437.00                   |
| Deferred Inflows:  |                        |                              |
| Pension expense  |                        | (464,282.00)                 |
| Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.   |                        |                              |
| Accounts Payable - Pension Related   |                        | (344,139.00)                 |
| Accrued Interest Payable   |                        | <u>(413,803.33)</u>          |
| Net Position of Governmental Activities  |                        | <u><u>\$8,755,970.90</u></u> |

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

BOROUGH OF LEONIA SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|  | GENERAL<br>FUND  | SPECIAL<br>REVENUE<br>FUND | CAPITAL<br>PROJECTS<br>FUND | DEBT<br>SERVICE<br>FUND | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|--|------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| REVENUES:  |                  |                            |                             |                         |                                |
| Local sources:   |                  |                            |                             |                         |                                |
| Local tax levy   | \$ 17,740,265.00 |                            |                             | \$ 2,334,694.00         | \$ 20,074,959.00               |
| Tuition  | 6,515,773.11     |                            |                             |                         | 6,515,773.11                   |
| Transportation   | 557,067.00       |                            |                             |                         | 557,067.00                     |
| Miscellaneous  | 449,431.96       | \$ 47,547.00               | \$                          |                         | 496,978.96                     |
| Total - local sources  | 25,262,537.07    | 47,547.00                  |                             | 2,334,694.00            | 27,644,778.07                  |
| State sources  | 6,756,377.53     | 5,115.20                   |                             | 411,785.00              | 7,173,277.73                   |
| Federal sources  |                  | 546,459.63                 |                             |                         | 546,459.63                     |
| Total revenues   | 32,018,914.60    | 599,121.83                 |                             | 2,746,479.00            | 35,364,515.43                  |
| EXPENDITURES:  |                  |                            |                             |                         |                                |
| Current expense:   |                  |                            |                             |                         |                                |
| Regular instruction  | 9,371,249.85     | 89,362.05                  |                             |                         | 9,460,611.90                   |
| Special instruction  | 2,410,051.85     | 384,190.00                 |                             |                         | 2,774,241.85                   |
| Other Instruction  | 1,028,179.78     |                            |                             |                         | 1,028,179.78                   |
| Support services:  |                  |                            |                             |                         |                                |
| Tuition  | 1,201,852.91     |                            |                             |                         | 1,201,852.91                   |
| Student & instruction related services                       | 3,059,549.18     | 145,569.78                 |                             |                         | 3,205,118.96                   |
| General administrative services                              | 750,820.99       |                            |                             |                         | 750,820.99                     |
| School administrative services                               | 1,631,557.86     |                            |                             |                         | 1,631,557.86                   |
| Central services   | 313,597.62       |                            |                             |                         | 313,597.62                     |
| Administrative information technology                        | 52,041.38        |                            |                             |                         | 52,041.38                      |
| Plant operations and maintenance                             | 2,555,560.41     |                            |                             |                         | 2,555,560.41                   |
| Student transportation                                       | 883,266.23       |                            |                             |                         | 883,266.23                     |
| Unallocated Benefits   | 7,890,539.34     |                            |                             |                         | 7,890,539.34                   |
| Debt Service:  |                  |                            |                             |                         |                                |
| Principal  |                  |                            |                             | 1,740,000.00            | 1,740,000.00                   |
| Interest   |                  |                            |                             | 1,006,477.51            | 1,006,477.51                   |
| Capital outlay   | 199,679.38       |                            | 766,973.27                  |                         | 966,652.65                     |
| Total expenditures   | 31,347,946.78    | 599,121.83                 | 766,973.27                  | 2,746,477.51            | 35,460,519.39                  |
| Excess (deficiency) of revenues<br>over (under) expenditures | 670,967.82       |                            | (766,973.27)                | 1.49                    | (96,003.96)                    |
| Net change in fund balances                                  | 670,967.82       |                            | (766,973.27)                | 1.49                    | (96,003.96)                    |
| Fund balances, July 1, 2014                                  | 8,470,041.62     |                            | 1,842,136.88                | 0.37                    | 10,312,178.87                  |
| Fund balances, June 30, 2015                                 | \$ 9,141,009.44  | \$                         | \$ 1,075,163.61             | \$ 1.86                 | \$ 10,216,174.91               |

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

BOROUGH OF LEONIA SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE CHANGE IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Total net change in fund balances - governmental funds (from B-2) \$ (96,003.96)

Amounts reported for governmental activities in the statement of change in net position (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 capital outlays exceeded depreciation in the period

|                                 |                   |              |
|---------------------------------|-------------------|--------------|
| Depreciation expense            | \$ (1,301,808.16) |              |
| Capital outlays not capitalized | (44,993.00)       |              |
| Capital outlays                 | <u>966,652.65</u> | (380,148.51) |

Proceeds from debt issues are a financing source in governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position.

|  |  |                    |
|--|--|--------------------|
| Capital lease proceeds                                     |  |                    |
| Original Issue Premium on Refunding Bonds                  |  | 100,225.00         |
| Deferred Amount on Refunding Bond Payments to Escrow Agent |  | <u>(85,405.78)</u> |

Repayment of long-term debt 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.

|                           |                     |              |
|---------------------------|---------------------|--------------|
| Capital lease proceeds    | 30,794.83           |              |
| Payment of bond principal | <u>1,740,000.00</u> | 1,770,794.83 |

Bond Issue costs are reported in the Governmental Funds as expenditures in the year the bonds are issued. However, on the statement of activities the costs are amortized over the life of the Bonds

In the statement of activities, interest on long-term debt is accrued, regardless of when due. In governmental funds, interest is reported when due. The accrued interest is an increase in the reconciliation.

|                                      |  |           |
|--------------------------------------|--|-----------|
| Decrease in accrued interest payable |  | 20,049.45 |
|--------------------------------------|--|-----------|

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

|                                |                     |             |
|--------------------------------|---------------------|-------------|
| District pension contributions | 343,033.00          |             |
| Less: Pension expense          | <u>(424,687.00)</u> | (81,654.00) |

In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In 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 (+).

|  |  |                 |
|--|--|-----------------|
| Increase in compensated absences payable |  | <u>(812.00)</u> |
|--|--|-----------------|

|   |  |                        |
|---|--|------------------------|
| Change in net position of governmental activities |  | <u>\$ 1,247,045.03</u> |
|---|--|------------------------|

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

**OTHER FUNDS**

BOROUGH OF LEONIA SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015

|                                  | <u>FOOD SERVICE<br/>FUND<br/>(MAJOR)<br/>TOTAL</u> | <u>ENRICHMENT<br/>FUND<br/>(NON-MAJOR)<br/>TOTAL</u> | <u>TOTAL</u>         |
|----------------------------------|--|--|----------------------|
| ASSETS:                          |  |  |                      |
| Current assets:                  |  |  |                      |
| Cash and cash equivalents        | \$ 88,090.98                                       | \$ 16,638.77   | \$ 104,729.75        |
| Accounts receivable:             |  |  |                      |
| Federal                          | 14,745.69  |  | 14,745.69            |
| State                            | 462.76   |  | 462.76               |
| Interfunds                       | 38,214.71  |  | 38,214.71            |
| Inventories                      | <u>9,565.86</u>                                    |  | <u>9,565.86</u>      |
| Total current assets             | <u>151,080.00</u>                                  | <u>16,638.77</u>                                     | <u>167,718.77</u>    |
| Noncurrent assets:               |  |  |                      |
| Furniture, machinery & equipment | 351,430.00   |  | 351,430.00           |
| Less accumulated depreciation    | <u>(281,269.71)</u>                                |  | <u>(281,269.71)</u>  |
| Total noncurrent assets          | <u>70,160.29</u>                                   |  | <u>70,160.29</u>     |
| Total assets                     | <u>221,240.29</u>                                  | <u>16,638.77</u>                                     | <u>237,879.06</u>    |
| LIABILITIES:                     |  |  |                      |
| Current liabilities:             |  |  |                      |
| Accounts payable                 | 36,304.86  |  | 36,304.86            |
| Interfunds payable               | 1,513.92   |  | 1,513.92             |
| Unearned revenue                 | <u>2,093.58</u>                                    | <u>6,925.00</u>                                      | <u>9,018.58</u>      |
| Total current liabilities        | <u>39,912.36</u>                                   | <u>6,925.00</u>                                      | <u>46,837.36</u>     |
| Total liabilities                | <u>39,912.36</u>                                   | <u>6,925.00</u>                                      | <u>46,837.36</u>     |
| NET POSITION:                    |  |  |                      |
| Net Investment in capital assets | 70,160.29  |  | 70,160.29            |
| Unrestricted                     | <u>111,167.64</u>                                  | <u>9,713.77</u>                                      | <u>120,881.41</u>    |
| Total net position               | <u>\$ 181,327.93</u>                               | <u>\$ 9,713.77</u>                                   | <u>\$ 191,041.70</u> |

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

BOROUGH OF LEONIA SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|  | FOOD SERVICE<br>FUND<br>(MAJOR)<br><u>TOTAL</u> | ENRICHMENT<br>FUND<br>(NON-MAJOR)<br><u>TOTAL</u> | <u>TOTAL</u>         |
|--|---|---|----------------------|
| <b>OPERATING REVENUES:</b>             |   |   |                      |
| Charges for services:                  |   |   |                      |
| Daily sales                            | \$ 403,519.13                                   | \$  | \$ 403,519.13        |
| Miscellaneous                          | 584.31  |   | 584.31               |
| Enrichment Activities                  |   | 50,190.00   | 50,190.00            |
| Total operating revenues               | <u>404,103.44</u>                               | <u>50,190.00</u>                                  | <u>454,293.44</u>    |
| <b>OPERATING EXPENSES:</b>             |   |   |                      |
| Cost of sales                          | 271,855.01                                      |   | 271,855.01           |
| Salaries and employee benefits         | 233,495.65                                      | 38,075.00   | 271,570.65           |
| Other Purchased services               | 26,625.00                                       |   | 26,625.00            |
| Supplies and materials                 | 5,532.04  | 5,479.85  | 11,011.89            |
| Miscellaneous                          | 14,563.31                                       |   | 14,563.31            |
| Depreciation                           | 14,733.69                                       |   | 14,733.69            |
| Total operating expenses               | <u>566,804.70</u>                               | <u>43,554.85</u>                                  | <u>610,359.55</u>    |
| Operating income (loss)                | <u>(162,701.26)</u>                             | <u>6,635.15</u>                                   | <u>(156,066.11)</u>  |
| <b>NONOPERATING REVENUES:</b>          |   |   |                      |
| State Sources:                         |   |   |                      |
| State school lunch program             | 5,595.40  |   | 5,595.40             |
| Federal Sources:                       |   |   |                      |
| National school lunch program          | 140,332.52                                      |   | 140,332.52           |
| National school breakfast program      | 13,573.83                                       |   | 13,573.83            |
| National food distribution commodities | 26,474.18                                       |   | 26,474.18            |
| Total nonoperating revenues            | <u>185,975.93</u>                               |   | <u>185,975.93</u>    |
| Change in net position                 | 23,274.67                                       | 6,635.15  | 29,909.82            |
| Total net position - beginning         | <u>158,053.26</u>                               | <u>3,078.62</u>                                   | <u>161,131.88</u>    |
| Total net position - ending            | <u>\$ 181,327.93</u>                            | <u>\$ 9,713.77</u>                                | <u>\$ 191,041.70</u> |

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

BOROUGH OF LEONIA SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|   | FOOD SERVICE<br>FUND<br>(MAJOR)<br>TOTAL | ENRICHMENT<br>FUND<br>(NON-MAJOR)<br>TOTAL | TOTAL                  |
|---|--|--|------------------------|
| Cash flows from operating activities:   |  |  |                        |
| Receipts from customers   | \$ 403,766.54                            | \$ 57,115.00                               | \$ 460,881.54          |
| Payments to employees and employee benefits   | (233,495.65)                             | (38,075.00)                                | (271,570.65)           |
| Payments to suppliers   | <u>(297,105.47)</u>                      | <u>(5,479.85)</u>                          | <u>(302,585.32)</u>    |
| Net cash provided by (used for) operating activities)   | <u>(126,834.58)</u>                      | <u>13,560.15</u>                           | <u>(113,274.43)</u>    |
| Cash flows from noncapital financing activities:  |  |  |                        |
| State Sources   | 2,975.18                                 |  | 2,975.18               |
| Federal Sources   | 71,404.73                                |  | 71,404.73              |
| Interfund Transactions  | <u>30,616.89</u>                         |  | <u>30,616.89</u>       |
| Net cash provided by noncapital financing activities:   | <u>104,996.80</u>                        |  | <u>104,996.80</u>      |
| Cash flows from capital and related financing activities:   |  |  |                        |
| Purchase of capital assets  | <u>(3,200.00)</u>                        |  | <u>(3,200.00)</u>      |
| Net cash provided by (used for) capital and related financing activities                                    | <u>(3,200.00)</u>                        |  | <u>(3,200.00)</u>      |
| Net decrease in cash and cash equivalents   | (25,037.78)                              | 13,560.15                                  | (11,477.63)            |
| Cash and cash equivalents, July 1, 2014   | <u>113,128.76</u>                        | <u>3,078.62</u>                            | <u>116,207.38</u>      |
| Cash and cash equivalents, June 30, 2015  | <u>\$ 88,090.98</u>                      | <u>\$ 16,638.77</u>                        | <u>\$ 104,729.75</u>   |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities               |  |  |                        |
| Operating income (loss)   | \$ (163,038.16)                          | \$ 6,635.15                                | \$ (156,403.01)        |
| Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities: |  |  |                        |
| Depreciation and net amortization   | 14,733.69                                |  | 14,733.69              |
| National food distribution commodities  | 26,474.18                                |  | 26,474.18              |
| Change in assets and liabilities:   |  |  |                        |
| Increase (Decrease) in unearned revenue   | 160.40                                   | 6,925.00                                   | 7,085.40               |
| Increase (Decrease) in accounts payable   | (2,930.63)                               |  | (2,930.63)             |
| (Increase) Decrease in inventory  | <u>(2,234.06)</u>                        |  | <u>(2,234.06)</u>      |
|   | <u>36,203.58</u>                         | <u>6,925.00</u>                            | <u>43,128.58</u>       |
| Net cash provided by (used for) operating activities  | <u>\$ (126,834.58)</u>                   | <u>13,560.15</u>                           | <u>\$ (113,274.43)</u> |

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

BOROUGH OF LEONIA SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|   | STEPHANIE<br>O'BRIEN<br>SCHOLARSHIP<br>FUND | UNEMPLOYMENT<br>COMPENSATION<br>TRUST | AGENCY<br>FUNDS             |
|---|---|---------------------------------------|-----------------------------|
| <b>ASSETS:</b>  |   |                                       |                             |
| Cash and cash equivalents                                   | \$ <u>9,081.62</u>                          | \$ <u>11,876.74</u>                   | \$ <u>386,170.21</u>        |
| Total assets  | <u>9,081.62</u>                             | <u>11,876.74</u>                      | <u>386,170.21</u>           |
| <b>LIABILITIES:</b>   |   |                                       |                             |
| Payroll deductions and withholdings                         |   |                                       | 47,042.03                   |
| Net payroll   |   |                                       | 23,197.87                   |
| Due to student groups                                       |   |                                       | <u>162,099.62</u>           |
| Total liabilities   |   |                                       | \$ <u><u>232,339.52</u></u> |
| <b>NET POSITION:</b>  |   |                                       |                             |
| Held in trust for unemployment<br>claims and other purposes | <u>9,081.62</u>                             | <u>11,876.74</u>                      |                             |
| Total net position  | \$ <u><u>9,081.62</u></u>                   | \$ <u><u>11,876.74</u></u>            |                             |

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

BOROUGH OF LEONIA SCHOOL DISTRICT  
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                                | STEPHANIE<br>O'BRIEN<br>SCHOLARSHIP<br>FUND | UNEMPLOYMENT<br>COMPENSATION<br>TRUST |
|--------------------------------|---|---------------------------------------|
| ADDITIONS:                     |   |                                       |
| Contributions:                 |   |                                       |
| Other                          | \$ _____                                    | \$ 18,600.20                          |
| Total contributions            | _____                                       | 18,600.20                             |
| Total additions                | _____                                       | 18,600.20                             |
| DEDUCTIONS:                    |   |                                       |
| Unemployment claims            | _____                                       | 48,829.80                             |
| Total deductions               | _____                                       | 48,829.80                             |
| Change in net position         |   | (30,229.60)                           |
| Net position beginning of year | _____ 9,081.62                              | _____ 42,106.34                       |
| Net position end of year       | \$ <u>9,081.62</u>                          | \$ <u>11,876.74</u>                   |

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

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Leonia School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental 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 District's accounting policies are described below:

**Reporting Entity**

The School District is a Type II District located in Bergen County, New Jersey. The School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Leonia School District is governed by a seven member board, which is the primary governing authority of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity, are set forth in Statement No. 39 of the Governmental Accounting Standards Board entitled "*Determining Whether Certain Organizations are Component Units*" (GASB 39) as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Organizations that are legally separate, tax-exempt entities and that meet *all* of the following criteria should be discretely presented as component units:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources of the 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. The financial statements include all funds of the District over which the Board exercises operating control.

The operations of the District include pre-kindergarten through high school education, along with an adult education program. 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.

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation**

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

*District-wide Statements:* The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish generally between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activities of the District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and 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 requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

*Fund Financial Statements:* During the fiscal year, the District segregates transactions related to certain 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 are presented for each fund category—governmental, proprietary, and fiduciary. 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 as the oversight entity believes that the presentation of all funds as major is important for the public interest and to promote consistency among District financial reporting models.

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Governmental Funds**

**General Fund** The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non instructional equipment which are classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. U.S. Generally Accepted Accounting Principles as they pertain to governmental entities state 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 revenues. 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 capital 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 the current expense by Board resolution; in certain instances approval by the County Superintendent of Schools may also be required.

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

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

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

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Proprietary Funds**

**Enterprise Fund** The enterprise fund accounts for all revenues and expenses pertaining to the District's Food Service and Enrichment program operations. These funds 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.

**Fiduciary Funds**

**Agency Funds** The agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District. The agency funds included are as follows:

**Payroll and Student Activities Funds** These are agency funds used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

**Private Purpose Trust Fund** This trust fund is used to account for assets donated by individuals that will provide for the payment of awards and other purposes.

**Unemployment Insurance Trust Funds** An expendable trust fund used to account for unemployment compensation claims as they arise.

**Basis of Accounting-Measurement Focus**

Basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements.

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting-Measurement Focus (Continued)**

**District-wide, Proprietary, and Fiduciary Fund Financial Statements:** The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation for expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

**Governmental Fund Financial Statements:** Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from the issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Account Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office. . In accordance with P.L. 2011, c. 202, which became effective January 17, 2012, the District elected to move the School Board election to the date of the November general election thereby eliminating the vote on the annual base budget unless required by the mandated State budget CAP. 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. 6A:23-2.2(f)1. Expenditures may not legally exceed budgeted appropriations at the line item level. All budget amendments and transfers must be approved by School Board resolution.

All budget 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).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures. 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 (GAAP) with the exception of the legally mandated (NJSA 18A:22-44.2) revenue recognition of deferred State Aid payments for budgetary purposes only and the accounting treatment of encumbrances in the special revenue fund as described 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 recognized encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial records.

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Encumbrance Accounting**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditures 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 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 and capital project funds for which the District has received advances are reflected in the balance sheet as deferred revenues 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.

**Interfunds**

Interfund receivables and payables arise from transactions between particular funds and are considered short term in duration. The interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are part of the district's available expendable resources.

**Inventories and Prepaid Expenses**

Inventories of materials and supplies held for consumption in the governmental funds are recorded as expenditures at the time of purchase and year end balances are not reported in the financial statements.

Inventories of food and/or supplies in the food service fund are recorded at cost on a first-in, first-out basis or, in the case of Food Distribution Commodities, at stated value which approximates market.

Prepaid expenses which benefit future periods, other than those recorded in the enterprise fund, are recorded as expenditures in the year of purchase.

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets**

The District has an established formal system of accounting for its capital assets. Capital Assets used for governmental purposes, which include land, buildings and improvements and furniture and equipment, are only reported in the district-wide financial statements. The District generally defines capital assets as assets with an initial cost of \$2,000.00 or more and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

|                               | <b>Estimated</b> |
|-------------------------------|------------------|
| School Buildings              | 50               |
| Building Improvements         | 20               |
| Electrical/Plumbing           | 30               |
| Vehicles                      | 8                |
| Office and computer equipment | 5-10             |
| Instructional equipment       | 10               |
| Grounds equipment             | 15               |

**Compensated Absences**

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy and/or collective bargaining unit contracts. Upon termination, employees are paid for accrued vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after four years of service.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave and vacation days that are expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments.

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Compensated Absences (Continued)**

For the district-wide statements, the current portion is the amount estimated to be used in the following year. For the governmental funds in the fund financial statements, a liability is reported only for to the extent of the amount actually due at year end as a result of employee resignations/retirements. Compensated absences are a reconciling item between the fund level and district-wide presentations.

**Unearned Revenue**

Unearned revenue in the special revenue and capital projects funds represents funds which have been received but not yet earned. A corresponding accounts receivable has also been established for any open encumbrances at year end which is an allowable practice under generally accepted accounting principles.

**Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities, and long-term obligations are reported on the district-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Long term debt is recognized as a liability on the fund financial statements when due.

**Net Position**

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance Restrictions**

Under GASB 54, in the fund financial statements, governmental funds report the following classifications of fund balance:

Non-Spendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation. The District reports the Capital Reserve, Emergency Reserve, Maintenance Reserve, Tuition Reserve, and Excess Surplus as Restricted Fund Balance.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education. The District reports amounts Designated for Subsequent Year's Expenditures as Committed Fund Balance.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator. The District reports Year End Encumbrances as Assigned Fund Balance.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

The general fund is the only fund that will report a negative unassigned fund balance. For all other governmental funds the amount of a residual deficit would be classified as unassigned

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenues Exchange and Non-exchange 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.

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

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

**Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the District, these revenues are sales and program fees in the Enterprise Funds. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Allocation of Indirect Expenses**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of the program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities.

**Extraordinary and Special Items**

Extraordinary items are transactions or events that are unusual in nature and infrequent of occurrence. Special items are transactions or events that are within control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

**Management Estimates**

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

**Accounting and Financial Reporting for Pensions**

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounting and Financial Reporting for Pensions (Continued)**

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only one item that qualify for reporting in this category, deferred amounts that are pension related.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify in this category, deferred amounts related to pension and deferred amounts related to refunding debt.

**NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS**

The District considers petty cash, change funds, cash in banks, deposits in the New Jersey Cash Management Fund and short term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

**Deposits**

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. Each depository participating in the GUDPA system must pledge collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds. No collateral is required for amounts covered by FDIC insurance. The collateral which may be pledged to support these deposits includes obligations of the State and federal governments, insured securities and other collateral approved by the Department. When the capital position of the depository deteriorates or the depository takes an unusually large amount of public deposits, the Department of Banking and Insurance requires additional collateral to be pledged. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Deposits (Continued)**

collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

*Custodial Credit Risk- Deposits* – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2015, based upon the coverage provided by FDIC and NJGUDPA, the District was not exposed to custodial credit risk. Of the \$10,473,549.33 cash and cash equivalents on deposit, \$250,000.00 was covered by Federal Depository Insurance and \$10,223,549.33 was covered under the provisions of NJGUDPAAs of June 30, 2015, cash and cash equivalents of the District consisted of the following:

| <u>Bank<br/>Balance</u> | <u>Reconciling Items:</u> |                     | <u>Reconciled<br/>Balance</u> |
|-------------------------|---------------------------|---------------------|-------------------------------|
|                         | <u>Additions</u>          | <u>Deletions</u>    |                               |
| \$9,533,421.85          | \$270,229.50              | \$324,059.16        | \$9,479,592.19                |
| 342,194.80              | 30,616.89                 | 268,081.94          | 104,729.75                    |
| <u>597,932.68</u>       | <u>125.00</u>             | <u>190,929.11</u>   | <u>407,128.57</u>             |
| <u>\$10,473,549.33</u>  | <u>\$300,971.39</u>       | <u>\$783,070.21</u> | <u>\$9,991,450.51</u>         |

**Investments**

The types of investments which may be purchased by the District are strictly limited by the express authority of the N.J.S.A. 18A:20-37 Education, Administration of School Districts. Permitted investments include any of the following type 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 which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a1 et seq., and operated in accordance with 17 C.F.R. § 270.2a7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:2037. These funds are also required to be rated by a nationally recognized statistical rating organization.

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

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 Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:2037. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
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;
  - 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. 17:1941); and
  - e. a master repurchase agreement providing for the custody and security of collateral is executed.

At June 30, 2015, the District had no outstanding investments that were not considered "cash equivalents".

Based upon the limitation set forth by New Jersey Statutes 18A:20-37 and its existing investment practices, the District is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risks for its deposits and investments.

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 3: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

|   | Beginning<br><u>Balance</u> | <u>Additions</u>      | <u>Adjustments</u>     | Ending<br><u>Balance</u> |
|---|-----------------------------|-----------------------|------------------------|--------------------------|
| Governmental Activities:                                    |                             |                       |                        |                          |
| Capital assets not being depreciated:                       |                             |                       |                        |                          |
| Sites   | \$109,368.00                |                       |                        | \$109,368.00             |
| Construction in progress                                    | <u>14,694,729.23</u>        | <u>\$849,500.27</u>   | <u>(13,720,034.00)</u> | <u>1,824,195.50</u>      |
| Total Capital Assets not being depreciated                  | <u>14,804,097.23</u>        | <u>849,500.27</u>     | <u>(13,720,034.00)</u> | <u>1,933,563.50</u>      |
| Site improvements   | \$570,525.00                |                       |                        | \$570,525.00             |
| Buildings and Building Improvements                         | 29,604,823.00               |                       | 13,720,034.00          | 43,324,857.00            |
| Machinery and Equipment                                     | <u>2,082,044.41</u>         | <u>72,159.38</u>      |                        | <u>2,154,203.79</u>      |
| Totals at historical cost                                   | <u>32,257,392.41</u>        | <u>72,159.38</u>      | <u>13,720,034.00</u>   | <u>46,049,585.79</u>     |
| Gross Assets (Memo only)                                    | <u>47,061,489.64</u>        | <u>921,659.65</u>     | <u>0.00</u>            | <u>47,983,149.29</u>     |
| Less: Accumulated Depreciation                              |                             |                       |                        |                          |
| Site improvements   | (535,537.64)                | (14,808.49)           |                        | (550,346.13)             |
| Buildings and Building Improvements                         | (10,080,839.17)             | (1,226,954.55)        |                        | (11,307,793.72)          |
| Machinery and Equipment                                     | <u>(1,892,154.17)</u>       | <u>(60,045.12)</u>    |                        | <u>(1,952,199.29)</u>    |
| Total Depreciation  | <u>(12,508,530.98)</u>      | <u>(1,301,808.16)</u> | <u>0.00</u>            | <u>(13,810,339.14)</u>   |
| Total capital assets being depreciated, net of depreciation | <u>34,552,958.66</u>        | <u>(380,148.51)</u>   | <u>13,720,034.00</u>   | <u>32,239,246.65</u>     |
| Total Governmental Fund Activities                          | <u>\$34,552,958.66</u>      | <u>\$469,351.76</u>   | <u>\$0.00</u>          | <u>\$34,172,810.15</u>   |
| Proprietary Activities:                                     |                             |                       |                        |                          |
| Machinery and Equipment                                     | <u>\$348,230.00</u>         | <u>\$3,200.00</u>     |                        | <u>\$351,430.00</u>      |
| Totals at historical cost                                   | <u>348,230.00</u>           | <u>3,200.00</u>       | <u>0.00</u>            | <u>351,430.00</u>        |
| Less: Accumulated Depreciation                              |                             |                       |                        |                          |
| Machinery and Equipment                                     | <u>(266,536.02)</u>         | <u>(14,733.69)</u>    |                        | <u>(281,269.71)</u>      |
| Total Depreciation  | <u>(266,536.02)</u>         | <u>(14,733.69)</u>    | <u>0.00</u>            | <u>(281,269.71)</u>      |
| Total Proprietary Fund Activities                           | <u>\$81,693.98</u>          | <u>(\$11,533.69)</u>  | <u>\$0.00</u>          | <u>\$70,160.29</u>       |

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 3:      CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functional expenses areas of the District as follows:

|  |                              |
|--|------------------------------|
| Instruction:                             |                              |
| Regular                                  | \$18,258.18                  |
| Support services:                        |                              |
| Student and instruction related services | 35,243.67                    |
| Plant operations and maintenance         | 3,213.90                     |
| Direct Expense of various functions      | <u>1,245,092.41</u>          |
|  | <u><u>\$1,301,808.16</u></u> |

**NOTE 4:      LONG-TERM LIABILITIES**

Bonds are issued by the District pursuant to the provisions of Title 18A, Education, of the New Jersey Statutes and are required to be approved by the voters of the municipality through referendum. The proceeds of bonds are recorded in the Capital Projects Fund and are restricted to the use for which they were approved in the bond referendum. All bonds are retired in annual installments within the statutory period of usefulness.

School Bonds issued by the District are entitled to and benefit from the provision of the New Jersey School Board Reserve Act P.L. 1980 c.72. Basically, funds are held by the State of New Jersey within its State Fund for the Support of Free Public Schools as a school bond reserve pledged by law to secure payment of principal and interest due on such bonds in the event of the inability of the issuer to make payments.

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 4: LONG-TERM DEBT (CONTINUED)**

The following is a summary of transactions that affect long-term liabilities for the year ended June 30, 2015:

|                                | Bonds<br><u>Payable</u> | Net Pension<br><u>Liability</u> | Capital<br>Leases<br><u>Payable</u> | Compensated<br>Absences<br><u>Payable</u> | <u>Total</u>           |
|--------------------------------|-------------------------|---------------------------------|-------------------------------------|---|------------------------|
| Balance June 30,<br>2014       | \$28,545,000.00         | \$7,796,000.00                  | \$62,713.68                         | \$402,504.00                              | \$36,806,217.68        |
| Additions                      |                         |                                 |                                     | 812.00                                    | 812.00                 |
| Reductions                     | <u>(1,740,000.00)</u>   | <u>(5,330.00)</u>               | <u>(30,794.83)</u>                  | <u>                    </u>               | <u>(1,776,124.83)</u>  |
| Balance June 30,<br>2015       | <u>\$26,805,000.00</u>  | <u>\$7,790,670.00</u>           | <u>\$31,918.85</u>                  | <u>\$403,316.00</u>                       | <u>\$35,030,904.85</u> |
| Amounts due within<br>one Year | <u>\$1,795,000.00</u>   |                                 | <u>\$31,918.85</u>                  |   | <u>\$1,826,918.85</u>  |

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 4: LONG-TERM DEBT (CONTINUED)**

**Debt Service Requirements:**

The annual requirements to amortize all debt outstanding as of June 30, 2015, including interest payments on issued debt, are as follows:

| Fiscal<br>Year<br><u>June 30,</u> | <u>Principal</u>       | <u>Interest</u>       | <u>Total</u>           |
|-----------------------------------|------------------------|-----------------------|------------------------|
| 2016                              | 1,795,000.00           | 949,895.00            | 2,744,895.00           |
| 2017                              | 1,855,000.00           | 886,572.50            | 2,741,572.50           |
| 2018                              | 1,910,000.00           | 833,450.00            | 2,743,450.00           |
| 2019                              | 1,950,000.00           | 773,800.00            | 2,723,800.00           |
| 2020                              | 2,025,000.00           | 703,675.00            | 2,728,675.00           |
| 2021                              | 2,100,000.00           | 628,675.00            | 2,728,675.00           |
| 2022                              | 2,170,000.00           | 539,550.00            | 2,709,550.00           |
| 2023                              | 2,225,000.00           | 456,371.88            | 2,681,371.88           |
| 2024                              | 2,310,000.00           | 376,084.38            | 2,686,084.38           |
| 2025                              | 1,050,000.00           | 314,975.00            | 1,364,975.00           |
| 2026                              | 1,100,000.00           | 274,600.00            | 1,374,600.00           |
| 2027                              | 1,150,000.00           | 229,600.00            | 1,379,600.00           |
| 2028                              | 1,205,000.00           | 182,500.00            | 1,387,500.00           |
| 2029                              | 1,260,000.00           | 133,200.00            | 1,393,200.00           |
| 2030                              | 1,320,000.00           | 81,600.00             | 1,401,600.00           |
| 2031                              | 1,380,000.00           | 27,600.00             | 1,407,600.00           |
|                                   | <u>\$26,805,000.00</u> | <u>\$7,392,148.76</u> | <u>\$34,197,148.76</u> |

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 4: LONG-TERM DEBT (CONTINUED)**

General obligation school and refunding bonds payable with their outstanding balances are comprised of the following individual issues:

| <u>Issue</u>  | <u>Amount<br/>Outstanding<br/>June 30, 2015</u> |
|---|---|
| \$2,815,000.00 in 2006 Refunding Bonds due in remaining annual installments ranging between \$315,000.00 and \$325,000.00 beginning February 15, 2016 and ending February 15, 2017 with interest at varying rates           | 640,000.00                                      |
| \$17,350,000.00 in 2010 General Obligation Bonds due in remaining annual installments ranging between \$580,000.00 and \$1,380,000.00 beginning July 15, 2015 and ending July 15, 2030 with interest at varying rates       | 15,885,000.00                                   |
| \$11,685,000.00 in 2011 Refunding Obligation Bonds due in remaining annual installments ranging between \$890,000.00 and \$1,305,000.00 beginning August 15, 2015 and ending August 15, 2024 with interest at varying rates | <u>10,280,000.00</u>                            |
|   | <u>\$26,805,000.00</u>                          |

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 4: LONG-TERM DEBT (CONTINUED)**

**Capital Leases Payable**

The District is leasing copier equipment under a capital lease. This capital lease is for a term of five years. The following is a schedule of the future minimum lease payments under the capital lease and the present value of the net minimum lease payments at June 30, 2015:

| <u>June 30,</u><br>2016            | <u>Amount</u>             |
|------------------------------------|---------------------------|
| Total Minimum Lease Payments       | 33,083.88                 |
| Less: Amount Representing Interest | <u>(1,165.03)</u>         |
| Present Value of Lease Payments    | <u><u>\$31,918.85</u></u> |

**NOTE 5: PENSION PLANS**

**Description of Plans** All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 5: PENSION PLANS (CONTINUED)**

**Teachers' Pension and Annuity Fund (TPAF)** The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**Public Employees' Retirement System (PERS)** The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provision of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state administered retirement system or other state or local jurisdiction.

**Defined Contribution Retirement Program (DCRP)** The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

**Significant Legislation**

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 5: PENSION PLANS (CONTINUED)**

Pension Plan Design Changes

Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PFRS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

**Vesting and Benefit Provisions** The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after ten years of service, except for post-retirement healthcare benefits that vest after 25 years of service.

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.

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 5: PENSION PLANS (CONTINUED)**

**Contribution Requirements** The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2011, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of TPAF (i.e. the State of new Jersey makes the employer contribution on behalf of public school districts.

Three Year Trend Information for PERS

| Year Ended<br><u>June 30,</u> | Annual<br>Pension Cost<br><u>(APC)</u> | Percentage<br>of APC<br><u>Contributed</u> | Net Pension<br><u>Obligation</u> |
|-------------------------------|--|--|----------------------------------|
| 2015                          | \$343,433.44                           | 100%                                       | \$343,433.44                     |
| 2014                          | \$307,749.44                           | 100%                                       | \$307,749.44                     |
| 2013                          | \$327,011.44                           | 100%                                       | \$327,011.41                     |

During the fiscal year ended June 30, 2015, 2014, and 2013 the State of New Jersey contributed \$694,039, \$537,762, and \$872,866 respectively to the TPAF pension system on behalf of the District.

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$1,015,480.53 during the year ended June 30, 2015 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund statements and schedules as a revenue and expenditure in accordance with GASB 68 reflect the District's liabilities at June 30, 2015.

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**

**Public Employees Retirement System (PERS)**

At June 30, 2015, the District reported a liability of \$7,790,670.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's 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 school districts, actuarially determined. At June 30, 2014, the District's proportion was 0.0416107474 percent, which was a decrease of 0.0008195952 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$424,687.00. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

|   | <u>Deferred<br/>Inflow of<br/>Resources</u> | <u>Deferred<br/>Outflow of<br/>Resources</u> |
|---|---|--|
| Changes of assumptions  |   | 244,980.00                                   |
| Net difference between projected and actual earnings on pension plan investments                              | 464,282.00                                  |  |
| Changes in proportion and differences between District contributions and proportionate share of contributions |   | 132,318.00                                   |
| District contributions subsequent to the measurement date   |   | <u>344,139.00</u>                            |
|   | <u>464,282.00</u>                           | <u>721,437.00</u>                            |

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(Continued)**

**Public Employees Retirement System (PERS) (Continued)**

The \$344,139.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended     | <u>Amount</u> |
|----------------|---------------|
| <u>June 30</u> |               |
| 2016           | (\$71,037.22) |
| 2017           | (\$71,037.22) |
| 2018           | (\$71,037.22) |
| 2019           | \$45,033.18   |
| Thereafter     | \$19,814.60   |

**Additional Information**

Collective balances at June 30, 2013 and 2014 are as follows

|   | <u>12/31/2014</u> | <u>12/31/2013</u> |
|---|-------------------|-------------------|
| Collective deferred outflows of resources | \$1,452,705,538   | Not Available     |
| Collective deferred inflows of resources  | 2,146,719,012     | Not Available     |
| Collective net pension liability          | 38,849,838,953    | 38,410,610,030    |
| District's Proportion                     | 0.0416107474%     | 0.0407911522%     |

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Public Employees Retirement System (PERS) (Continued)**

**Actuarial Assumptions**

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which rolled forward to June 30, 2014. The total pension liability for the July 1, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

|                           |                                  |
|---------------------------|----------------------------------|
| Inflation                 | 3.01 Percent                     |
| Salary Increases          |                                  |
| 2012-2021                 | 2.15-4.40 Percent (based on age) |
| Thereafter                | 3.15-5.40 Percent (based on age) |
| Investment Rate of Return | 7.90 Percent                     |

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

**Mortality Rates**

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback one year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Public Employees Retirement System (PERS) (Continued)**

**Actuarial Assumptions (Continued)**

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

| <u>Asset Class</u>           | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|------------------------------|--------------------------|---|
| Cash                         | 6.00%                    | 0.80%   |
| Core Bond                    | 1.00%                    | 2.49%   |
| Intermediate Term Bonds      | 11.20%                   | 2.26%   |
| Mortgages                    | 2.50%                    | 2.17%   |
| High Yield Bonds             | 5.50%                    | 4.82%   |
| Inflation Indexed Bonds      | 2.50%                    | 3.51%   |
| Broad U.S. Equities          | 25.90%                   | 8.22%   |
| Developed Foreign Markets    | 12.70%                   | 8.12%   |
| Emerging Market Equities     | 6.50%                    | 9.91%   |
| Private Equity               | 8.25%                    | 13.02%  |
| Hedge Funds/Absolute Returns | 12.25%                   | 4.92%   |
| Real Estate (Property)       | 3.20%                    | 5.80%   |
| Commodities                  | 2.50%                    | 5.35%   |
|                              | <u>100.00%</u>           |   |

**Leonida School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Public Employees Retirement System (PERS) (Continued)**

**Actuarial Assumptions (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, 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 average of the last five years of contributions made in relation to the last five years of recommended 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 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the collective net pension liability to changes in the discount rate.**

The following presents the collective net pension liability of the participating employers as of June 30, 2014 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage-point higher than the current rate:

|   | June 30, 2014                  |   |                                |
|---|--------------------------------|---|--------------------------------|
|   | 1%<br>Decrease<br><u>4.39%</u> | At Current<br>Discount Rate<br><u>5.39%</u> | 1%<br>Increase<br><u>6.39%</u> |
| District's proportionate share of the pension liability | 9,800,928.00                   | 7,790,670.00                                | 6,102,565.00                   |

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Public Employees Retirement System (PERS) (Continued)**

**Pension plan fiduciary net position.**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).

**Teachers Pensions and Annuity Fund (TPAF)**

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. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2015 was as follows:

|   |                     |
|---|---------------------|
| Net Pension Liability:                                      |                     |
| Districts proportionate share                               | -0-                 |
| State's proportionate share<br>associated with the District | <u>\$73,937,267</u> |
|   | <u>\$73,937,267</u> |

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013. The net pension liability associated with the District 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 school districts and the State, actuarially determined. At June 30, 2014, the proportion of the TPAF net pension liability associated with the District was .1383382036%.

For the year ended June 30, 2015, the District recognized on-behalf pension expense and revenue of \$3,978,519 for contributions provided by the State.

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF) (continued)**

**Actuarial Assumptions**

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

|                           |                            |
|---------------------------|----------------------------|
| Inflation rate            | 2.50%                      |
| Salary increases:         |                            |
| 2012-2021                 | Varies based on experience |
| Thereafter                | Varies based on experience |
| Investment rate of return | 7.90%                      |

**Mortality rates**

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement. The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF) (continued)**

**Actuarial Assumptions (Continued)**

**Long-Term Expected Rate of Return (Continued)**

| <u>Asset Class</u>          | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------|--------------------------|---|
| Cash                        | 6.00%                    | 0.50%   |
| Core Fixed Income           | 0.00%                    | 2.19%   |
| Core Bonds                  | 1.00%                    | 1.38%   |
| Short-Term Bonds            | 0.00%                    | 1.00%   |
| Intermediate- Term Bonds    | 11.20%                   | 2.60%   |
| Long-Term Bonds             | 0.00%                    | 3.23%   |
| Mortgages                   | 2.50%                    | 2.84%   |
| High Yield Bonds            | 5.50%                    | 4.15%   |
| Non-US Fixed Income         | 0.00%                    | 1.41%   |
| Inflation-Indexed Bonds     | 2.50%                    | 1.30%   |
| Broad US Equities           | 25.90%                   | 5.88%   |
| Large Cap US Equities       | 0.00%                    | 5.62%   |
| Mid cap US Equities         | 0.00%                    | 6.39%   |
| Small Cap US Equities       | 0.00%                    | 7.39%   |
| Developed Foreign Equities  | 12.70%                   | 6.05%   |
| Emerging Market Equities    | 6.50%                    | 8.90%   |
| Private Equity              | 8.25%                    | 9.15%   |
| Hedge Funds Absolute Return | 12.25%                   | 3.85%   |
| Real Estate (Property)      | 3.20%                    | 4.43%   |
| Real Estate (REITS)         | 0.00%                    | 5.58%   |
| Commodities                 | 2.50%                    | 3.60%   |
| Long Credit Bonds           | 0.00%                    | 3.74%   |
|                             | <u>100.00%</u>           |   |

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF) (Continued)**

**Actuarial Assumptions (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 4.68% and 4.95% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, 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 average of the last five years. 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 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability,

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 7: OTHER POST-RETIREMENT BENEFITS**

For eligible retired employees, the School District participates in the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 *et seq.*, to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2014 there were 103,432 retirees eligible for post-retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The state is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2015, 2014 and 2013 were \$1,181,056.00, \$959,553.00 and \$1,038,921.00, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 8: LITIGATION**

The District's counsel advises that there is no litigation, pending litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the School District and which might materially affect the District's financial position, except as described below.

**NOTE 9: CONTINGENCIES**

The District receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2014-2015 fiscal year were subject to the U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04 which mandates that grant revenues and expenditures be audited in conjunction with the District's annual audit if expenditures for federal or state programs exceed \$500,000. Findings and questioned costs, if any, relative to federal and state financial assistance programs are discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. The District's management does not believe any such audit would result in material amounts of disallowed costs.

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 10: 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.

**Property and Liability Insurance**

The District maintains insurance coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded the insurance coverage in any of the past three fiscal years.

**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.

| <u>Year Ended</u><br><u>June 30,</u> | <u>District</u><br><u>Contributions</u> | <u>Employee</u><br><u>Contributions</u> | <u>Amount</u><br><u>Reimbursed</u> | <u>Ending</u><br><u>Balance</u> |
|--------------------------------------|---|---|------------------------------------|---------------------------------|
| 2015                                 | \$10,602.11                             | \$7,998.09                              | \$48,829.80                        | \$11,876.74                     |
| 2014                                 | 68,274.47                               | 51,127.82                               | 116,513.77                         | \$42,106.34                     |
| 2013                                 | 63,437.71                               | 47,856.51                               | 72,076.40                          | 39,217.82                       |

**NOTE 10: COMPENSATED ABSENCES**

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

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

The liability for vested compensated absences of the governmental fund types are recorded in the district - wide statement of net position. As of June 30, 2015, a liability existed for compensated absences for governmental fund-types in the district- wide Statement of Net Position of \$403,316.00

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 11: COMPENSATED ABSENCES (Continued)**

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, 2015 no liability existed for compensated absences in the proprietary funds.

For additional descriptive information see Note 1, Summary of Significant Accounting Policies.

**NOTE 12: FUND BALANCE APPROPRIATED**

**General Fund** - Of the \$9,141,009.44 in General Fund Balance at June 30, 2015, \$1,413,718.70 has been assigned for encumbrances, \$4,717,373.27 is restricted for excess surplus in accordance with N.J.S.A. 18A:7F7 and \$2,503,317.29 of the total restricted for excess surplus has been appropriated in the budget for the fiscal year ended June 30, 2015; \$150,000.00 has been restricted in Tuition Reserve; \$2,065,000.00 has been restricted for Capital Reserve; \$100,000.00 has been restricted as Emergency Reserve; \$300,000.00 has been restricted as Maintenance Reserve; \$106,472.71 has been committed for subsequent years expenditures and \$288,444.76 is unassigned.

**NOTE 13: CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS**

**Calculation of Excess Surplus** In accordance with N.J.S.A. 18A:7F-7, as amended, the Restricted Fund Balance- Excess Surplus is a required calculation. New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if the District did not appropriate a required minimum amount as budgeted fund balance in the subsequent year's budget. The excess fund balance at June 30, 2015 is \$4,717,373.27, consisting of \$2,503,317.29 from June 30, 2014 and \$2,214,055.98 from June 30, 2015.

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 14: INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2015:

| <u>Fund</u>          | <u>Receivable</u>   | <u>Payable</u>      |
|----------------------|---------------------|---------------------|
| General Fund         | \$118,153.68        | \$36,700.79         |
| Special Revenue Fund |                     | 118,153.68          |
| Enterprise Funds     | 38,214.71           | 1,513.92            |
|                      | <u>\$156,368.39</u> | <u>\$156,368.39</u> |

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were received.

**NOTE 15: INVENTORY**

Inventory in the Food Service Fund at June 30, 2015 consisted of the following:

|                   |                   |
|-------------------|-------------------|
| Food and Supplies | <u>\$9,565.86</u> |
|-------------------|-------------------|

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

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 16: DEFERRED COMPENSATION**

The District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. Since the District does not have any property or rights to the plan assets and no fiduciary relationship exists between the District and the deferred compensation plan, the plan assets are not included in the District's financial statements as of June 30, 2015.

**NOTE 17: CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the District during fiscal year 2011 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 department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

|                                      |                |
|--------------------------------------|----------------|
| Balance, July 1, 2014                | \$1,565,000.00 |
| Deposits:                            |                |
| Board Resolution dated June 22, 2015 | 500,000.00     |
| Balance, June 30, 2015               | \$2,065,000.00 |

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 18: MAINTENANCE RESERVE ACCOUNT**

A maintenance reserve account was established by the District in the amount of \$100,000.00 for the accumulation of funds for use as maintenance expenditures in subsequent fiscal years. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with EFCFA (N.J.S.A. 18A:7G-9). The passage of S1701 also impacts deposits into maintenance reserve. EFCFA requires that upon the district completion of school facilities project, the district must submit a plan for the maintenance of that facility. The activity of the maintenance reserve for the July 1, 2014 to June 30, 2015 year is as follows:

|                                      |              |
|--------------------------------------|--------------|
| Balance, July 1, 2014                | \$250,000.00 |
| Deposits:                            |              |
| Board Resolution dated June 22, 2015 | 50,000.00    |
| Balance, June 30, 2015               | \$300,000.00 |

**NOTE 19: EMERGENCY RESERVE ACCOUNT**

An emergency reserve account was established by the District in the amount of \$100,000.00 in the 2010-2011 school year for the accumulation of funds for use as emergency 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 account was created to fund medical expenses in excess of 4%. The emergency reserve account is used to fund unanticipated general fund current expense costs and may be established to supplement the reserve in the district's annual budget or through a transfer by board resolution at year end of any unanticipated revenue and unexpended line item appropriation amounts in accordance with N.J.S.A. 18A:7F-41.

**Leonia School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2015**

**NOTE 20: TUITION RESERVE ACCOUNT**

A tuition reserve was established by the district in accordance with N.J.A.C. 6A:23-3.1(f). This reserve is for formal sending/receiving relationships between two district board of educations established under subchapter 3 of the business service code pursuant to N.J.S.A. 18A:38-19. The maximum amount that may be restricted at year end is 10% of the estimated contract year. The activity of the tuition reserve fo the July 1, 2014 to June 30, 2015 year is as follows:

|                                      |              |
|--------------------------------------|--------------|
| Beginning balance, July 1, 2014      | \$150,000.00 |
| Increased by:                        |              |
| Board Resolution dated June 22, 2015 | 75,000.00    |
| Withdrawals                          |              |
| Budget                               | 75,000.00    |
| Ending balance, June 30, 2015        | \$150,000.00 |

**NOTE 21: SUBSEQUENT EVENTS**

The Board of Education has evaluated subsequent events occurring after the financial statement date through December 2, 2015 which is the date the financial statements were available to be issued. No items were noted for disclosure or adjustment

**NOTE 22: RESTATEMENT**

As stated in Note 6 in FY2015 the District implemented GASB 68. As a result the District's Net Position at June 30, 2014 was restated as follows:

|   |    |                                   |
|---|----|-----------------------------------|
|   |    | Governmental<br><u>Activities</u> |
| Beginning Net Position 06/30/14               | \$ | 15,304,925.87                     |
| Adjustments:                                  |    |                                   |
| Recognition of Net Pension Liability          |    | (7,796,000.00)                    |
| Beginning Net Position 06/30/14 (As restated) | \$ | 7,508,925.87                      |

**REQUIRED SUPPLEMENTARY INFORMATION – Part II**

**BUDGETARY COMPARISON SCHEDULES**

LEONIA BOARD OF EDUCATION  
GENERAL FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|   | ORIGINAL<br>BUDGET   | BUDGET<br>TRANSFERS AND<br>AMENDMENTS | FINAL BUDGET         | ACTUAL               | VARIANCE<br>FAVORABLE/<br>(UNFAVORABLE) |
|---|----------------------|---------------------------------------|----------------------|----------------------|---|
| <b>REVENUES:</b>  |                      |                                       |                      |                      |   |
| <b>Local Sources:</b>   |                      |                                       |                      |                      |   |
| Local tax levy  | \$ 17,740,265.00     | \$                                    | \$ 17,740,265.00     | \$ 17,740,265.00     |   |
| Interest earned on capital reserve funds                                      | 500.00               |                                       | 500.00               |                      | \$ (500.00)                             |
| Tuition   | 6,624,851.00         |                                       | 6,624,851.00         | 6,515,773.11         | (109,077.89)                            |
| Transportation Fees from Other LEAs   | 557,067.00           |                                       | 557,067.00           | 557,067.00           |   |
| Unrestricted Miscellaneous Revenue  | 88,000.00            |                                       | 88,000.00            | 449,431.96           | 361,431.96                              |
| <b>Total Local Sources</b>  | <u>25,010,683.00</u> |                                       | <u>25,010,683.00</u> | <u>25,262,537.07</u> | <u>251,854.07</u>                       |
| <b>State Sources:</b>   |                      |                                       |                      |                      |   |
| Equalization Aid  | 2,619,846.00         |                                       | 2,619,846.00         | 2,619,846.00         |   |
| Security Aid  | 23,162.00            |                                       | 23,162.00            | 23,162.00            |   |
| Transportation aid  | 8,871.00             |                                       | 8,871.00             | 8,871.00             |   |
| Special education aid   | 885,744.00           |                                       | 885,744.00           | 885,744.00           |   |
| Other State Aids  | 28,100.00            |                                       | 28,100.00            | 28,100.00            |   |
| Extraordinary aid   | 200,000.00           |                                       | 200,000.00           | 240,337.00           | 40,337.00                               |
| On-behalf TPAF post-retirement medical (non-budgeted)                         |                      |                                       |                      | 1,181,056.00         | 1,181,056.00                            |
| NCGI-non-budgeted   |                      |                                       |                      | 49,933.00            | 49,933.00                               |
| On-behalf TPAF pension (non-budgeted)   |                      |                                       |                      | 694,039.00           | 694,039.00                              |
| Reimbursed TPAF social security contributions (non-budgeted)                  |                      |                                       |                      | 1,015,480.53         | 1,015,480.53                            |
| <b>Total State Sources</b>  | <u>3,765,723.00</u>  |                                       | <u>3,765,723.00</u>  | <u>6,746,568.53</u>  | <u>2,980,845.53</u>                     |
| <b>Total Revenues</b>   | <u>28,776,406.00</u> |                                       | <u>28,776,406.00</u> | <u>32,009,105.60</u> | <u>3,232,699.60</u>                     |
| <b>EXPENDITURES:</b>  |                      |                                       |                      |                      |   |
| <b>CURRENT EXPENSE:</b>   |                      |                                       |                      |                      |   |
| <b>Instruction - Regular Programs:</b>  |                      |                                       |                      |                      |   |
| <b>Salaries of Teachers:</b>  |                      |                                       |                      |                      |   |
| Preschool   | 58,267.66            | 58.34                                 | 58,326.00            | 56,786.20            | 1,539.80                                |
| Preschool/kindergarten  | 333,373.82           | 11,322.02                             | 344,695.84           | 344,695.59           | 0.25                                    |
| Grades 1-5  | 2,207,667.39         | 123,656.47                            | 2,331,323.86         | 2,331,323.86         |   |
| Grades 6-8  | 2,197,412.08         | 5,722.36                              | 2,203,134.44         | 1,967,303.28         | 235,831.16                              |
| Grades 9-12   | 3,713,113.31         | 22,984.89                             | 3,736,098.20         | 3,607,503.07         | 128,595.13                              |
| <b>Regular Programs - Home Instruction:</b>                                   |                      |                                       |                      |                      |   |
| Salaries of teachers  | 35,000.00            |                                       | 35,000.00            | 13,802.50            | 21,197.50                               |
| Purchased professional educational services                                   | 1,480.00             | 5,804.00                              | 7,284.00             | 7,284.00             |   |
| <b>Regular Programs - Undistributed Instruction:</b>                          |                      |                                       |                      |                      |   |
| Other salaries for instruction  | 341,941.14           | 30,472.81                             | 372,413.95           | 388,094.81           | (15,680.86)                             |
| Purchased professional - educational services                                 | 10,000.00            | (10,000.00)                           |                      |                      |   |
| Rent/LP - Instruction   | 22,000.00            |                                       | 22,000.00            | 20,664.60            | 1,335.40                                |
| Other purchased services (400 - 500 series)                                   | 5,300.00             |                                       | 5,300.00             | 1,347.00             | 3,953.00                                |
| General supplies  | 928,723.02           | (135,453.97)                          | 793,269.05           | 516,101.69           | 277,167.36                              |
| Textbooks   | 139,017.50           | (1,571.22)                            | 137,446.28           | 116,343.25           | 21,103.03                               |
| Other objects   | 2,000.00             |                                       | 2,000.00             |                      | 2,000.00                                |
| <b>Total Regular Programs - Instruction</b>                                   | <u>9,995,295.92</u>  | <u>52,995.70</u>                      | <u>10,048,291.62</u> | <u>9,371,249.85</u>  | <u>677,041.77</u>                       |
| <b>Special Education Instruction - Learning and/or Language Disabilities:</b> |                      |                                       |                      |                      |   |
| Salaries of teachers  | 205,981.97           | 6,051.84                              | 212,033.81           | 169,882.43           | 42,151.38                               |
| Other Salaries for Instruction  | 21,452.80            | 2,607.75                              | 24,060.55            | 24,060.55            |   |
| General supplies  | 4,250.00             | (1,264.16)                            | 2,985.84             | 2,816.00             | 169.84                                  |
| Textbooks   | 1,400.00             |                                       | 1,400.00             | 1,040.30             | 359.70                                  |
| <b>Total Learning and/or Language Disabilities</b>                            | <u>233,084.77</u>    | <u>7,395.43</u>                       | <u>240,480.20</u>    | <u>197,799.28</u>    | <u>42,680.92</u>                        |
| <b>Special Education Instruction - Behavioral Disabilities:</b>               |                      |                                       |                      |                      |   |
| Salaries - EF Aides   | 42,905.59            | 173.15                                | 43,078.74            | 22,196.17            | 20,882.57                               |
| General Supplies  | 500.00               | (173.15)                              | 326.85               | 147.38               | 179.47                                  |
| Textbooks   | 500.00               |                                       | 500.00               | 471.90               | 28.10                                   |
| <b>Total Behavioral Disabilities</b>  | <u>43,905.59</u>     |                                       | <u>43,905.59</u>     | <u>22,815.45</u>     | <u>21,090.14</u>                        |
| <b>Special Education Instruction - Multiple Disabilities:</b>                 |                      |                                       |                      |                      |   |
| Salaries of Teachers  | 493,056.00           | (84,161.82)                           | 408,894.18           | 355,829.18           | 53,065.00                               |
| Other Salaries for Instruction  | 172,360.00           | (33,332.65)                           | 139,027.35           | 139,027.35           |   |
| Related Services-ESY  | 19,800.00            |                                       | 19,800.00            |                      | 19,800.00                               |
| General Supplies  | 4,300.00             | (334.52)                              | 3,965.48             | 3,328.07             | 637.41                                  |
| Textbooks   | 1,900.00             | (200.38)                              | 1,699.62             | 1,630.74             | 68.88                                   |
| <b>Total Multiple Disabilities</b>  | <u>691,416.00</u>    | <u>(118,029.37)</u>                   | <u>573,386.63</u>    | <u>499,815.34</u>    | <u>73,571.29</u>                        |

LEONIA BOARD OF EDUCATION  
GENERAL FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| (Continued from prior page)   | ORIGINAL<br>BUDGET   | BUDGET<br>TRANSFERS AND<br>AMENDMENTS | FINAL BUDGET         | ACTUAL               | VARIANCE<br>FAVORABLE/<br>(UNFAVORABLE) |
|---|----------------------|---------------------------------------|----------------------|----------------------|---|
| Special Education Instruction - Resource Room/Resource Center:      |                      |                                       |                      |                      |   |
| Salaries of teachers  | \$ 939,081.61        | 939.39                                | \$ 940,021.00        | 805,503.38           | \$ 134,517.62                           |
| Other Salaries for Instruction                                      | 174,218.47           | 174.53                                | 174,393.00           | 169,985.76           | 4,407.24                                |
| General supplies  | 1,500.00             | 99.02                                 | 1,599.02             | 1,567.14             | 31.88                                   |
| Textbooks   | 2,800.00             | (984.23)                              | 1,815.77             | 1,731.34             | 84.43                                   |
| Total Resource Room / Resource Center                               | <u>1,117,600.08</u>  | <u>228.71</u>                         | <u>1,117,828.79</u>  | <u>978,787.62</u>    | <u>139,041.17</u>                       |
| Special Education Instruction - Autism                              |                      |                                       |                      |                      |   |
| Salaries of Teachers  | 267,426.09           | \$ 62,715.16                          | 330,141.25           | 330,141.25           |   |
| Other Salaries for Instruction                                      | 271,202.58           | 271.42                                | 271,474.00           | 258,702.35           | 12,771.65                               |
| Professional Education Services                                     | 23,828.04            | 9,631.40                              | 33,459.44            | 31,060.52            | 2,398.92                                |
| General Supplies  | 4,300.00             | 183.99                                | 4,483.99             | 3,982.79             | 501.20                                  |
| Textbooks   | 2,000.00             | (618.80)                              | 1,381.20             | 843.49               | 537.71                                  |
| Total Autism  | <u>568,756.71</u>    | <u>72,183.17</u>                      | <u>640,939.88</u>    | <u>624,730.40</u>    | <u>16,209.48</u>                        |
| Special Education Instruction - Preschool Disabilities - Full-Time: |                      |                                       |                      |                      |   |
| Salaries - Teachers   | 50,435.25            | 50.75                                 | 50,486.00            | 37,200.23            | 13,285.77                               |
| Other Salaries for Instruction                                      | 47,905.59            | 4,395.10                              | 47,300.69            | 47,300.69            |   |
| General supplies  | 1,500.00             |                                       | 1,500.00             | 1,424.21             | 75.79                                   |
| PSD - Textbooks   | 400.00               | (94.16)                               | 305.84               | 178.63               | 127.21                                  |
| Total Preschool Disabilities - Full-Time                            | <u>95,240.84</u>     | <u>4,351.69</u>                       | <u>99,592.53</u>     | <u>86,103.76</u>     | <u>13,488.77</u>                        |
| Special Education Instruction - Home Instruction:                   |                      |                                       |                      |                      |   |
| Purchased Professional - Educational Services                       | 1,000.00             |                                       | 1,000.00             |                      | 1,000.00                                |
| Total Home Instruction  | <u>1,000.00</u>      |                                       | <u>1,000.00</u>      |                      | <u>1,000.00</u>                         |
| Total Special Education - Instruction                               | <u>2,751,003.99</u>  | <u>(33,870.37)</u>                    | <u>2,717,133.62</u>  | <u>2,410,051.85</u>  | <u>307,081.77</u>                       |
| Basic Skills/Remedial - Instruction:                                |                      |                                       |                      |                      |   |
| Salaries of teachers  | 165,394.64           | 165.36                                | 165,560.00           | 129,069.55           | 36,490.45                               |
| General supplies  | 1,000.00             |                                       | 1,000.00             | 32.68                | 967.32                                  |
| Textbooks   | 3,000.00             | (165.36)                              | 2,834.64             | 46.92                | 2,787.72                                |
| Total Basic Skills/Remedial - Instruction                           | <u>169,394.64</u>    |                                       | <u>169,394.64</u>    | <u>129,149.15</u>    | <u>40,245.49</u>                        |
| Bilingual Education - Instruction:                                  |                      |                                       |                      |                      |   |
| Salaries of teachers  | 278,906.27           | 278.73                                | 279,185.00           | 270,396.68           | 8,788.32                                |
| General supplies  | 2,000.00             |                                       | 2,000.00             | 1,377.50             | 622.50                                  |
| Textbooks   | 2,500.00             | 4,221.27                              | 6,721.27             | 6,721.27             |   |
| Total Bilingual Education - Instruction                             | <u>283,406.27</u>    | <u>4,500.00</u>                       | <u>287,906.27</u>    | <u>271,774.18</u>    | <u>16,132.09</u>                        |
| School-Sponsored Co/Extra-Curr. Activities - Instruction:           |                      |                                       |                      |                      |   |
| Salaries  | 150,000.00           | 133,080.15                            | 283,080.15           | 283,080.15           |   |
| General Supplies  | 11,000.00            | (6,833.05)                            | 4,166.95             | 4,075.00             | 91.95                                   |
| Other Objects   | 7,000.00             | (5,849.17)                            | 1,150.83             | 947.50               | 203.33                                  |
| Total School-Sponsored Co/Extra-Curr. Activities - Instruction      | <u>168,000.00</u>    | <u>120,397.93</u>                     | <u>288,397.93</u>    | <u>288,102.65</u>    | <u>295.28</u>                           |
| School Sponsored Athletics - Instruction:                           |                      |                                       |                      |                      |   |
| Salaries  | 300,000.00           | (96,945.50)                           | 203,054.50           | 203,054.50           |   |
| Purchased services (300 - 500 series)                               | 6,000.00             | 9,300.00                              | 15,300.00            | 1,975.90             | 13,324.10                               |
| Supplies and materials  | 86,140.87            | 10,645.71                             | 96,786.58            | 67,742.18            | 29,044.40                               |
| Other Objects   | 18,112.50            | (8,250.00)                            | 9,862.50             | 9,861.22             | 1.28                                    |
| Athletic Deficit - LMS  | 50,000.00            | (8,100.00)                            | 41,900.00            | 41,700.00            | 200.00                                  |
| Total School Sponsored Athletics - Instruction:                     | <u>460,253.37</u>    | <u>(93,349.79)</u>                    | <u>366,903.58</u>    | <u>324,333.80</u>    | <u>42,569.78</u>                        |
| Community Service Programs/Operations:                              |                      |                                       |                      |                      |   |
| Purchased Services (300-500 series)                                 | 17,280.00            |                                       | 17,280.00            | 14,820.00            | 2,460.00                                |
| Total Community Service Programs/Operations                         | <u>17,280.00</u>     |                                       | <u>17,280.00</u>     | <u>14,820.00</u>     | <u>2,460.00</u>                         |
| Total Other Instructional Programs                                  | <u>1,098,334.28</u>  | <u>31,548.14</u>                      | <u>1,129,882.42</u>  | <u>1,028,179.78</u>  | <u>101,702.64</u>                       |
| Total - Instruction   | <u>13,844,634.19</u> | <u>50,673.47</u>                      | <u>13,895,307.66</u> | <u>12,809,481.48</u> | <u>1,085,826.18</u>                     |

LEONIA BOARD OF EDUCATION  
GENERAL FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| (Continued from prior page)  | ORIGINAL<br>BUDGET  | BUDGET<br>TRANSFERS AND<br>AMENDMENTS | FINAL BUDGET        | ACTUAL              | VARIANCE<br>FAVORABLE/<br>(UNFAVORABLE) |
|--|---------------------|---------------------------------------|---------------------|---------------------|---|
| Undistributed Expenditures - Instruction:  |                     |                                       |                     |                     |   |
| Tuition to other LEA's within the state-special                                    | \$ 155,000.00       | \$ (14,632.96)                        | \$ 140,367.04       | 115,816.56          | \$ 24,550.48                            |
| Tuition to county vocational school district-regular                               | 435,120.00          |                                       | 435,120.00          | 411,552.00          | 23,568.00                               |
| Tuition to CSSD & Regular Day schools  | 278,327.00          | (127,552.93)                          | 150,774.07          | 138,167.00          | 12,607.07                               |
| Tuition to private schools for the handicapped w/in state                          | 240,000.00          | 142,185.89                            | 382,185.89          | 340,770.35          | 41,415.54                               |
| Tuition to private schools disabled & other LEA's-Spl, o/s St                      | 421,000.00          | (174,961.94)                          | 246,038.06          | 195,547.00          | 50,491.06                               |
| Total undistributed expenditures - instruction                                     | <u>1,529,447.00</u> | <u>(174,961.94)</u>                   | <u>1,354,485.06</u> | <u>1,201,852.91</u> | <u>152,632.15</u>                       |
| Undistributed Expenditure - Attendance and Social Work:                            |                     |                                       |                     |                     |   |
| Salaries   | 113,321.46          | 1,622.56                              | 114,944.02          | 114,944.02          |   |
| Salary Drop Out Prevention Officer   | 58,057.54           | 2,832.46                              | 60,890.00           | 60,740.00           | 150.00                                  |
| Other Purchased Services (400-500 Series)  | 3,431.37            | (1,888.18)                            | 1,543.19            | 1,371.13            | 172.06                                  |
| Total Undistributed Expenditure - Attendance and Social Work:                      | <u>174,810.37</u>   | <u>2,566.84</u>                       | <u>177,377.21</u>   | <u>177,055.15</u>   | <u>322.06</u>                           |
| Undistributed Expenditures - Health Services:                                      |                     |                                       |                     |                     |   |
| Salaries   | 250,088.74          | (6,156.74)                            | 243,932.00          | 236,656.34          | 7,275.66                                |
| Nurse Aide   | 23,525.26           | 612.74                                | 24,138.00           | 19,522.47           | 4,615.53                                |
| Purchased professional and technical services                                      | 9,830.00            | 40,761.00                             | 50,591.00           | 34,612.10           | 15,978.90                               |
| Supplies and materials   | 8,700.00            | (529.65)                              | 8,170.35            | 7,893.24            | 277.11                                  |
| Undistributed Expenditures - Health Services:                                      | <u>292,144.00</u>   | <u>34,687.35</u>                      | <u>326,831.35</u>   | <u>298,684.15</u>   | <u>28,147.20</u>                        |
| Undistributed Expenditure - Speech, OT/PT & Related Services:                      |                     |                                       |                     |                     |   |
| Salaries   | 448,238.74          | 66,953.06                             | 515,191.80          | 523,916.80          | (8,725.00)                              |
| Purchased professional - educational services                                      | 120,700.67          | (22,907.33)                           | 97,793.34           | 67,256.44           | 30,536.90                               |
| Supplies and materials   | 5,850.00            |                                       | 5,850.00            | 4,747.06            | 1,102.94                                |
| Total Undistributed Expenditure - Speech, OT/PT & Related Services                 | <u>574,789.41</u>   | <u>44,045.73</u>                      | <u>618,835.14</u>   | <u>595,920.30</u>   | <u>22,914.84</u>                        |
| Undistributed Expenditure - Other Support Services Students - Extra Services:      |                     |                                       |                     |                     |   |
| Salaries   | 226,557.78          | 84,903.59                             | 311,461.37          | 311,461.37          |   |
| Purchased professional - educational services                                      | 40,326.00           | 414.15                                | 40,740.15           | 21,186.50           | 19,553.65                               |
| Total Undistributed Expenditure - Other Support Services Students - Extra Services | <u>266,883.78</u>   | <u>85,317.74</u>                      | <u>352,201.52</u>   | <u>332,647.87</u>   | <u>19,553.65</u>                        |
| Undistributed Expenditures - Guidance:   |                     |                                       |                     |                     |   |
| Salaries of other professional staff   | 438,278.66          | 434.34                                | 438,713.00          | 426,989.63          | 11,723.37                               |
| Salaries of secretarial and clerical assistants                                    | 51,725.42           | 3,889.46                              | 55,614.88           | 55,614.76           | 0.12                                    |
| Other Purchased Prof. and Tech. Services   | 16,640.00           | (3,836.88)                            | 12,803.12           | 12,676.29           | 126.83                                  |
| Rent/LP - Guidance   | 800.00              |                                       | 800.00              | 767.44              | 32.56                                   |
| Travel - Guidance  | 3,825.00            |                                       | 3,825.00            |                     | 3,825.00                                |
| Other Purchased Services (400-500 Series)  | 18,003.88           | (9,358.02)                            | 8,645.86            | 4,532.00            | 4,113.86                                |
| Supplies and Materials   | 23,000.00           |                                       | 23,000.00           | 5,273.03            | 17,726.97                               |
| Other objects  | 3,750.00            | (1,217.45)                            | 2,532.55            | 319.00              | 2,213.55                                |
| Total Undistributed Expenditures - Guidance  | <u>556,022.96</u>   | <u>(10,088.55)</u>                    | <u>545,934.41</u>   | <u>506,172.15</u>   | <u>39,762.26</u>                        |
| Undistributed Expenditures - Child Study Teams:                                    |                     |                                       |                     |                     |   |
| Salaries of other professional staff   | 570,992.00          | (15,444.00)                           | 555,548.00          | 494,011.19          | 61,536.81                               |
| Salaries of secretarial and clerical assistants                                    | 66,576.01           | 66.99                                 | 66,643.00           | 64,869.84           | 1,773.16                                |
| Purchased professional - educational services                                      | 14,600.00           | 2,077.35                              | 16,677.35           | 16,077.35           | 600.00                                  |
| Other Purchased Prof. and Tech. Services   | 24,000.00           | (17,811.00)                           | 6,189.00            | 6,189.00            |   |
| Rent/LP CST - LMS  | 800.00              |                                       | 800.00              | 767.44              | 32.56                                   |
| Misc Pur Serv (400-500 series o/ than Resid Cost)                                  | 9,600.00            |                                       | 9,600.00            | 2,400.00            | 7,200.00                                |
| Supplies and materials   | 17,154.70           | (1,129.98)                            | 16,024.72           | 11,388.57           | 4,636.15                                |
| Total Undistributed Expenditures - Child Study Teams                               | <u>703,722.71</u>   | <u>(32,240.64)</u>                    | <u>671,482.07</u>   | <u>595,703.39</u>   | <u>75,778.68</u>                        |

LEONIA BOARD OF EDUCATION  
GENERAL FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| (Continued from prior page)  | ORIGINAL<br>BUDGET | BUDGET<br>TRANSFERS AND<br>AMENDMENTS | FINAL BUDGET  | ACTUAL       | VARIANCE<br>FAVORABLE/<br>(UNFAVORABLE) |
|--|--------------------|---------------------------------------|---------------|--------------|---|
| Undistributed Expenditures - Improvement of Instructional Services:          |                    |                                       |               |              |   |
| Salaries of other professional staff   | \$ 140,647.98      | \$ 3,807.66                           | \$ 144,455.64 | 110,420.76   | \$ 34,034.88                            |
| Prof. education services   | 13,000.00          | (3,807.66)                            | 9,192.34      |              | 9,192.34                                |
| Total Undistributed Expenditures - Improvement of Instructional Services     | 153,647.98         |                                       | 153,647.98    | 110,420.76   | 43,227.22                               |
| Undistributed Expenditures - Educational Media Serv./Sch. Library:           |                    |                                       |               |              |   |
| Salaries   | 209,309.72         | 2,069.77                              | 211,379.49    | 207,431.44   | 3,948.05                                |
| Salaries of Technology Coordinators  | 169,251.52         | 1,242.70                              | 170,494.22    | 163,073.98   | 7,420.24                                |
| Supplies and Materials   | 30,200.00          | (3,312.47)                            | 26,887.53     | 23,621.65    | 3,265.88                                |
| Total Undistributed Expenditures - Educational Media Serv./Sch. Library      | 408,761.24         |                                       | 408,761.24    | 394,127.07   | 14,634.17                               |
| Undistributed Expenditures - Instructional Staff Training Services:          |                    |                                       |               |              |   |
| Other salaries Inst  |                    | 612.50                                | 612.50        | 612.50       |   |
| Other purchased professional - educational services                          | 82,894.00          | (612.50)                              | 82,281.50     | 48,205.84    | 34,075.66                               |
| Total Undistributed Expenditures - Instructional Staff Training Services     | 82,894.00          |                                       | 82,894.00     | 48,818.34    | 34,075.66                               |
| Undistributed Expenditures - Support Services - General Administration:      |                    |                                       |               |              |   |
| Salaries   |                    |                                       |               |              |   |
| Salary-Supt Office   | 164,666.25         | 164.75                                | 164,831.00    | 154,350.00   | 10,481.00                               |
| Sal-Other Prof Staff   | 142,155.59         | 142.41                                | 142,298.00    | 134,025.77   | 8,272.23                                |
| Salary- Treasurer of   | 5,488.88           | 5.12                                  | 5,494.00      | 5,145.00     | 349.00                                  |
| Legal services   | 67,823.02          | (491.55)                              | 67,331.47     | 55,558.52    | 11,772.95                               |
| Audit fees   | 25,000.00          | 280.00                                | 25,280.00     | 25,280.00    |   |
| Other purchased professional services  | 50,200.00          |                                       | 50,200.00     | 36,904.00    | 13,296.00                               |
| Rent/LP - Bo of Education  |                    |                                       |               |              |   |
| Communications / Telephone   | 253,091.02         |                                       | 253,091.02    | 208,420.05   | 44,670.97                               |
| Travel- Supt   |                    | 688.80                                | 688.80        | 688.80       |   |
| BOE other purchased services   | 19,000.00          |                                       | 19,000.00     |              | 19,000.00                               |
| Miscellaneous purchased services   | 140,391.84         |                                       | 140,391.84    | 104,646.75   | 35,745.09                               |
| General Supplies   | 8,052.20           | (477.25)                              | 7,574.95      | 7,370.39     | 204.56                                  |
| Miscellaneous expenditures   | 17,000.00          | 816.71                                | 17,816.71     | 17,431.71    | 385.00                                  |
| BOE membership dues and fees   | 17,200.00          | (7,721.28)                            | 9,478.72      | 1,000.00     | 8,478.72                                |
| Total Undistributed Expenditures - Support Services - General Administration | 910,068.80         | (6,592.29)                            | 903,476.51    | 750,820.99   | 152,655.52                              |
| Undistributed Expenditures - Support Services - School Administration:       |                    |                                       |               |              |   |
| Salaries of principals/asst principals                                       | 768,804.24         | 768.76                                | 769,573.00    | 724,196.48   | 45,376.52                               |
| Salaries of other professional staff   | 439,001.79         | 76,298.99                             | 515,300.78    | 507,424.13   | 7,876.65                                |
| Salaries of secretarial and clerical assistants                              | 351,009.61         | 351.39                                | 351,361.00    | 329,137.33   | 22,223.67                               |
| Rent/LP Office - ACS, LMS, LHS   | 4,800.00           | (38.88)                               | 4,761.12      | 4,604.65     | 156.47                                  |
| Other purchased services (400 - 500 series)                                  | 1,500.00           | 2,594.81                              | 4,094.81      | 4,083.81     | 11.00                                   |
| Supplies and materials   | 73,793.78          | (28,371.63)                           | 45,422.15     | 38,147.61    | 7,274.54                                |
| Other objects  | 68,975.00          | (45,011.15)                           | 23,963.85     | 23,963.85    |   |
| Total Undistributed Expenditures - Support Services - School Administration  | 1,707,884.42       | 6,592.29                              | 1,714,476.71  | 1,631,557.86 | 82,918.85                               |
| Undistributed Expenditures - Central Services:                               |                    |                                       |               |              |   |
| Salaries   | 141,037.95         | 141.05                                | 141,179.00    | 138,406.62   | 2,772.38                                |
| Salaries BD Office   | 170,985.25         | 170.75                                | 171,156.00    | 114,435.19   | 56,720.81                               |
| Purchased Professional Services  | 57,000.00          | (364.85)                              | 56,635.15     | 31,526.79    | 25,108.36                               |
| Purchased Technical Services   | 14,000.00          |                                       | 14,000.00     | 10,400.00    | 3,600.00                                |
| Travel   | 4,795.39           |                                       | 4,795.39      | 2,814.93     | 1,980.46                                |
| Misc. Purchased Services (400-500) [O/T 594]                                 | 1,000.00           |                                       | 1,000.00      | 80.00        | 920.00                                  |
| Supplies and materials   | 11,775.63          | 407.35                                | 12,182.98     | 11,417.54    | 765.44                                  |
| Interest on lease purchase agreements  | 4,000.00           | (407.35)                              | 3,592.65      | 2,289.05     | 1,303.60                                |
| Miscellaneous expenditures   | 4,000.00           |                                       | 4,000.00      | 2,227.50     | 1,772.50                                |
| Total Undistributed Expenditures - Central Services                          | 408,594.22         | (53.05)                               | 408,541.17    | 313,597.62   | 94,943.55                               |
| Undistributed Expenditures - Administrative Information Technology:          |                    |                                       |               |              |   |
| Salaries   | 53,215.95          | 53.05                                 | 53,269.00     | 52,041.38    | 1,227.62                                |
| Total Undistributed Expenditures - Administrative Information Technology     | 53,215.95          | 53.05                                 | 53,269.00     | 52,041.38    | 1,227.62                                |

LEONIA BOARD OF EDUCATION  
GENERAL FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| (Continued from prior page)   | ORIGINAL<br>BUDGET | BUDGET<br>TRANSFERS AND<br>AMENDMENTS | FINAL BUDGET  | ACTUAL       | VARIANCE<br>FAVORABLE/<br>(UNFAVORABLE) |
|---|--------------------|---------------------------------------|---------------|--------------|---|
| Undistributed Expenditures - Required Maintenance for School Facilities:      |                    |                                       |               |              |   |
| Salaries  | \$ 243,246.03      | \$ 242.97                             | \$ 243,489.00 | 238,454.17   | \$ 5,034.83                             |
| Cleaning, repair and maintenance services                                     | 1,538,858.43       | (136,941.46)                          | 1,401,916.97  | 412,424.47   | 989,492.50                              |
| General supplies  | 23,823.04          | 18,735.24                             | 42,558.28     | 39,249.56    | 3,308.72                                |
| Other objects   |                    | 4,348.58                              | 4,348.58      | 4,345.58     | 3.00                                    |
| Total Undistributed Expenditures - Required Maintenance for School Facilities | 1,805,927.50       | (113,614.67)                          | 1,692,312.83  | 694,473.78   | 997,839.05                              |
| Undistributed Expenditures - Custodial Services:                              |                    |                                       |               |              |   |
| Energy - Gasoline   | 15,000.00          |                                       | 15,000.00     | 3,506.93     | 11,493.07                               |
| Salaries  | 411,084.87         | 136,229.35                            | 547,314.22    | 522,298.16   | 25,016.06                               |
| Purchased professional and technical services                                 | 8,500.00           | (4,604.66)                            | 3,895.34      | 2,390.00     | 1,505.34                                |
| Cleaning, repair and maint. services  | 405,143.73         | (168,401.10)                          | 236,742.63    | 133,777.40   | 102,965.23                              |
| Rental of Land & Bldg- Other than Lease Purchase                              | 3,500.00           | 304.00                                | 3,804.00      | 3,804.00     |   |
| Other purchased property services   | 107,490.88         | 19,320.14                             | 126,811.02    | 117,722.63   | 9,088.39                                |
| Insurance   | 195,000.00         |                                       | 195,000.00    | 185,741.50   | 9,258.50                                |
| Miscellaneous purchased services  |                    | 2,842.50                              | 2,842.50      | 2,842.50     |   |
| General supplies  | 157,040.65         |                                       | 157,040.65    | 77,824.13    | 79,216.52                               |
| Energy (Electricity)  | 548,194.99         | 80,739.45                             | 628,934.44    | 448,141.20   | 180,793.24                              |
| Other objects   | 1,000.00           |                                       | 1,000.00      | 746.39       | 253.61                                  |
| Salaries - Non Instructional Aides  | 185,067.01         | 184.99                                | 185,252.00    | 152,229.57   | 33,022.43                               |
| Energy (natural gas)  | 222,277.32         | 47,000.00                             | 269,277.32    | 85,657.98    | 183,619.34                              |
| Total Undistributed Expenditures - Custodial Services                         | 2,259,299.45       | 113,614.67                            | 2,372,914.12  | 1,736,682.39 | 636,231.73                              |
| Undistributed Expenditures - Custodial Services:                              |                    |                                       |               |              |   |
| Salaries  | 54,708.92          | 535.32                                | 55,244.24     | 55,244.24    |   |
| Cleaning, repair and maint. services  | 53,529.83          | (480.24)                              | 53,049.59     | 32,331.11    | 20,718.48                               |
| General Supplies  | 5,000.00           | (757.08)                              | 4,242.92      | 2,956.47     | 1,286.45                                |
| Total Undistributed Expenditures - Custodial Services                         | 113,238.75         | (702.00)                              | 112,536.75    | 90,531.82    | 22,004.93                               |
| Undistributed Expenditures - Security:  |                    |                                       |               |              |   |
| Salaries  | 27,000.00          | 8,047.42                              | 35,047.42     | 33,872.42    | 1,175.00                                |
| Total Security  | 27,000.00          | 8,047.42                              | 35,047.42     | 33,872.42    | 1,175.00                                |
| Undistributed Expenditures - Student Transportation Services:                 |                    |                                       |               |              |   |
| Salaries Non-instructional aides  |                    |                                       |               |              |   |
| Salaries For Pupil Trans (Bet. Home and School)-Regular                       | 377,835.55         | (2,147.87)                            | 375,687.68    | 357,226.41   | 18,461.27                               |
| Salaries for pupil transportation (between home and school) - special ed      | 24,091.98          | 24.02                                 | 24,116.00     | 23,579.31    | 536.69                                  |
| Salaries for pupil transportation(Other than bet. home and school)            | 85,000.00          | (26,024.13)                           | 58,975.87     | 24,858.55    | 34,117.32                               |
| TSP -Employee Benefits  |                    |                                       |               |              |   |
| Cleaning, repair and maintenance services                                     | 90,000.00          | 9,435.36                              | 99,435.36     | 94,782.33    | 4,653.03                                |
| Contracted services (between home & school) - vendors                         | 75,000.00          | (9,573.11)                            | 65,426.89     |              | 65,426.89                               |
| Contracted services (other than between home and school) - vendors            | 27,655.00          |                                       | 27,655.00     | 8,898.00     | 18,757.00                               |
| Contracted services (between home & school) -Joint Agreements                 | 75,000.00          | (16,544.57)                           | 58,455.43     | 52,806.56    | 5,648.87                                |
| Contracted Services (Special Education Students) - Vendors                    | 1,065.00           | 50,070.00                             | 51,135.00     | 51,070.00    | 65.00                                   |
| Contracted services (special ed. students) -joint agreements                  | 105,500.00         | 116,531.56                            | 222,031.56    | 222,031.55   | 0.01                                    |
| Misc. Purchased Services - Transportation                                     | 4,500.00           | (287.90)                              | 4,212.10      |              | 4,212.10                                |
| General Supplies  | 9,000.00           | (1,307.48)                            | 7,692.52      |              | 7,692.52                                |
| Transportation Supplies   | 75,000.00          |                                       | 75,000.00     | 46,013.52    | 28,986.48                               |
| Miscellaneous Expense   | 2,000.00           |                                       | 2,000.00      | 2,000.00     |   |
| Total Undistributed Expenditures - Student Transportation Services            | 951,647.53         | 120,175.88                            | 1,071,823.41  | 883,266.23   | 188,557.18                              |
| Unallocated Benefits - Employee Benefits:                                     |                    |                                       |               |              |   |
| Social security contributions   | 411,000.00         | 2,365.79                              | 413,365.79    | 390,041.09   | 23,324.70                               |
| Other retirement contributions - PERS   | 400,000.00         | (49,521.30)                           | 350,478.70    | 343,433.44   | 7,045.26                                |
| Other retirement contributions - Regular                                      | 20,000.00          | 7,502.71                              | 27,502.71     | 27,101.85    | 400.86                                  |
| Unemployment Compensation   | 65,000.00          |                                       | 65,000.00     | 60,694.70    | 4,305.30                                |
| Workmen's compensation  | 178,000.00         | (8,632.70)                            | 169,367.30    | 168,657.50   | 709.80                                  |
| Health benefits   | 4,160,270.00       | (116,055.66)                          | 4,044,214.34  | 3,865,619.31 | 178,595.03                              |
| Tuition reimbursements  | 50,000.00          | (309.57)                              | 49,690.43     | 15,497.77    | 34,192.66                               |
| Other employee benefits   | 45,812.83          | 37,129.43                             | 82,942.26     | 78,985.15    | 3,957.11                                |
| Total Unallocated Benefits - Employee Benefits                                | 5,330,082.83       | (127,521.30)                          | 5,202,561.53  | 4,950,030.81 | 252,530.72                              |
| Total On-behalf TPAF contributions:   |                    |                                       |               |              |   |
| On-behalf TPAF post-retirement medical (non-budgeted)                         |                    |                                       |               | 1,181,056.00 | (1,181,056.00)                          |
| NCGI-non-budgeted   |                    |                                       |               | 49,933.00    | (49,933.00)                             |
| On-behalf TPAF pension (non-budgeted)   |                    |                                       |               | 694,039.00   | (694,039.00)                            |
| Reimbursed TPAF social security contributions (non-budgeted)                  |                    |                                       |               | 1,015,480.53 | (1,015,480.53)                          |
| Total On-behalf TPAF contributions  |                    |                                       |               | 2,940,508.53 | (2,940,508.53)                          |

LEONIA BOARD OF EDUCATION  
GENERAL FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| (Continued from prior page)   | ORIGINAL<br>BUDGET       | BUDGET<br>TRANSFERS AND<br>AMENDMENTS | FINAL BUDGET           | ACTUAL                 | VARIANCE<br>FAVORABLE/<br>(UNFAVORABLE) |
|---|--------------------------|---------------------------------------|------------------------|------------------------|---|
| Total undistributed expenditures  | \$ 18,310,082.90         | \$ (50,673.47)                        | \$ 18,259,409.43       | 18,338,785.92          | \$ (79,376.49)                          |
| TOTAL EXPENDITURES - CURRENT EXPENSE  | <u>32,154,717.09</u>     |                                       | <u>32,154,717.09</u>   | <u>31,148,267.40</u>   | <u>1,006,449.69</u>                     |
| Equipment:  |                          |                                       |                        |                        |   |
| Undistributed expenditures:   |                          |                                       |                        |                        |   |
| Instruction   |                          |                                       |                        | 50,359.80              | (50,359.80)                             |
| School Admin  |                          |                                       |                        | 2,434.58               | (2,434.58)                              |
| Required maintenance of school facilities   | 57,000.00                |                                       | 57,000.00              | 6,315.00               | 50,685.00                               |
| Security Project LHS  | 82,527.00                |                                       | 82,527.00              | 82,527.00              |   |
| Fitness Equipment PE  |                          |                                       |                        | 13,050.00              | (13,050.00)                             |
| Total Equipment   | <u>139,527.00</u>        |                                       | <u>139,527.00</u>      | <u>154,686.38</u>      | <u>(15,159.38)</u>                      |
| Facilities Acquisition and Construction Services:   |                          |                                       |                        |                        |   |
| Other objects   | 44,993.00                |                                       | 44,993.00              | 44,993.00              |   |
| Total facilities acquis. and const. services  | <u>44,993.00</u>         |                                       | <u>44,993.00</u>       | <u>44,993.00</u>       |   |
| TOTAL CAPITAL OUTLAY  | <u>184,520.00</u>        |                                       | <u>184,520.00</u>      | <u>199,679.38</u>      | <u>(15,159.38)</u>                      |
| TOTAL EXPENDITURES  | <u>32,339,237.09</u>     |                                       | <u>32,339,237.09</u>   | <u>31,347,946.78</u>   | <u>991,290.31</u>                       |
| Excess (deficiency) of revenues<br>over (under) expenditures  | <u>(3,562,831.09)</u>    |                                       | <u>(3,562,831.09)</u>  | <u>661,158.82</u>      | <u>4,223,989.91</u>                     |
| Excess of revenues and other financing sources over<br>expenditures and other expenditures and other<br>financing sources | <u>(3,562,831.09)</u>    |                                       | <u>(3,562,831.09)</u>  | <u>661,158.82</u>      | <u>4,223,989.91</u>                     |
| Fund balances, July 1   |                          |                                       | <u>8,799,891.62</u>    | <u>8,799,891.62</u>    |   |
| Fund balances, June 30  | <u>\$ (3,562,831.09)</u> | <u>\$</u>                             | <u>\$ 5,237,060.53</u> | <u>\$ 9,461,050.44</u> | <u>\$ 4,223,989.91</u>                  |
| Recapitulation:   |                          |                                       |                        |                        |   |
| Assigned - year-end encumbrances  |                          |                                       |                        | \$ 1,413,718.70        |   |
| Restricted - tuition reserve  |                          |                                       |                        | 150,000.00             |   |
| Restricted - emergency reserve  |                          |                                       |                        | 100,000.00             |   |
| Restricted - maintenance reserve  |                          |                                       |                        | 300,000.00             |   |
| Restricted - capital reserve  |                          |                                       |                        | 2,065,000.00           |   |
| Restricted - excess surplus - designated for subsequent year's expenditures   |                          |                                       |                        | 2,503,317.29           |   |
| Restricted - excess surplus - current year  |                          |                                       |                        | 2,214,055.98           |   |
| Committed - designated for subsequent years expenditures  |                          |                                       |                        | 106,472.71             |   |
| Unassigned fund balance   |                          |                                       |                        | <u>608,485.76</u>      |   |
|   |                          |                                       |                        | 9,461,050.44           |   |
| Reconciliation to governmental funds statements (GAAP):   |                          |                                       |                        |                        |   |
| Last state aid payment not recognized on GAAP basis   |                          |                                       |                        | <u>(320,041.00)</u>    |   |
| Fund balance per governmental funds (GAAP)  |                          |                                       |                        | <u>9,141,009.44</u>    |   |

BOROUGH OF LEONIA SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR FISCAL YEARS ENDED JUNE 30, 2015

|   | <u>ORIGINAL<br/>BUDGET</u> | <u>BUDGET TRANSFERS/<br/>AMENDMENTS</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>        | <u>VARIANCE<br/>FINAL TO ACTUAL</u> |
|---|----------------------------|---|-------------------------|----------------------|-------------------------------------|
| <b>REVENUES:</b>                            |                            |   |                         |                      |                                     |
| State sources                               | \$                         | \$ 5,518.00                             | \$ 5,518.00             | \$ 5,115.20          | \$ (402.80)                         |
| Federal sources                             | 605,809.72                 | 9,552.18                                | 615,361.90              | 544,995.63           | (70,366.27)                         |
| Other sources                               | 38,950.18                  | 27,009.78                               | 65,959.96               | 35,181.72            | (30,778.24)                         |
| Total revenues                              | <u>644,759.90</u>          | <u>42,079.96</u>                        | <u>686,839.86</u>       | <u>585,292.55</u>    | <u>(101,547.31)</u>                 |
| <b>EXPENDITURES:</b>                        |                            |   |                         |                      |                                     |
| Instruction:                                |                            |   |                         |                      |                                     |
| Salaries of teachers                        | 103,289.00                 | 20,507.20                               | 123,796.20              | 99,956.05            | 23,840.15                           |
| Purchased professional & technical services | 350.00                     | 122.00                                  | 472.00                  | 472.00               |                                     |
| Other Purchased Services                    | 21.00                      |   | 21.00                   |                      | 21.00                               |
| Tuition                                     | 363,182.00                 | (2,746.80)                              | 360,435.20              | 353,596.00           | 6,839.20                            |
| Supplies and materials                      | 22,934.95                  | 5,993.05                                | 28,928.00               | 6,275.89             | 22,652.11                           |
| Miscellaneous                               | 15,000.00                  | 1,400.00                                | 16,400.00               | 16,400.00            |                                     |
| Total instruction                           | <u>504,776.95</u>          | <u>25,275.45</u>                        | <u>530,052.40</u>       | <u>476,699.94</u>    | <u>53,352.46</u>                    |
| Support services:                           |                            |   |                         |                      |                                     |
| Other salaries                              | 23,849.00                  | (2,947.40)                              | 20,901.60               | 559.60               | 20,342.00                           |
| Purchased prof. & educ. services            | 38,465.00                  | (8,400.00)                              | 30,065.00               | 23,995.01            | 6,069.99                            |
| Purchased prof. and tech. services          | 5,807.23                   | 3,132.73                                | 8,939.96                | 7,724.58             | 1,215.38                            |
| Personal services - employee benefits       | 25,794.00                  | 18,733.00                               | 44,527.00               | 42,407.36            | 2,119.64                            |
| Other purchased services                    | 26,848.12                  | 3,842.88                                | 30,691.00               | 14,605.13            | 16,085.87                           |
| General supplies                            | 19,052.60                  | 2,443.30                                | 21,495.90               | 19,300.93            | 2,194.97                            |
| Miscellaneous                               | 167.00                     |   | 167.00                  |                      | 167.00                              |
| Total support services                      | <u>139,982.95</u>          | <u>16,804.51</u>                        | <u>156,787.46</u>       | <u>108,592.61</u>    | <u>48,194.85</u>                    |
| Total expenditures                          | <u>\$ 644,759.90</u>       | <u>\$ 42,079.96</u>                     | <u>\$ 686,839.86</u>    | <u>\$ 585,292.55</u> | <u>\$ 101,547.31</u>                |

LEONIA BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
BUDGET TO GAAP RECONCILIATION  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Note A - Explanation of difference between budgetary inflows and outflows and GAAP revenues and expenditures

|  | GENERAL<br>FUND  | SPECIAL<br>REVENUE<br>FUND |
|--|------------------|----------------------------|
| Sources/inflows of resources   |                  |                            |
| Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule  | \$ 32,009,105.60 | \$ 585,292.55              |
| Difference - budget to GAAP:   |                  |                            |
| State aid payment recognized for GAAP statements in the current year, previously it was recognized for budgetary purposes.   | 329,850.00       |                            |
| The last state aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) | (320,041.00)     |                            |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.   |                  |                            |
| Adjust for encumbrances:   |                  |                            |
| Add prior year encumbrances  |                  | 15,432.78                  |
| Less prior year encumbrances canceled  |                  | (275.72)                   |
| Less current year encumbrances   |                  | (1,327.78)                 |
|  |                  |                            |
| Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.   | \$ 32,018,914.60 | \$ 599,121.83              |
| Uses/outflows of resources   |                  |                            |
| Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule   | \$ 31,347,946.78 | \$ 585,292.55              |
| Difference - budget to GAAP:   |                  |                            |
| Adjust for encumbrances:   |                  |                            |
| Add prior year encumbrances  |                  | 15,432.78                  |
| Less prior year encumbrances canceled  |                  | (275.72)                   |
| Less current year encumbrances   |                  | (1,327.78)                 |
|  |                  |                            |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds  | \$ 31,347,946.78 | \$ 599,121.83              |

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)**

Borough of Leonia School District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Public Employees Retirement System  
Last Ten Years

| <u>Fiscal Year</u><br><u>Ending</u><br><u>June 30,</u> | <u>District's</u><br><u>Proportion Share</u><br><u>of the Net Pension</u><br><u>Liability (Asset)</u> | <u>District's</u><br><u>Proportionate</u><br><u>Share of</u><br><u>the Net Pension</u><br><u>Liability (Asset)</u> | <u>District's</u><br><u>Covered-Employee</u><br><u>Payroll</u> | <u>District's</u><br><u>Proportion Share</u><br><u>of the Net Pension</u><br><u>Liability (Asset)</u><br><u>as a percentage</u><br><u>of it's Covered-</u><br><u>Employee Payroll</u> | <u>Plan Fiduciary</u><br><u>Net Position</u><br><u>as a percentage</u><br><u>of the total</u><br><u>Pension Liability</u> |
|--|---|--|--|---|---|
| 2014   | 0.0407911522%   | \$ 7,796,000   | \$ 2,566,468.00  | 303.76%   | 40.71%  |
| 2015   | 0.0416107474%   | 7,790,670  | 2,439,335.00   | 319.38%   | 42.74%  |

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

Borough of Leonia School District  
Schedule of the District's Contributions  
Public Employees Retirement System  
Last Ten Years

| Fiscal Year<br>Ending<br><u>June 30,</u> | <u>Contractually<br/>Required<br/>Contribution</u> | Contributions in<br>Relation to the<br><u>Contractually<br/>Required<br/>Contributions</u> | Contribution<br>Deficiency<br><u>(Excess)</u> | District's<br>Covered-<br>Employee<br><u>Payroll</u> | Contributions as<br>a Percentage of<br>Covered-<br>Employee<br><u>Payroll</u> |
|--|--|--|---|--|---|
| 2014                                     | \$ 343,033   | \$ 343,033   | \$ -0-  | \$ 2,566,468.00                                      | 13.37%  |
| 2015                                     | 377,298  | 377,298  | -0-   | 2,439,335.00   | 15.47%  |

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

Borough of Leonia School District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Teachers Pension and Annuity Fund  
Last Ten Years

| Fiscal Year<br>Ending<br><u>June 30,</u> | District's<br>Proportion Share<br>of the Net Pension<br><u>Liability (Asset)</u> | District's<br>Proportionate<br>Share of<br>the Net Pension<br><u>Liability (Asset)</u> | District's<br>Covered-Employee<br><u>Payroll</u> | District's<br>Proportion Share<br>of the Net Pension<br>Liability (Asset)<br>as a percentage<br>of it's Covered-<br><u>Employee Payroll</u> | Plan Fiduciary<br>Net Position<br>as a percentage<br>of the total<br><u>Pension Liability</u> |
|--|--|--|--|---|---|
| 2014                                     | 0.1421936665%  | \$ -0-   | \$ 13,286,892.00                                 | -0-   | 33.76%  |
| 2015                                     | 0.1383382036%  | -0-  | 13,801,527.00                                    | -0-   | 33.64%  |

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

BOROUGH OF LEONIA SCHOOL DISTRICT  
SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)  
NOTE TO RSI III  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (4.63%) to the current measurement date (4.29%), resulting in a change in the discount rate from 5.55% to 5.39%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (4.63%) to the current measurement date (4.29%), resulting in a change in the discount rate from 4.95% to 4.68%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND  
DETAIL STATEMENTS**

BOROUGH OF LEONIA - SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|  | NONPUBLIC<br>NURSING<br>SERVICES | NONPUBLIC<br>TECHNOLOGY | NONPUBLIC<br>TEXTBOOKS | LOCAL<br>GRANTS  | IDEA<br>PRESCHOOL |
|--|----------------------------------|-------------------------|------------------------|------------------|-------------------|
| REVENUES:  |                                  |                         |                        |                  |                   |
| State sources  | \$ 3,094.60                      | \$ 620.60               | \$ 1,400.00            | \$               | \$                |
| Federal sources  |                                  |                         |                        |                  | 10,594.80         |
| Local sources  |                                  |                         |                        | 35,181.72        |                   |
| Total revenues   | <u>3,094.60</u>                  | <u>620.60</u>           | <u>1,400.00</u>        | <u>35,181.72</u> | <u>10,594.80</u>  |
| EXPENDITURES:  |                                  |                         |                        |                  |                   |
| Instruction:   |                                  |                         |                        |                  |                   |
| Salaries of teachers   | 2,535.00                         |                         |                        |                  | 10,594.80         |
| Other salaries for instruction                               |                                  |                         |                        |                  |                   |
| Purchased prof. & tech. services                             |                                  |                         |                        |                  |                   |
| Tuition  |                                  |                         |                        |                  |                   |
| General supplies   |                                  | 620.60                  |                        | 2,362.30         |                   |
| Textbooks  |                                  |                         | 1,400.00               | 15,000.00        |                   |
| Total instruction  | <u>2,535.00</u>                  | <u>620.60</u>           | <u>1,400.00</u>        | <u>17,362.30</u> | <u>10,594.80</u>  |
| Support services:  |                                  |                         |                        |                  |                   |
| Other salaries   | 559.60                           |                         |                        |                  |                   |
| Personal services - employee benefits                        |                                  |                         |                        |                  |                   |
| Purchased prof. and ed. services                             |                                  |                         |                        |                  |                   |
| Purchased prof. & tech. services                             |                                  |                         |                        | 3,684.42         |                   |
| Other purchased services                                     |                                  |                         |                        |                  |                   |
| Supplies and materials                                       |                                  |                         |                        | 14,135.00        |                   |
| Total support services                                       | <u>559.60</u>                    |                         |                        | <u>17,819.42</u> |                   |
| Total expenditures   | <u>3,094.60</u>                  | <u>620.60</u>           | <u>1,400.00</u>        | <u>35,181.72</u> | <u>10,594.80</u>  |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>-0-</u>                       | <u>-0-</u>              | <u>-0-</u>             | <u>-0-</u>       | <u>-0-</u>        |

(Continued on next page)

BOROUGH OF LEONIA - SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|  | IDEA - PART B<br>BASIC | TITLE IIA        | TITLE I           | TITLE III        | PERKINS<br>GRANT | Totals            |
|--|------------------------|------------------|-------------------|------------------|------------------|-------------------|
| <b>REVENUES:</b>   |                        |                  |                   |                  |                  |                   |
| State sources  | \$                     | \$               | \$                | \$               | \$               | 5,115.20          |
| Federal sources  | 379,937.28             | 27,254.44        | 103,323.96        | 10,077.00        | 13,808.15        | 544,995.63        |
| Local sources  |                        |                  |                   |                  |                  | 35,181.72         |
| <b>Total revenues</b>  | <u>379,937.28</u>      | <u>27,254.44</u> | <u>103,323.96</u> | <u>10,077.00</u> | <u>13,808.15</u> | <u>585,292.55</u> |
| <b>EXPENDITURES:</b>   |                        |                  |                   |                  |                  |                   |
| Instruction:   |                        |                  |                   |                  |                  |                   |
| Salaries of teachers   |                        |                  | 72,746.25         | 10,000.00        | 4,080.00         | 99,956.05         |
| Other salaries for instruction                                       |                        |                  |                   |                  | 472.00           | 472.00            |
| Purchased prof. & tech. services                                     |                        |                  |                   |                  |                  | 353,596.00        |
| Tuition  | 353,596.00             |                  |                   |                  |                  | 6,275.89          |
| General supplies   |                        |                  |                   | 77.00            | 3,215.99         | 16,400.00         |
| Textbooks  |                        |                  |                   |                  |                  | <u>16,400.00</u>  |
| <b>Total instruction</b>   | <u>353,596.00</u>      | <u>27,254.44</u> | <u>72,746.25</u>  | <u>10,077.00</u> | <u>7,767.99</u>  | <u>476,699.94</u> |
| Support services:  |                        |                  |                   |                  |                  |                   |
| Other salaries   |                        |                  |                   |                  |                  | 559.60            |
| Personal services - employee benefits                                | 20,269.28              |                  | 22,138.08         |                  |                  | 42,407.36         |
| Purchased prof. and ed. services                                     |                        | 21,995.01        |                   |                  | 2,000.00         | 23,995.01         |
| Purchased prof. & tech. services                                     |                        |                  |                   |                  | 4,040.16         | 7,724.58          |
| Other purchased services   | 2,072.00               | 4,093.50         | 8,439.63          |                  |                  | 14,605.13         |
| Supplies and materials   | 4,000.00               | 1,165.93         |                   |                  |                  | 19,300.93         |
| <b>Total support services</b>  | <u>26,341.28</u>       | <u>27,254.44</u> | <u>30,577.71</u>  | <u>10,077.00</u> | <u>6,040.16</u>  | <u>108,592.61</u> |
| <b>Total expenditures</b>  | <u>379,937.28</u>      | <u>27,254.44</u> | <u>103,323.96</u> | <u>10,077.00</u> | <u>13,808.15</u> | <u>585,292.55</u> |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>-0-</u>             | <u>-0-</u>       | <u>-0-</u>        | <u>-0-</u>       | <u>-0-</u>       | <u>-0-</u>        |

## **CAPITAL PROJECTS FUND DETAIL STATEMENTS**

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

BOROUGH OF LEONIA SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE-BUDGETARY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|   | <u>4/15/2003</u><br><u>REFERENDUM</u> | <u>9/28/2009</u><br><u>REFERENDUM</u> | <u>TOTAL</u>           |
|---|---------------------------------------|---------------------------------------|------------------------|
| REVENUES AND OTHER FINANCING SOURCES:                     |                                       |                                       |                        |
| Earnings on investments                                   | \$ _____                              | \$ _____                              | \$ _____               |
| Total revenues and other financing sources                | _____                                 | _____                                 | _____                  |
| EXPENDITURES AND OTHER FINANCING USES:                    |                                       |                                       |                        |
| Salaries  |                                       |                                       |                        |
| Purchased professional and technical services             |                                       | 3,145.74                              | 3,145.74               |
| Construction services                                     |                                       | 763,827.53                            | 763,827.53             |
| Total expenditures and other financing uses               |                                       | 766,973.27                            | 766,973.27             |
| Excess (deficiency) of revenues over (under) expenditures |                                       | (766,973.27)                          | (766,973.27)           |
| <br>  |                                       |                                       |                        |
| Fund balance - July 1                                     | 25,225.46                             | 1,816,911.42                          | 1,842,136.88           |
| Fund balance - June 30                                    | \$ <u>25,225.46</u>                   | \$ <u>1,049,938.15</u>                | \$ <u>1,075,163.61</u> |

## PROPRIETARY FUND DETAIL STATEMENTS

Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

**FOOD SERVICES FUND:** This fund provides for the operation of food services within the school district.

**ENRICHMENT PROGRAM:** This fund provides for the operation of after school programs.

BOROUGH OF LEONIA SCHOOL DISTRICT  
COMBINING STATEMENT OF NET POSITION  
PROPRIETARY FUNDS - ENTERPRISE FUNDS  
JUNE 30, 2015

|                                    | BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND |                       |               |
|------------------------------------|--|-----------------------|---------------|
|                                    | MAJOR                                      | NON-MAJOR             | TOTALS        |
|                                    | FOOD<br>SERVICE                            | ENRICHMENT<br>PROGRAM |               |
| <b>ASSETS:</b>                     |  |                       |               |
| Current assets:                    |  |                       |               |
| Cash and cash equivalents          | \$ 88,090.98                               | \$ 16,638.77          | \$ 104,729.75 |
| Accounts receivable:               |  |                       |               |
| Federal                            | 14,745.69                                  |                       | 14,745.69     |
| State                              | 462.76                                     |                       | 462.76        |
| Interfunds                         | 38,214.71                                  |                       | 38,214.71     |
| Inventories                        | 9,565.86                                   |                       | 9,565.86      |
|                                    | 151,080.00                                 | 16,638.77             | 167,718.77    |
| Total current assets               |  |                       |               |
| Noncurrent assets:                 |  |                       |               |
| Furniture, machinery and equipment | 351,430.00                                 |                       | 351,430.00    |
| Less accumulated depreciation      | (281,269.71)                               |                       | (281,269.71)  |
|                                    | 70,160.29                                  |                       | 70,160.29     |
| Total noncurrent assets            |  |                       |               |
|                                    | 221,240.29                                 | 16,638.77             | 237,879.06    |
| Total assets                       |  |                       |               |
| <b>LIABILITIES:</b>                |  |                       |               |
| Current liabilities:               |  |                       |               |
| Accounts payable                   | 36,304.86                                  |                       | 36,304.86     |
| Interfunds payable                 | 1,513.92                                   |                       | 1,513.92      |
| Unearned revenue                   | 2,093.58                                   | 6,925.00              | 9,018.58      |
|                                    | 39,912.36                                  | 6,925.00              | 46,837.36     |
| Total current liabilities          |  |                       |               |
|                                    | 39,912.36                                  | 6,925.00              | 46,837.36     |
| Total liabilities                  |  |                       |               |
| <b>NET POSITION:</b>               |  |                       |               |
| Restricted for:                    |  |                       |               |
| Net investment in capital assets   | 70,160.29                                  |                       | 70,160.29     |
| Unrestricted                       | 111,167.64                                 | 9,713.77              | 120,881.41    |
|                                    | 181,327.93                                 | 9,713.77              | 191,041.70    |
| Total net position                 |  |                       |               |

BOROUGH OF LEONIA SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS - ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|   | <u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u> |                    |                      |
|---|---|--------------------|----------------------|
|   | <u>MAJOR</u>                                      | <u>NON-MAJOR</u>   | <u>TOTALS</u>        |
|   | <u>FOOD</u>                                       | <u>ENRICHMENT</u>  |                      |
| <u>SERVICE</u>                              | <u>PROGRAM</u>                                    |                    |                      |
|   | <u>FUND</u>                                       | <u>FUND</u>        |                      |
| <b>OPERATING REVENUES:</b>                  |   |                    |                      |
| Charges for services:                       |   |                    |                      |
| Daily sales                                 | \$ 403,519.13                                     | \$                 | \$ 403,519.13        |
| Enrichment Activities                       |   | 50,190.00          | 50,190.00            |
| Miscellaneous                               | 584.31  |                    | 584.31               |
| Total operating revenues                    | <u>404,103.44</u>                                 | <u>50,190.00</u>   | <u>454,293.44</u>    |
| <b>OPERATING EXPENSES:</b>                  |   |                    |                      |
| Cost of sales                               | 271,855.01  |                    | 271,855.01           |
| Salaries and employee benefits              | 233,495.65  | 38,075.00          | 271,570.65           |
| Other Purchased Service                     | 26,625.00   |                    | 26,625.00            |
| Supplies and materials                      | 5,532.04  | 5,479.85           | 11,011.89            |
| Miscellaneous expenditures                  | 14,563.31   |                    | 14,563.31            |
| Depreciation                                | 14,733.69   |                    | 14,733.69            |
| Total operating expenses                    | <u>566,804.70</u>                                 | <u>43,554.85</u>   | <u>610,359.55</u>    |
| Operating Income (loss)                     | <u>(162,701.26)</u>                               | <u>6,635.15</u>    | <u>(156,066.11)</u>  |
| <b>NONOPERATING REVENUES:</b>               |   |                    |                      |
| State Sources:                              |   |                    |                      |
| State School Lunch Program                  | 5,595.40  |                    | 5,595.40             |
| Federal Sources:                            |   |                    |                      |
| National School Lunch Program               | 140,332.52  |                    | 140,332.52           |
| National School Breakfast Program           | 13,573.83   |                    | 13,573.83            |
| National food distribution commodities      | 26,474.18   |                    | 26,474.18            |
| Total nonoperating revenues                 | <u>185,975.93</u>                                 |                    | <u>185,975.93</u>    |
| Net (loss) before contributions & transfers | <u>23,274.67</u>                                  | <u>6,635.15</u>    | <u>29,909.82</u>     |
| Change in net position                      | 23,274.67   | 6,635.15           | 29,909.82            |
| Total net position - beginning              | <u>158,053.26</u>                                 | <u>3,078.62</u>    | <u>161,131.88</u>    |
| Total net position - ending                 | <u>\$ 181,327.93</u>                              | <u>\$ 9,713.77</u> | <u>\$ 191,041.70</u> |

BOROUGH OF LEONIA SCHOOL DISTRICT  
PROPRIETARY FUND  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|   | BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND |                       |                 |
|---|--|-----------------------|-----------------|
|   | FOOD<br>SERVICE                            | ENRICHMENT<br>PROGRAM | TOTALS          |
| Cash flows from operating activities:   |  |                       |                 |
| Receipts from customers   | \$ 403,766.54                              | \$ 57,115.00          | \$ 460,881.54   |
| Payments for employees and employee benefits  | (233,495.65)                               | (38,075.00)           | (271,570.65)    |
| Payments to suppliers   | (297,105.47)                               | (5,479.85)            | (302,585.32)    |
| Net cash provided (used) by operating activities  | (126,834.58)                               | 13,560.15             | (113,274.43)    |
| Cash flows from noncapital financing activities:  |  |                       |                 |
| State sources   | 2,975.18                                   |                       | 2,975.18        |
| Federal sources   | 71,404.73                                  |                       | 71,404.73       |
| Transfers from / (to) other funds   | 30,616.89                                  |                       | 30,616.89       |
| Net cash provided (used) by noncapital financing activities                                       | 104,996.80                                 |                       | 104,996.80      |
| Cash flows from capital and related financing activities:   |  |                       |                 |
| Purchases of capital assets   | (3,200.00)                                 |                       | (3,200.00)      |
| Net cash provided (used) by capital and related financing activities                              | (3,200.00)                                 |                       | (3,200.00)      |
| Net increase in cash and cash equivalents   | (25,037.78)                                | 13,560.15             | (11,477.63)     |
| Cash and cash equivalents, July 1   | 113,128.76                                 | 3,078.62              | 116,207.38      |
| Cash and cash equivalents, June 30  | \$ 88,090.98                               | \$ 16,638.77          | \$ 104,729.75   |
| Operating income (loss)   | \$ (163,038.16)                            | \$ 6,635.15           | \$ (156,403.01) |
| Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities: |  |                       |                 |
| Depreciation and net amortization   | 14,733.69                                  |                       | 14,733.69       |
| National food distribution commodities  | 26,474.18                                  |                       | 26,474.18       |
| Change in assets and liabilities:   |  |                       |                 |
| Increase (Decrease) in unearned revenue   | 160.40                                     | 6,925.00              | 7,085.40        |
| Increase (Decrease) in accounts payable   | (2,930.63)                                 |                       | (2,930.63)      |
| (Increase) Decrease in inventory  | (2,234.06)                                 |                       | (2,234.06)      |
| Net cash provided (used) by operating activities  | \$ (126,834.58)                            | \$ 13,560.15          | \$ (113,274.43) |

**FIDUCIARY FUNDS DETAIL STATEMENTS**

Fiduciary funds are used to account for assets when a school district is functioning either as a trustee or as an agent for another party.

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

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

**Unemployment Compensation Insurance Trust Fund:** This trust fund is used to pay unemployment compensation claims as they arise.

**Scholarship Funds** This private purpose trust is used to account for grants to students where there are no restrictions regarding the use of principal and income.

BOROUGH OF LEONIA SCHOOL DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 JUNE 30, 2015

|   | UNEMPLOYMENT<br>COMPENSATION<br><u>TRUST</u> | STEPHANIE<br>O'BRIEN<br>SCHOLARSHIP<br><u>FUND</u> | TOTAL<br>TRUST FUNDS | STUDENT<br>ACTIVITY  | AGENCY FUNDS<br>PAYROLL<br>AGENCY | TOTAL<br>AGENCY FUNDS |
|---|--|--|----------------------|----------------------|-----------------------------------|-----------------------|
| <b>ASSETS:</b>  |  |  |                      |                      |                                   |                       |
| Cash and cash equivalents                                   | \$ 11,876.74                                 | \$ 9,081.62  | \$ 20,958.36         | \$ 162,099.62        | \$ 224,070.59                     | \$ 386,170.21         |
| Total assets  | <u>11,876.74</u>                             | <u>9,081.62</u>                                    | <u>\$ 20,958.36</u>  | <u>\$ 162,099.62</u> | <u>\$ 224,070.59</u>              | <u>\$ 386,170.21</u>  |
| <b>LIABILITIES:</b>   |  |  |                      |                      |                                   |                       |
| Payroll deductions and withholdings                         |  |  |                      | \$                   | \$ 200,872.72                     | \$ 200,872.72         |
| Net payroll   |  |  |                      |                      | 23,197.87                         | 23,197.87             |
| Due to student groups                                       |  |  |                      | <u>162,099.62</u>    | <u></u>                           | <u>162,099.62</u>     |
| Total liabilities   |  |  |                      | <u>\$ 162,099.62</u> | <u>\$ 224,070.59</u>              | <u>\$ 386,170.21</u>  |
| <b>NET POSITION:</b>  |  |  |                      |                      |                                   |                       |
| Held in trust for unemployment<br>claims and other purposes | <u>11,876.74</u>                             | <u>9,081.62</u>                                    | <u>20,958.36</u>     |                      |                                   |                       |
| Total net position  | <u>\$ 11,876.74</u>                          | <u>\$ 9,081.62</u>                                 | <u>\$ 20,958.36</u>  |                      |                                   |                       |

BOROUGH OF LEONIA SCHOOL DISTRICT  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                                | STEPHANIE<br>O'BRIEN<br>SCHOLARSHIP<br><u>FUND</u> | UNEMPLOYMENT<br>COMPENSATION<br><u>TRUST</u> | <u>TOTALS</u>       |
|--------------------------------|--|--|---------------------|
| ADDITIONS:                     |  |  |                     |
| Contributions:                 |  |  |                     |
| Other                          | \$ _____   | \$ 18,600.20                                 | \$ 18,600.20        |
| Total contributions            | _____  | 18,600.20                                    | 18,600.20           |
| Total additions                | _____  | 18,600.20                                    | 18,600.20           |
| DEDUCTIONS:                    |  |  |                     |
| Other purposes                 |  |  |                     |
| Unemployment claims            | _____  | 48,829.80                                    | 48,829.80           |
| Total deductions               | _____  | 48,829.80                                    | 48,829.80           |
| Change in net position         |  | (30,229.60)                                  | (30,229.60)         |
| Net position beginning of year | 9,081.62   | 42,106.34                                    | 51,187.96           |
| Net position end of year       | \$ <u>9,081.62</u>                                 | \$ <u>11,876.74</u>                          | \$ <u>20,958.36</u> |

BOROUGH OF LEONIA SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                           | <u>BALANCE</u><br><u>JULY 1, 2014</u> | <u>CASH</u><br><u>RECEIPTS</u> | <u>CASH</u><br><u>DISBURSE-</u><br><u>MENTS</u> | <u>BALANCE</u><br><u>JUNE 30, 2015</u> |
|---------------------------|---------------------------------------|--------------------------------|---|--|
| <b>ASSETS:</b>            |                                       |                                |   |  |
| Cash and cash equivalents | \$ <u>145,886.29</u>                  | \$ <u>428,496.54</u>           | \$ <u>412,283.21</u>                            | \$ <u>162,099.62</u>                   |
| Total assets              | \$ <u><u>145,886.29</u></u>           | \$ <u><u>428,496.54</u></u>    | \$ <u><u>412,283.21</u></u>                     | \$ <u><u>162,099.62</u></u>            |
| <b>LIABILITIES:</b>       |                                       |                                |   |  |
| Due student groups:       |                                       |                                |   |  |
| High school               | \$ <u>145,886.29</u>                  | \$ <u>428,496.54</u>           | \$ <u>412,283.21</u>                            | \$ <u>162,099.62</u>                   |
|                           | \$ <u><u>145,886.29</u></u>           | \$ <u><u>428,496.54</u></u>    | \$ <u><u>412,283.21</u></u>                     | \$ <u><u>162,099.62</u></u>            |

BOROUGH OF LEONIA SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                                     | <u>BALANCE</u><br><u>JULY 1, 2014</u> | <u>ADDITIONS</u>        | <u>DEDUCTIONS</u>       | <u>BALANCE</u><br><u>JUNE 30, 2015</u> |
|-------------------------------------|---------------------------------------|-------------------------|-------------------------|--|
| <b>ASSETS:</b>                      |                                       |                         |                         |  |
| Cash and cash equivalents           | \$ 39,660.22                          | \$ 20,912,609.05        | \$ 20,728,198.68        | \$ 224,070.59                          |
| Total assets                        | <u>\$ 39,660.22</u>                   | <u>\$ 20,912,609.05</u> | <u>\$ 20,728,198.68</u> | <u>\$ 224,070.59</u>                   |
| <b>LIABILITIES:</b>                 |                                       |                         |                         |  |
| Payroll deductions and withholdings | \$ 39,172.90                          | \$ 9,021,052.83         | \$ 8,859,353.01         | \$ 200,872.72                          |
| Net Payroll                         | <u>487.32</u>                         | <u>11,891,556.22</u>    | <u>11,868,845.67</u>    | <u>23,197.87</u>                       |
| Total liabilities                   | <u>\$ 39,660.22</u>                   | <u>\$ 20,912,609.05</u> | <u>\$ 20,728,198.68</u> | <u>\$ 224,070.59</u>                   |

**LONG-TERM DEBT SCHEDULES**

The Long-Term schedules are used to reflect the outstanding principal balances of the long-term liabilities of the District. This includes obligations under Serial Bonds and Capital Leases.

BOROUGH OF LEONIA SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
JUNE 30, 2015

| <u>ISSUE</u>                | <u>DATE OF<br/>ISSUE</u> | <u>AMOUNT OF<br/>ISSUE</u> | <u>MATURITIES</u> |               | <u>BALANCE<br/>JULY 1, 2014</u> | <u>RETIRED</u>         | <u>BALANCE<br/>JUNE 30, 2015</u> |
|-----------------------------|--------------------------|----------------------------|-------------------|---------------|---------------------------------|------------------------|----------------------------------|
|                             |                          |                            | <u>DATE</u>       | <u>AMOUNT</u> |                                 |                        |                                  |
| Refunding Bonds             | 2/15/2006                | \$ 2,815,000.00            | 2/15/2016         | \$ 325,000.00 | \$ 970,000.00                   | \$ 330,000.00          | \$ 640,000.00                    |
|                             |                          |                            | 2/15/2017         | \$ 315,000.00 |                                 |                        |                                  |
| Various School Improvements | 7/15/2010                | 17,350,000.00              | 7/19/2015         | 580,000.00    | 16,435,000.00                   | 550,000.00             | 15,885,000.00                    |
|                             |                          |                            | 7/20/2016         | 625,000.00    |                                 |                        |                                  |
|                             |                          |                            | 7/21/2017         | 770,000.00    |                                 |                        |                                  |
|                             |                          |                            | 7/22/2018         | 810,000.00    |                                 |                        |                                  |
|                             |                          |                            | 7/23/2019         | 850,000.00    |                                 |                        |                                  |
|                             |                          |                            | 7/24/2020         | 900,000.00    |                                 |                        |                                  |
|                             |                          |                            | 7/25/2021         | 920,000.00    |                                 |                        |                                  |
|                             |                          |                            | 7/26/2022         | 960,000.00    |                                 |                        |                                  |
|                             |                          |                            | 7/27/2023         | 1,005,000.00  |                                 |                        |                                  |
|                             |                          |                            | 7/28/2024         | 1,050,000.00  |                                 |                        |                                  |
|                             |                          |                            | 7/29/2025         | 1,100,000.00  |                                 |                        |                                  |
|                             |                          |                            | 7/30/2026         | 1,150,000.00  |                                 |                        |                                  |
|                             |                          |                            | 7/31/2027         | 1,205,000.00  |                                 |                        |                                  |
|                             |                          |                            | 7/31/2028         | 1,260,000.00  |                                 |                        |                                  |
|                             |                          |                            | 7/31/2029         | 1,320,000.00  |                                 |                        |                                  |
|                             |                          |                            | 7/31/2030         | 1,380,000.00  |                                 |                        |                                  |
| Refunding Bonds             | 2/15/2006                | 2,815,000.00               | 8/15/2015         | 890,000.00    | 11,140,000.00                   | 860,000.00             | 10,280,000.00                    |
|                             |                          |                            | 8/15/2016         | 915,000.00    |                                 |                        |                                  |
|                             |                          |                            | 8/15/2017-2018    | 1,140,000.00  |                                 |                        |                                  |
|                             |                          |                            | 8/15/2019         | 1,175,000.00  |                                 |                        |                                  |
|                             |                          |                            | 8/15/2020         | 1,200,000.00  |                                 |                        |                                  |
|                             |                          |                            | 8/15/2021         | 1,250,000.00  |                                 |                        |                                  |
|                             |                          |                            | 8/15/2022         | 1,265,000.00  |                                 |                        |                                  |
|                             |                          |                            | 8/15/2023         | 1,305,000.00  |                                 |                        |                                  |
|                             |                          |                            |                   |               | <u>11,140,000.00</u>            | <u>860,000.00</u>      | <u>10,280,000.00</u>             |
|                             |                          |                            |                   |               | <u>\$ 28,545,000.00</u>         | <u>\$ 1,740,000.00</u> | <u>\$ 26,805,000.00</u>          |

BOROUGH OF LEONIA SCHOOL DISTRICT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
AS OF JUNE 30, 2015

| <u>SERIES</u>        | <u>INTEREST<br/>RATE<br/>PAYABLE</u> | <u>AMOUNT OF<br/>ORIGINAL<br/>LEASE</u> | <u>AMOUNT<br/>OUTSTANDING<br/>JUNE 30, 2014</u> | <u>DECREASE</u>            | <u>AMOUNT<br/>OUTSTANDING<br/>JUNE 30, 2015</u> |
|----------------------|--------------------------------------|---|---|----------------------------|---|
| TD Leasing (Copiers) | 3.65%                                | \$ 148,743.00                           | \$ <u>62,713.68</u>                             | \$ <u>30,794.83</u>        | \$ <u>31,918.85</u>                             |
|                      |                                      |   | \$ <u><u>62,713.68</u></u>                      | \$ <u><u>30,794.83</u></u> | \$ <u><u>31,918.85</u></u>                      |

BOROUGH OF LEONIA SCHOOL DISTRICT  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|  | <u>ORIGINAL<br/>BUDGET</u> | <u>TRANSFERS</u> | <u>MODIFIED<br/>BUDGET</u> | <u>ACTUAL</u>       | <u>VARIANCE</u> |
|--|----------------------------|------------------|----------------------------|---------------------|-----------------|
| REVENUES:  |                            |                  |                            |                     |                 |
| Local sources:   |                            |                  |                            |                     |                 |
| Local tax levy   | \$ 2,334,693.00            | \$               | \$ 2,334,693.00            | \$ 2,334,694.00     | \$ 1.00         |
| State sources:   |                            |                  |                            |                     |                 |
| Debt service aid type II                                     | 411,785.00                 |                  | 411,785.00                 | 411,785.00          |                 |
| Total revenues   | <u>2,746,478.00</u>        |                  | <u>2,746,478.00</u>        | <u>2,746,479.00</u> | <u>1.00</u>     |
| EXPENDITURES:  |                            |                  |                            |                     |                 |
| Regular debt service:  |                            |                  |                            |                     |                 |
| Interest   | 1,006,478.00               |                  | 1,006,478.00               | 1,006,477.51        | 0.49            |
| Redemption of principal                                      | 1,740,000.00               |                  | 1,740,000.00               | 1,740,000.00        |                 |
| Payment to Refunding Escrow Agent                            |                            |                  |                            |                     |                 |
| Costs of Issuance of Refunding Bonds                         |                            |                  |                            |                     |                 |
| Total regular debt service-expenditures                      | <u>2,746,478.00</u>        |                  | <u>2,746,478.00</u>        | <u>2,746,477.51</u> | <u>0.49</u>     |
| Excess (deficiency) of revenues<br>over (under) expenditures |                            |                  |                            | 1.49                | 1.49            |
| Fund balance, July 1   | <u>0.37</u>                |                  | <u>0.37</u>                | <u>0.37</u>         |                 |
| Fund balance, June 30  | <u>\$ 0.37</u>             | \$               | <u>\$ 0.37</u>             | <u>\$ 1.86</u>      | <u>\$ 1.49</u>  |

**STATISTICAL SECTION**  
**(UNAUDITED)**

BOROUGH OF LEONIA SCHOOL DISTRICT  
STATISTICAL SECTION

Contents

Page

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 to J-4

Revenue Capacity:

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

J-5 to 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 to 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.

J-14 to J-15

Operating Information:

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

J-16 to J-20

Sources

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

BOROUGH OF LEONIA SCHOOL DISTRICT  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)  
UNAUDITED

|  | Fiscal Year Ending June 30, |                      |                      |                      |                     |                      |                      |                     |                     |                     |
|--|-----------------------------|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------|---------------------|---------------------|---------------------|
|  | 2015                        | 2014                 | 2013                 | 2012                 | 2011                | 2010                 | 2009                 | 2008                | 2007                | 2006                |
| <b>Governmental activities</b>                     |                             |                      |                      |                      |                     |                      |                      |                     |                     |                     |
| Invested in capital assets, net of related debt    | \$ 7,133,247                | \$ 5,712,963         | \$ 4,506,173         | \$ 3,567,769         | \$ 1,843,529        | \$ 5,157,650         | \$ 5,740,947         | \$ 5,319,525        | \$ 6,264,854        | \$ 4,451,187        |
| Restricted   | 8,291,992                   | 8,361,485            | 8,394,947            | 6,844,553            | 5,719,734           | 1,724,772            | 1,246,247            | 864,720             | 2,479,737           | 3,634,267           |
| Unrestricted                                       | (6,255,467)                 | 1,230,478            | 662,822              | (395,027)            | 135,429             | 16,554,239           | 506,380              | 848,930             | 239,043             | 601,485             |
| <b>Total governmental activities net position</b>  | <u>\$ 9,169,772</u>         | <u>\$ 15,304,926</u> | <u>\$ 13,563,941</u> | <u>\$ 10,017,294</u> | <u>\$ 7,698,691</u> | <u>\$ 23,436,661</u> | <u>\$ 7,493,574</u>  | <u>\$ 7,033,175</u> | <u>\$ 8,983,634</u> | <u>\$ 8,686,939</u> |
| <b>Business-type activities</b>                    |                             |                      |                      |                      |                     |                      |                      |                     |                     |                     |
| Invested in capital assets, net of related debt    | \$ 70,160                   | \$ 81,694            | \$ 98,431            | \$ 116,591           | \$ 134,832          | \$ 10,678            | \$ 209,930           | \$ 149,673          | \$ 93,600           | \$ 68,158           |
| Restricted   |                             |                      |                      |                      |                     |                      |                      |                     |                     |                     |
| Unrestricted                                       | 120,881                     | 79,817               | 38,618               | 41,490               | 92,491              | 46,378               | 105,840              | 77,184              | 115,982             | 79,034              |
| <b>Total business-type activities net position</b> | <u>\$ 191,042</u>           | <u>\$ 161,511</u>    | <u>\$ 137,049</u>    | <u>\$ 158,081</u>    | <u>\$ 227,323</u>   | <u>\$ 57,056</u>     | <u>\$ 315,770</u>    | <u>\$ 226,857</u>   | <u>\$ 209,582</u>   | <u>\$ 147,192</u>   |
| <b>District-wide</b>                               |                             |                      |                      |                      |                     |                      |                      |                     |                     |                     |
| Invested in capital assets, net of related debt    | \$ 7,203,408                | \$ 5,794,657         | \$ 4,604,604         | \$ 3,684,360         | \$ 1,978,361        | \$ 1,978,361         | \$ 5,168,328         | \$ 5,469,198        | \$ 6,358,454        | \$ 4,519,345        |
| Restricted   | 8,291,992                   | 8,361,485            | 8,394,947            | 6,844,553            | 3,231,262           | 3,231,262            | 1,724,772            | 864,720             | 2,479,737           | 3,634,267           |
| Unrestricted(Deficit)                              | (6,134,585)                 | 1,310,295            | 701,440              | (353,538)            | 227,920             | 227,920              | 16,600,617           | 926,114             | 355,025             | 680,519             |
| <b>Total district net position</b>                 | <u>\$ 9,360,814</u>         | <u>\$ 15,466,437</u> | <u>\$ 13,700,990</u> | <u>\$ 10,175,375</u> | <u>\$ 5,437,543</u> | <u>\$ 5,437,543</u>  | <u>\$ 23,493,717</u> | <u>\$ 7,260,032</u> | <u>\$ 9,193,216</u> | <u>\$ 8,834,131</u> |

Source: CAFR Schedule A-1

BOROUGH OF LEONIA SCHOOL DISTRICT  
CHANGE IN NET POSITION  
LAST SIX YEARS  
(accrual basis of accounting)  
UNAUDITED

|   | Fiscal Year Ending June 30, |                          |                          |                          |                          |                          |
|---|-----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|   | 2015                        | 2014                     | 2013                     | 2012                     | 2011                     | 2010                     |
| <b>Expenses</b>                                 |                             |                          |                          |                          |                          |                          |
| Governmental activities                         |                             |                          |                          |                          |                          |                          |
| Instruction                                     |                             |                          |                          |                          |                          |                          |
| Regular   | \$15,046,198.15             | \$13,034,616.11          | \$12,936,547.36          | \$11,857,637.51          | \$11,583,485.12          | \$8,948,986.00           |
| Special education                               | \$4,343,962.50              | 4,067,368.63             | 4,354,888.90             | 4,069,472.66             | 3,882,015.82             | 2,325,658.00             |
| Other instruction                               | \$1,700,584.20              | 1,477,423.65             | 1,907,323.17             | 1,766,824.85             | 1,574,084.92             | 1,072,389.00             |
| Support Services:                               |                             |                          |                          |                          |                          |                          |
| Tuition   | 1,201,852.91                | 939,292.32               |                          |                          |                          |                          |
| Student & instruction related services          | 4,357,901.78                | 3,738,144.98             | 3,874,089.60             | 3,555,638.58             | 3,799,681.12             | 3,542,291.00             |
| General administrative services                 | 975,965.10                  | 862,725.78               | 835,754.56               | 743,030.10               | 758,482.77               | 620,909.00               |
| School administrative services                  | 2,631,734.84                | 2,256,390.19             | 2,218,964.29             | 2,088,629.66             | 1,997,308.16             | 1,579,450.00             |
| Central Services                                | 534,719.93                  | 532,921.35               | 517,855.88               | 501,601.55               | 524,700.46               | 475,810.00               |
| Administrative technology information           | 52,041.38                   | 342,135.34               | 49,926.48                |                          | 51,104.31                | 46,896.00                |
| Plant operations and maintenance                | 3,070,386.92                | 2,951,107.63             | 2,459,671.30             | 2,609,560.57             | 2,670,761.54             | 2,305,022.00             |
| Student transportation services                 | 1,219,968.44                | 735,951.90               | 869,404.01               | 864,890.34               | 738,546.18               | 871,819.00               |
| Allocated and Unallocated employee benefits     |                             |                          |                          |                          |                          | 4,221,277.00             |
| TPAF Pension                                    |                             |                          |                          |                          |                          | 853,747.00               |
| TPAF Social Security                            |                             |                          |                          |                          |                          | 1,002,302.00             |
| Capital Outlay                                  |                             |                          |                          |                          |                          | 2,321,797.00             |
| Interest on long-term debt                      | 971,608.84                  | 1,174,041.07             | 1,102,316.15             | 1,203,519.48             | 1,037,355.92             | 766,003.00               |
| Unallocated depreciation                        | 1,245,092.41                | 613,111.10               | 609,110.30               | 612,346.72               | 612,496.72               |                          |
| Total governmental activities expenses          | <u>37,352,017.40</u>        | <u>32,725,230.05</u>     | <u>31,735,851.99</u>     | <u>29,924,256.33</u>     | <u>29,231,127.21</u>     | <u>30,954,356.00</u>     |
| Business-type activities:                       |                             |                          |                          |                          |                          |                          |
| Food service                                    | 610,359.55                  | 594,031.42               | 597,489.81               | 654,910.14               | 644,432.16               | 572,294.00               |
| Total business-type activities expense          | <u>610,359.55</u>           | <u>594,031.42</u>        | <u>597,489.81</u>        | <u>654,910.14</u>        | <u>644,432.16</u>        | <u>572,294.00</u>        |
| Total district expenses                         | <u>\$37,962,376.95</u>      | <u>\$33,319,261.47</u>   | <u>\$32,333,341.80</u>   | <u>\$30,579,166.47</u>   | <u>\$29,875,559.37</u>   | <u>\$31,526,650.00</u>   |
| <b>Program Revenues</b>                         |                             |                          |                          |                          |                          |                          |
| Governmental activities:                        |                             |                          |                          |                          |                          |                          |
| Charges for services                            | \$7,072,840.11              | \$7,059,374.40           | \$7,853,615.72           | \$6,380,736.19           | \$6,805,622.07           | 5,539,070.00             |
| Operating grants and contributions              | 7,942,538.06                | 4,200,898.97             | 4,719,225.53             | 3,909,928.67             | 3,678,026.75             | \$3,961,792.00           |
| Capital grants and contributions                |                             |                          |                          |                          |                          | 31,013.00                |
| Total governmental activities program revenues  | <u>15,015,378.17</u>        | <u>11,260,273.37</u>     | <u>12,572,841.25</u>     | <u>10,281,664.86</u>     | <u>10,483,648.82</u>     | <u>9,531,875.00</u>      |
| Business-type activities:                       |                             |                          |                          |                          |                          |                          |
| Charges for services:                           |                             |                          |                          |                          |                          |                          |
| Food service                                    | 404,103.44                  | 402,675.89               | 391,202.10               | 434,216.93               | 474,755.57               | 327,607.00               |
| Enrichment Program                              | 50,190.00                   | 32,885.00                |                          |                          |                          |                          |
| Operating grants and contributions              | 185,975.93                  | 182,932.35               | 185,256.32               | 151,450.89               | 197,156.90               | 129,298.00               |
| Total business type activities program revenues | <u>640,269.37</u>           | <u>618,493.24</u>        | <u>576,458.42</u>        | <u>585,667.82</u>        | <u>671,912.47</u>        | <u>456,905.00</u>        |
| Total district program revenues                 | <u>\$15,655,647.54</u>      | <u>\$11,878,766.61</u>   | <u>\$13,149,299.67</u>   | <u>\$10,867,332.68</u>   | <u>\$11,155,561.29</u>   | <u>\$9,988,780.00</u>    |
| <b>Net (Expense)/Revenue</b>                    |                             |                          |                          |                          |                          |                          |
| Governmental activities                         | (\$22,336,639.23)           | (\$21,464,956.68)        | (\$19,163,010.74)        | (\$19,642,591.47)        | (\$18,747,478.39)        | (21,422,481.00)          |
| Business-type activities                        | 29,909.82                   | 24,461.82                | (21,031.39)              | (69,242.32)              | 27,480.31                | (115,389.00)             |
| Total district-wide net expense                 | <u>(\$22,306,729.41)</u>    | <u>(\$21,440,494.86)</u> | <u>(\$19,184,042.13)</u> | <u>(\$19,711,833.79)</u> | <u>(\$18,719,998.08)</u> | <u>(\$21,537,870.00)</u> |

BOROUGH OF LEONIA SCHOOL DISTRICT  
CHANGE IN NET POSITION  
LAST SIX YEARS  
(accrual basis of accounting)  
UNAUDITED

|   | Fiscal Year Ending June 30, |                        |                        |                        |                        |                        |
|---|-----------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|   | 2015                        | 2014                   | 2013                   | 2012                   | 2011                   | 2010                   |
| <b>General Revenues and Other Changes in Net Position</b> |                             |                        |                        |                        |                        |                        |
| Governmental activities:                                  |                             |                        |                        |                        |                        |                        |
| Property taxes levied for general purposes, net           | \$17,740,265.00             | \$17,392,417.00        | \$17,051,389.00        | \$16,717,048.00        | \$16,469,998.00        | \$17,080,859.00        |
| Taxes levied for debt service                             | 2,334,694.00                | 2,337,877.00           | 2,105,052.00           | 2,048,594.00           | 1,971,912.00           |                        |
| Unrestricted grants and contributions                     |                             |                        |                        |                        |                        |                        |
| Federal and state aid not restricted                      | 2,647,508.30                | 2,638,407.30           | 2,639,153.86           | 2,442,702.04           | 1,977,262.09           |                        |
| Federal and state aid restricted                          | 411,785.00                  | 399,928.00             | 337,697.00             | 366,712.00             | 32,390.00              | 2,258,831.00           |
| State Aid restricted for Debt Service                     |                             |                        |                        |                        |                        |                        |
| Miscellaneous income                                      | 449,431.96                  | 437,312.09             | 576,365.81             | 386,138.28             | 290,813.47             | 1,264,697.00           |
| Other financing sources                                   |                             |                        |                        |                        |                        | 17,244,090.00          |
| Adjustments   |                             |                        |                        |                        |                        | (482,909.00)           |
| Total governmental activities                             | <u>23,583,684.26</u>        | <u>23,205,941.39</u>   | <u>22,709,657.67</u>   | <u>21,961,194.32</u>   | <u>20,742,375.56</u>   | <u>37,365,568.00</u>   |
| Business-type activities:                                 |                             |                        |                        |                        |                        |                        |
| Miscellaneous Income                                      |                             |                        |                        |                        | 392.71                 | 386.00                 |
| Transfers   |                             |                        |                        |                        |                        | (143,711.00)           |
| Total business-type activities                            |                             |                        |                        |                        | <u>392.71</u>          | <u>(143,325.00)</u>    |
| Total district-wide                                       | <u>\$23,583,684.26</u>      | <u>\$23,205,941.39</u> | <u>\$22,709,657.67</u> | <u>\$21,961,194.32</u> | <u>\$20,742,768.27</u> | <u>\$37,222,243.00</u> |
| <b>Change in Net Position</b>                             |                             |                        |                        |                        |                        |                        |
| Governmental activities                                   | \$1,247,045.03              | \$1,740,984.71         | \$3,546,646.93         | \$2,318,602.85         | \$1,994,897.17         | \$18,618,089.61        |
| Business-type activities                                  | 29,909.82                   | 24,461.82              | (21,031.39)            | (69,242.32)            | 27,873.02              | (115,844.69)           |
| Total district  | <u>\$1,276,954.85</u>       | <u>\$1,765,446.53</u>  | <u>\$3,525,615.54</u>  | <u>\$2,249,360.53</u>  | <u>\$2,022,770.19</u>  | <u>\$18,502,244.92</u> |

Source: CAFR Schedule A-2

BOROUGH OF LEONIA SCHOOL DISTRICT  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN YEARS  
 (modified accrual basis of accounting)  
UNAUDITED

|                                    | Fiscal Year Ending June 30, |                       |                       |                       |                       |                        |                       |                     |                       |                       |
|------------------------------------|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|---------------------|-----------------------|-----------------------|
|                                    | 2015                        | 2014                  | 2013                  | 2012                  | 2011                  | 2010                   | 2009                  | 2008                | 2007                  | 2006                  |
| General Fund                       |                             |                       |                       |                       |                       |                        |                       |                     |                       |                       |
| Reserved                           |                             |                       |                       |                       |                       | \$1,723,073.00         | \$1,246,247.00        | \$594,091.00        | \$995,806.00          | \$614,264.00          |
| Restricted                         | \$7,332,373.27              | \$7,399,276.39        | \$6,270,780.27        | \$4,102,405.56        | \$2,048,471.47        |                        |                       |                     |                       |                       |
| Assigned                           | \$1,520,191.41              | 657,371.92            | 760,823.19            | 530,138.07            | \$437,534.46          |                        |                       |                     |                       |                       |
| Unassigned                         | \$288,444.76                | 413,393.31            | 690,732.28            | 382,898.49            | \$430,368.58          |                        |                       |                     |                       |                       |
| Unreserved                         |                             |                       |                       |                       |                       | 182,761.00             | 150,102.00            | 349,633.00          | 182,531.00            | 281,413.00            |
| Total general fund                 | <u>\$9,141,009.44</u>       | <u>\$8,470,041.62</u> | <u>\$7,722,335.74</u> | <u>\$5,015,442.12</u> | <u>\$2,916,374.49</u> | <u>\$1,905,834.00</u>  | <u>\$1,396,349.00</u> | <u>\$943,724.00</u> | <u>\$1,178,337.00</u> | <u>\$895,677.00</u>   |
| All Other Governmental Funds       |                             |                       |                       |                       |                       |                        |                       |                     |                       |                       |
| Restricted                         | \$959,618.32                | \$962,208.99          | \$2,132,104.19        | 2,498,255.46          | \$2,647,467.47        |                        |                       |                     |                       |                       |
| Committed                          | 115,545.66                  | 879,928.26            |                       | 425,532.58            | \$757,515.91          |                        |                       |                     |                       |                       |
| Unreserved, reported in:           |                             |                       |                       |                       |                       |                        |                       |                     |                       |                       |
| Capital projects fund              |                             |                       |                       |                       |                       | \$16,371,460.00        | \$353,893.00          | \$499,297.00        | \$1,691,388.00        | 3,350,370.00          |
| Debt service fund                  |                             |                       |                       |                       |                       | 1,717.00               | 2,385.00              | 270,629.00          | 270,629.00            | 154,489.00            |
| Total all other governmental funds | <u>\$1,075,163.98</u>       | <u>\$1,842,137.25</u> | <u>\$2,132,104.19</u> | <u>\$2,923,788.04</u> | <u>\$3,404,983.38</u> | <u>\$16,373,177.00</u> | <u>\$356,278.00</u>   | <u>\$769,926.00</u> | <u>\$1,962,017.00</u> | <u>\$3,504,859.00</u> |

Source: CAFR Schedule B-1

**BOROUGH OF LEONIA SCHOOL DISTRICT**  
**CHANGES IN GOVERNMENTAL FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST FIVE YEARS**  
**UNAUDITED**

|  | <u>2015</u>        | <u>2014</u>       | <u>2013</u>         | <u>2012</u>         | <u>2011</u>         |
|--|--------------------|-------------------|---------------------|---------------------|---------------------|
| <b>Revenues</b>  |                    |                   |                     |                     |                     |
| Tax levy   | \$ 20,074,959      | \$ 19,730,294     | \$ 19,156,441       | \$ 18,765,642       | \$ 18,441,910       |
| Tuition charges  | 6,515,773          | 6,513,234         | 7,255,372           | 5,908,294           | 6,300,782           |
| Transportation   | 557,067            | 546,141           | 598,244             | 472,442             | 504,840             |
| Miscellaneous  | 496,979            | 499,934           | 622,312             | 410,492             | 310,943             |
| State sources  | 7,173,278          | 6,646,566         | 7,105,173           | 6,025,474           | 5,033,040           |
| Federal sources  | 546,460            | 530,046           | 533,549             | 660,516             | 634,510             |
| Total revenue  | <u>35,364,515</u>  | <u>34,466,215</u> | <u>35,271,091</u>   | <u>32,242,860</u>   | <u>31,226,024</u>   |
| <b>Expenditures</b>  |                    |                   |                     |                     |                     |
| Instruction  |                    |                   |                     |                     |                     |
| Regular instruction  | 9,460,612          | 9,354,753         | 12,849,252          | 11,841,778          | 11,556,447          |
| Special education instruction                                | 2,774,242          | 3,048,556         | 4,354,889           | 4,069,473           | 3,882,016           |
| Other instruction  | 1,028,180          | 1,040,983         | 1,907,323           | 1,766,825           | 1,570,466           |
| Support Services:  |                    |                   |                     |                     |                     |
| Tuition  | 1,201,852.91       | 939,292.32        |                     |                     |                     |
| Student & instruction related services                       | 3,205,119          | 2,968,482         | 3,838,100           | 3,517,108           | 3,826,013           |
| General administrative services                              | 750,821            | 723,608           | 835,755             | 743,030             | 758,483             |
| School administrative services                               | 1,631,558          | 1,604,448         | 2,203,376           | 2,117,554           | 2,104,865           |
| Central services   | 313,598            | 387,404           | 517,856             | 501,602             | 524,700             |
| Administrative information technology                        | 52,041             | 51,175            | 49,926              | 51,104              | 52,208              |
| Plant operations and maintenance                             | 2,555,560          | 2,677,331         | 2,455,812           | 2,606,178           | 2,668,200           |
| Student transportation services                              | 883,266            | 733,727           | 869,404             | 863,341             | 732,014             |
| Unallocated employee benefits                                | 7,890,539          | 7,274,017         |                     |                     |                     |
| Capital outlay   | 966,653            | 458,958           | 824,652             | 546,524             | 13,327,604          |
| Debt service:  |                    |                   |                     |                     |                     |
| Principal  | 1,740,000          | 1,685,000         | 1,528,664           | 1,172,655           | 845,000             |
| Interest and other charges                                   | 1,006,478          | 1,060,743         | 1,120,872           | 2,139,381           | 1,044,405           |
| Total expenditures   | <u>35,460,519</u>  | <u>34,008,476</u> | <u>33,355,881</u>   | <u>31,936,553</u>   | <u>42,892,421</u>   |
| Excess (Deficiency) of revenues<br>over (under) expenditures | (96,004)           | 457,739           | 1,915,210           | 306,307             | (11,666,396)        |
| <b>Other financing sources (uses)</b>                        |                    |                   |                     |                     |                     |
| Capital leases (non-budgeted)                                |                    |                   |                     |                     | 148,743             |
| Bond Proceeds  |                    |                   |                     | 871,565             | 17,350,000          |
| Total other financing sources (uses)                         |                    |                   |                     | <u>871,565</u>      | <u>17,498,743</u>   |
| Net change in fund balances                                  | <u>\$ (96,004)</u> | <u>\$ 457,739</u> | <u>\$ 1,915,210</u> | <u>\$ 1,177,872</u> | <u>\$ 5,832,347</u> |
| Debt service as a percentage of<br>noncapital expenditures   | 8.0%               | 8.2%              | 8.1%                | 10.6%               | 6.4%                |

Source: CAFR Schedule B-2

BOROUGH OF LEONIA SCHOOL DISTRICT  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED

| <u>Fiscal Year</u><br><u>Ended June 30,</u> | <u>Interest on</u><br><u>Investments</u> | <u>Rental</u><br><u>of</u><br><u>Facilities</u> | <u>Refunds</u> | <u>Donations</u> | <u>Misc.</u> | <u>Total</u> |
|---|--|---|----------------|------------------|--------------|--------------|
| 2006  |  |   |                |                  | \$7,045.00   | \$7,045.00   |
| 2007  |  |   |                |                  | 51,765.00    | 51,765.00    |
| 2008  |  |   |                | \$1,000.00       | 1,432.00     | 2,432.00     |
| 2009  | \$3,954.00                               | \$107,748.00                                    | \$83,265.00    | 2,066.00         | 77.00        | 197,110.00   |
| 2010  | 18,480.00                                | 104,820.00                                      | 39,192.00      |                  | 147,439.00   | 309,931.00   |
| 2011  | 28,218.00                                | 207,956.00                                      |                |                  | 74,768.55    | 310,942.55   |
| 2012  | 6,774.69                                 | 166,435.00                                      |                |                  | 212,924.30   | 386,133.99   |
| 2013  | 9,333.52                                 | 214,162.12                                      |                |                  | 352,867.13   | 576,362.77   |
| 2014  | 14,340.54                                | 203,486.32                                      |                |                  | 219,483.04   | 437,309.90   |
| 2015  | 10,300.86                                | 239,718.82                                      |                |                  | 199,412.28   | 449,431.96   |

Source: District Records

BOROUGH OF LEONIA SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS  
UNAUDITED

| Calendar Year | Vacant Land | Residential   | Commercial | Industrial | Apartment  | Total Assessed Value | Public Utilities <sup>a</sup> | Net Valuation Taxable | Total Direct School Tax Rate <sup>b</sup> | Estimated Actual (County Equalized Value) |
|---------------|-------------|---------------|------------|------------|------------|----------------------|-------------------------------|-----------------------|---|---|
| 2006          | 3,821,300   | 624,514,300   | 39,037,500 | 14,381,900 | 35,206,000 | 716,961,000          | 530,777                       | 717,491,777           | 2.107                                     | 1,328,159,456                             |
| 2007          | 4,239,800   | 623,636,900   | 39,037,500 | 13,685,700 | 34,464,400 | 715,064,300          | 470,588                       | 715,534,888           | 2.214                                     | 1,499,354,733                             |
| 2008          | 4,481,500   | 623,853,900   | 38,495,900 | 13,685,700 | 34,184,400 | 714,701,400          | 515,369                       | 715,216,769           | 2.285                                     | 1,531,764,254                             |
| 2009          | 6,144,800   | 1,169,734,100 | 86,503,900 | 26,634,700 | 67,719,400 | 1,356,736,900        | 1,084,744                     | 1,357,821,644         | 1.237                                     | 1,620,917,444                             |
| 2010          | 6,103,300   | 1,169,364,300 | 83,977,200 | 25,643,800 | 67,022,400 | 1,352,111,000        | 986,425                       | 1,353,097,425         | 1.313                                     | 1,467,897,970                             |
| 2011          | 5,574,800   | 1,167,816,900 | 82,187,500 | 25,643,800 | 65,160,200 | 1,346,383,200        | 898,843                       | 1,347,282,043         | 1.381                                     | 1,433,653,199                             |
| 2012          | 5,752,200   | 1,164,056,900 | 81,434,000 | 25,643,800 | 64,660,200 | 1,341,547,100        | 1,057,657                     | 1,342,604,757         | 1.462                                     | 1,383,380,144                             |
| 2013          | 6,024,400   | 1,159,321,800 | 78,889,900 | 24,493,800 | 64,206,900 | 1,332,936,800        | 1,050,232                     | 1,333,987,032         | 1.472                                     | 1,290,672,611                             |
| 2014          | 5,473,900   | 1,053,103,100 | 76,487,100 | 23,924,900 | 62,869,300 | 1,221,858,300        | 840,140                       | 1,222,698,440         | 1.630                                     | 1,290,672,611                             |
| 2015          | 5,530,300   | 1,054,144,600 | 75,982,400 | 23,443,500 | 62,924,300 | 1,222,025,100        | 839,562                       | 1,222,864,662         | 1.659                                     | 1,290,894,000                             |

Source: District records Tax list summary & Municipal Tax Assessor

\* Not available at time of audit

**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.

Revaluations of real property occur when ordered by the County Board of Taxation. A revaluation became effective in 2009.

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

**b** Tax rates are per \$100

BOROUGH OF LEONIA SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN CALENDAR YEARS

(rate per \$100 of assessed value)

UNAUDITED

| Calendar<br>Year Ended<br>Dec. 31 | <u>Borough of Leonia School District</u> |                     | <u>Overlapping Rates</u>     |               | <u>Total Direct and<br/>Overlapping Tax<br/>Rate</u> |
|-----------------------------------|--|---------------------|------------------------------|---------------|--|
|                                   | <u>Basic Rate <sup>a</sup></u>           | <u>Total Direct</u> | <u>Borough of<br/>Leonia</u> | <u>County</u> |  |
| 2006                              | 2.110                                    | 2.110               | 1.140                        | 0.340         | 3.590  |
| 2007                              | 2.210                                    | 2.210               | 1.220                        | 0.370         | 3.800  |
| 2008                              | 2.290                                    | 2.290               | 1.280                        | 0.400         | 3.970  |
| 2009                              | 1.237                                    | 1.237               | 0.703                        | 0.230         | 2.170  |
| 2010                              | 1.313                                    | 1.313               | 0.761                        | 0.213         | 2.287  |
| 2011                              | 1.381                                    | 1.381               | 0.778                        | 0.221         | 2.380  |
| 2012                              | 1.462                                    | 1.462               | 0.785                        | 0.227         | 2.474  |
| 2013                              | 1.472                                    | 1.472               | 0.796                        | 0.220         | 2.488  |
| 2014                              | 1.630                                    | 1.630               | 0.877                        | 0.239         | 2.746  |
| 2015                              | 1.659                                    | 1.659               | 0.879                        | 0.253         | 2.791  |

Source: District Records and Municipal Tax Collector

**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 calcu

- 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.

BOROUGH OF LEONIA SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

| <u>Taxpayer</u>                    | <u>2015</u>                   |             |   | <u>2006</u>                   |             |   |
|------------------------------------|-------------------------------|-------------|---|-------------------------------|-------------|---|
|                                    | <u>Taxable Assessed Value</u> | <u>Rank</u> | <u>% of Total District Net Assessed Value</u> | <u>Taxable Assessed Value</u> | <u>Rank</u> | <u>% of Total District Net Assessed Value</u> |
| DC-2 Christie Heights, LLC         | \$ 10,200,000                 | 1           | 0.8341%                                       | *                             | *           | *   |
| Center Point Willow Tree, LLC      | 8,400,000                     | 2           | 0.6869%                                       | *                             | *           | *   |
| Anthony & Nora Kurtz               | 8,089,000                     | 3           | 0.6615%                                       | *                             | *           | *   |
| 400 Willow Tree Rd, LLC            | 7,300,000                     | 4           | 0.5970%                                       | *                             | *           | *   |
| Fairlawn Company                   | 7,207,000                     | 5           | 0.5894%                                       | *                             | *           | *   |
| Home Properties                    | 6,468,000                     | 6           | 0.5289%                                       | *                             | *           | *   |
| Leonia Manor Partners              | 5,250,000                     | 7           | 0.4293%                                       | *                             | *           | *   |
| Kurtz, Anthony & D. II, LLC        | 4,108,000                     | 8           | 0.3359%                                       | *                             | *           | *   |
| CVS Pharmacy                       | 4,030,000                     | 9           | 0.3296%                                       | *                             | *           | *   |
| Southwin Farms C/O Solgar Vitamins | 3,740,000                     | 10          | 0.3058%                                       | *                             | *           | *   |
| <b>Total</b>                       | <b>\$ 64,792,000</b>          |             | <b>5.30%</b>                                  | <b>\$ -</b>                   |             | <b>0.00%</b>                                  |

\* Not available

Source: District CAFR J11 & Municipal Tax Assessor

BOROUGH OF LEONIA SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST EIGHT FISCAL YEARS  
UNAUDITED

| Fiscal Year Ended<br>June 30, | Taxes Levied for<br>the Fiscal Year | Collected within the Fiscal Year of<br>the Levy |                       | Collections in<br>Subsequent Years |
|-------------------------------|-------------------------------------|---|-----------------------|------------------------------------|
|                               |                                     | Amount  | Percentage of<br>Levy |                                    |
| 2008                          | \$ 16,394,871.00                    | \$ 16,394,871.00                                | 100.00%               | -                                  |
| 2009                          | 16,502,468.00                       | 16,502,468.00                                   | 100.00%               | -                                  |
| 2010                          | 17,080,859.00                       | 17,080,859.00                                   | 100.00%               | -                                  |
| 2011                          | 16,667,190.00                       | 16,667,190.00                                   | 100.00%               | -                                  |
| 2012                          | 18,765,642.00                       | 18,765,642.00                                   | 100.00%               | -                                  |
| 2013                          | 19,156,441.00                       | 19,156,441.00                                   | 100.00%               | -                                  |
| 2014                          | 17,392,416.00                       | 17,392,416.00                                   | 100.00%               | -                                  |
| 2015                          | 17,740,265.00                       | 17,740,265.00                                   | 100.00%               | -                                  |

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

**Note:** 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.

BOROUGH OF LEONIA SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
UNAUDITED

| Fiscal Year<br>Ended June<br>30, | Governmental Activities     |                |               | Total District  | Percentage of<br>Personal<br>Income <sup>a</sup> | Per Capita <sup>a</sup> |
|----------------------------------|-----------------------------|----------------|---------------|-----------------|--|-------------------------|
|                                  | General Obligation<br>Bonds | Capital Leases | Notes Payable |                 |  |                         |
| 2006                             | \$19,029,000.00             |                |               | \$19,029,000.00 | 0.33%  | \$ 63,021               |
| 2007                             | 18,574,000.00               |                |               | 18,574,000.00   | 0.36%  | \$ 67,544               |
| 2008                             | 17,824,000.00               |                |               | 17,824,000.00   | 0.38%  | \$ 67,331               |
| 2009                             | 17,110,000.00               |                |               | 17,110,000.00   | 0.37%  | \$ 63,874               |
| 2010                             | 16,350,000.00               |                |               | 16,350,000.00   | 0.39%  | \$ 63,885               |
| 2011                             | 31,730,000.00               |                |               | 31,730,000.00   | 0.21%  | \$ 67,248               |
| 2012                             | 31,730,000.00               | 121,088.24     |               | 31,851,088.24   | 0.22%  | \$ 69,281               |
| 2013                             | 30,230,000.00               | 92,424.08      |               | 30,322,424.08   | 0.23%  | \$ 69,495               |
| 2014                             | 28,545,000.00               | 62,713.68      |               | 28,607,713.68   | *  | *                       |
| 2015                             | 26,805,000.00               | 31,918.85      |               | 26,836,918.85   | *  | *                       |

Source: District CAFR Schedules I-1

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

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

\* Not available at time of audit

BOROUGH OF LEONIA SCHOOL DISTRICT  
RATIOS OF NET BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
UNAUDITED

| Fiscal Year Ended June 30, | General Bonded Debt Outstanding |            |                                     | Total Municipal Assessed Value | Percentage of Actual Taxable Value <sup>a</sup> of Property | Per Capita <sup>b</sup> |
|----------------------------|---------------------------------|------------|-------------------------------------|--------------------------------|---|-------------------------|
|                            | General Obligation Bonds        | Deductions | Net General Bonded Debt Outstanding |                                |   |                         |
| 2006                       | \$19,029,000.00                 | -0-        | \$19,029,000.00                     | \$717,001,996                  | 2.65%   | \$2,183.23              |
| 2007                       | 17,824,000.00                   | -0-        | 17,824,000.00                       | 715,534,888                    | 2.49%   | 2,073.52                |
| 2008                       | 17,110,000.00                   | -0-        | 17,110,000.00                       | 715,216,769                    | 2.39%   | 1,994.64                |
| 2009                       | 16,350,000.00                   | -0-        | 16,350,000.00                       | 1,357,821,644                  | 1.20%   | 1,898.73                |
| 2010                       | 31,730,000.00                   | -0-        | 31,730,000.00                       | 1,353,097,425                  | 2.34%   | 3,546.44                |
| 2011                       | 32,855,000.00                   | -0-        | 32,855,000.00                       | 1,347,282,043                  | 2.44%   | 3,652.18                |
| 2012                       | 31,730,000.00                   | -0-        | 31,730,000.00                       | 1,342,604,757                  | 2.36%   | 3,518.52                |
| 2013                       | 28,545,000.00                   | -0-        | 28,545,000.00                       | 1,333,987,032                  | 2.14%   | 3,145.45                |
| 2014                       | 28,545,000.00                   | -0-        | 28,545,000.00                       | 1,222,698,440                  | 2.33%   | 3,145.45                |
| 2015                       | 26,805,000.00                   | -0-        | 26,805,000.00                       | 1,222,698,440                  | 2.19%   | 2,933.03                |

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

- a** See Exhibit NJ J-6 for property tax data.
- b** Population data can be found in Exhibit NJ J-14.
- \* Not available at time of audit

BOROUGH OF LEONIA SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2014  
UNAUDITED

|   | <u>Leonia<br/>Borough</u>     |
|---|-------------------------------|
| Net Direct Debt of School District<br>as of December 31, 2014 | <u>26,805,000.00</u>          |
| Net Overlapping Debt of School District:                      |                               |
| Municipal   | 8,609,004.93                  |
| County of Bergen  | <u>6,563,377.42</u>           |
| Total direct and overlapping debt<br>as of December 31, 2014  | <u><u>\$41,977,382.35</u></u> |

Source: Annual Debt Statements, Bergen County Comptrollers Office

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

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

BOROUGH OF LEONIA SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST EIGHT FISCAL YEARS  
UNAUDITED

Legal Debt Margin Calculation for Calendar Year 2014

|                            |                           |  |                         |
|----------------------------|---------------------------|--|-------------------------|
|                            | Equalized valuation basis |  |                         |
|                            | 2014                      |  | \$ 1,289,832,471        |
|                            | 2013                      |  | 1,285,749,783           |
|                            | 2012                      |  | <u>1,289,205,362</u>    |
|                            | <b>[A]</b>                |  | <u>\$ 3,864,787,616</u> |
|                            | <b>[A/3]</b>              |  | \$ 1,288,262,539        |
| Debt limit (4 % of average | <b>[B]</b>                |  | <b>a</b> 51,530,502     |
| Net bonded school debt     | <b>[C]</b>                |  | -                       |
| Legal debt margin          | <b>[B-C]</b>              |  | <u>\$ 51,530,502</u>    |

|   | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013              | 2014              |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-------------------|-------------------|
| Debt limit  | \$ 46,438,239        | \$ 50,792,905        | \$ 54,157,225        | \$ 60,241,970        | \$ 57,207,730        | \$ 54,808,802        | \$ 52,799,741     | \$ 51,530,502     |
| Total net debt applicable to limit                                      | <u>9,617,546</u>     | <u>9,976,908</u>     | <u>9,384,659</u>     | <u>16,350,000</u>    | <u>31,730,000</u>    | <u>31,730,000</u>    | <u>30,230,000</u> | <u>28,545,000</u> |
| Legal debt margin   | <u>\$ 36,820,693</u> | <u>\$ 40,815,997</u> | <u>\$ 44,772,566</u> | <u>\$ 43,891,970</u> | <u>\$ 25,477,730</u> | <u>\$ 23,078,802</u> | <u>22,569,741</u> | <u>22,985,502</u> |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 20.71%               | 19.64%               | 17.33%               | 27.14%               | 55.46%               | 57.89%               | 57.25%            | 55.39%            |

Source: Abstract of Ratables and District Records CAFR Schedule J-7

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

\* Not available at time of audit

BOROUGH OF LEONIA SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

| <u>Year Ended</u><br><u>December 31</u> | <u>Unemployment Rate <sup>d</sup></u> | <u>Bergen County Per</u><br><u>Capita Income</u> | <u>School District</u><br><u>Population</u> |
|---|---------------------------------------|--|---|
| 2005                                    | 2.7%                                  | \$ 56,963  | 8,716                                       |
| 2006                                    | 2.8%                                  | 63,103   | 8,625                                       |
| 2007                                    | 2.5%                                  | 67,544   | 8,596                                       |
| 2008                                    | 3.3%                                  | 67,331   | 8,576                                       |
| 2009                                    | 5.9%                                  | 63,874   | 8,611                                       |
| 2010                                    | 6.1%                                  | 63,885   | 8,959                                       |
| 2011                                    | 6.0%                                  | 67,248   | 9,020                                       |
| 2012                                    | 8.1%                                  | 69,281   | 9,056                                       |
| 2013                                    | 5.1%                                  | 69,495   | 9,100                                       |
| 2014                                    | 4.5%                                  | *  | 9,139                                       |

Source: N.J. Department of Labor

\* Not available at time of audit

BOROUGH OF LEONIA SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS  
CURRENT AND TEN YEARS AGO  
UNAUDITED

| <u>Employer</u> | <u>2014</u>      |             |                                       | <u>2005</u>      |             |                                       |
|-----------------|------------------|-------------|---------------------------------------|------------------|-------------|---------------------------------------|
|                 | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total Employment</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total Employment</u> |
| *               | *                | *           | *                                     | *                | *           | *                                     |
| *               | *                | *           | *                                     | *                | *           | *                                     |
| *               | *                | *           | *                                     | *                | *           | *                                     |
| *               | *                | *           | *                                     | *                | *           | *                                     |
| *               | *                | *           | *                                     | *                | *           | *                                     |
| *               | *                | *           | *                                     | *                | *           | *                                     |
| *               | *                | *           | *                                     | *                | *           | *                                     |
| *               | *                | *           | *                                     | *                | *           | *                                     |
| *               | *                | *           | *                                     | *                | *           | *                                     |
| *               | *                | *           | *                                     | *                | *           | *                                     |
| *               | *                | *           | *                                     | *                | *           | *                                     |
| *               | *                | *           | *                                     | *                | *           | *                                     |
| *               | *                | *           | *                                     | *                | *           | *                                     |
| *               | *                | *           | *                                     | *                | *           | *                                     |
| *               | *                | *           | *                                     | *                | *           | *                                     |
|                 | -                |             | -                                     | -                |             | -                                     |
|                 | -                |             | -                                     | -                |             | -                                     |

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Information for this schedule was not available at the time of audit.

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

| <u>Function/Program</u>          | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Instruction                      |             |             |             |             |             |             |             |             |             |             |
| Regular                          | 178         | 179         | 245         | 236         | 235         | *           | 120         | 145         | 147         | 145         |
| Special education                | 47          | 47          | 7           | 9           | 9           | *           | 52          | 87          | 49          | 44          |
| Other instruction                | 31          | 31          |             |             |             |             |             |             |             |             |
| Support Services:                |             |             |             |             |             |             |             |             |             |             |
| General administrative services  | 6           | 6           | 8           | 9           | 7           | *           | 5           | 9           | 10          | 10          |
| School administrative services   | 9           | 9           | 9           | 9           | 9           | *           | 12          | 31          | 17          | 12          |
| Plant operations and maintenance | 24          | 24          | 23          | 34          | 9           | *           | 24          | 26          | 26          | 23          |
| Total                            | <u>295</u>  | <u>296</u>  | <u>292</u>  | <u>297</u>  | <u>269</u>  | <u>-</u>    | <u>219</u>  | <u>298</u>  | <u>249</u>  | <u>234</u>  |

Source: District Personnel Records

\* Not available at time of audit

BOROUGH OF LEONIA SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

| <u>Fiscal Year</u> | <u>Enrollment</u> | <u>Operating Expenditures<sup>a</sup></u> | <u>Cost Per Pupil</u> | <u>Percentage Change</u> | <u>Teaching Staff<sup>b</sup></u> | <u>Average Daily Enrollment (ADE)<sup>c</sup></u> | <u>Average Daily Attendance (ADA)<sup>c</sup></u> | <u>% Change in Average Daily Enrollment</u> | <u>Student Attendance Percentage</u> |
|--------------------|-------------------|---|-----------------------|--------------------------|-----------------------------------|---|---|---|--------------------------------------|
| 2006               | 1,750             | 22,897,102                                | 13,084                | 3.03%                    | 209                               | 1,736   | 1,657   | 0.58%                                       | 95.45%                               |
| 2007               | 1,750             | 23,222,896                                | 13,270                | 1.42%                    | 209                               | 1,730   | 1,650   | -0.35%                                      | 95.38%                               |
| 2008               | 1,722             | 23,478,965                                | 13,635                | 2.75%                    | 194                               | 1,735   | 1,662   | 0.29%                                       | 95.79%                               |
| 2009               | 1,759             | 23,898,852                                | 13,587                | -0.35%                   | 194                               | 1,754   | 1,675   | 1.10%                                       | 95.50%                               |
| 2010               | 1,788             | 25,265,944                                | 14,131                | 4.01%                    | 194                               | 1,776   | 1,708   | 1.25%                                       | 96.17%                               |
| 2011               | 1,788             | 27,675,412                                | 15,478                | 9.54%                    | *                                 | *   | *   | *   | *                                    |
| 2012               | 1,805             | 27,234,582                                | 15,088                | -2.52%                   | *                                 | *   | *   | *   | *                                    |
| 2013               | 1,829             | 28,898,860                                | 15,800                | 4.72%                    | *                                 | *   | *   | *   | *                                    |
| 2014               | 1,840             | 30,436,128                                | 16,541                | 4.69%                    | *                                 | *   | *   | *   | *                                    |
| 2015               | 1,836             | 31,947,069                                | 17,400                | 5.19%                    | *                                 | *   | *   | *   | *                                    |

Sources: District records

Note: Enrollment based on annual October district count.

\* Not available at time of audit

- a Operating expenditures equal total expenditures less debt service and capital outlay;
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

BOROUGH OF LEONIA SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS

|                          | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>District Building</u> |             |             |             |             |             |             |             |             |             |             |
| <u>Elementary</u>        |             |             |             |             |             |             |             |             |             |             |
| Anna C. Scott            |             |             |             |             |             |             |             |             |             |             |
| Square Feet              | 82,346      | 82,346      | 82,346      | 82,346      | 82,346      | 82,346      | 82,346      | 82,346      | 82,346      | 82,346      |
| Capacity (students)      | 720         | 720         | 720         | 720         | 720         | 720         | 720         | 720         | 720         | 720         |
| Enrollment               | 639         | 639         | 639         | 680         | 639         | 639         | 639         | 639         | 639         | 639         |
| <u>Middle School</u>     |             |             |             |             |             |             |             |             |             |             |
| Leonida Middle School    |             |             |             |             |             |             |             |             |             |             |
| Square Feet              | 115,540     | 115,540     | 115,540     | 115,540     | 115,540     | 115,540     | 115,540     | 115,540     | 115,540     | 115,540     |
| Capacity (students)      | 550         | 550         | 550         | 550         | 550         | 550         | 550         | 550         | 550         | 550         |
| Enrollment               | 490         | 490         | 490         | 454         | 490         | 490         | 490         | 490         | 490         | 490         |
| <u>High School</u>       |             |             |             |             |             |             |             |             |             |             |
| Leonida High School      |             |             |             |             |             |             |             |             |             |             |
| Square Feet              | 120,790     | 120,790     | 120,790     | 120,790     | 120,790     | 120,790     | 120,790     | 120,790     | 120,790     | 120,790     |
| Capacity (students)      | 700         | 700         | 700         | 700         | 700         | 700         | 700         | 700         | 700         | 700         |
| Enrollment               | 616         | 616         | 616         | 619         | 616         | 616         | 616         | 616         | 616         | 616         |
| <u>Other</u>             |             |             |             |             |             |             |             |             |             |             |
| Central Administration   |             |             |             |             |             |             |             |             |             |             |
| Square Feet              | 1,800       | 1,800       | 1,800       | 1,800       | 1800        | 1800        | 1800        | 1800        | 1800        | 1800        |

Number of Schools at June 30, 2015  
 Elementary/Middle/High School = 3

**Source:** District records, ASSA

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of and additions. Enrollment is based on the annual October district count.

BOROUGH OF LEONIA - SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST TEN FISCAL YEARS  
UNAUDITED

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
11-000-261-XXX

| School Facilities       | Project # (s) | 2015       | 2014       | 2013       | 2012       | 2011         | 2010       | 2009       | 2008         | 2007       | 2006       |
|-------------------------|---------------|------------|------------|------------|------------|--------------|------------|------------|--------------|------------|------------|
| Anna C. Scott           | N/A           | \$ 256,955 | \$ 287,314 | \$ 179,600 | \$ 111,088 | \$ 845,111   | \$ 107,299 | \$ 175,979 | \$ 467,600   | \$ 238,047 | \$ 248,363 |
| Middle School           | N/A           | 229,176    | 256,253    | 161,588    | 174,431    | 144,366      | 148,567    | 246,708    | 319,937      | 56,462     | 34,352     |
| High School             | N/A           | 208,342    | 232,957    | 147,521    | 179,080    | 131,324      | 156,821    | 258,137    | 442,988      | 46,858     | 28,639     |
| Total School Facilities |               | 694,473    | 776,524    | 488,709    | 464,599    | 1,120,801    | 412,687    | 680,824    | 1,230,525    | 341,367    | 311,354    |
| Other Facilities        |               |            |            |            |            |              |            |            |              |            |            |
| Grand Total             |               | \$ 694,473 | \$ 776,524 | \$ 488,709 | \$ 464,599 | \$ 1,120,801 | \$ 412,687 | \$ 680,824 | \$ 1,230,525 | \$ 341,367 | \$ 311,354 |

BOROUGH OF LEONIA SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2015  
UNAUDITED

|  | <u>COVERAGE</u> | <u>DEDUCTIBLE</u>              |
|--|-----------------|--------------------------------|
| School Alliance Insurance Fund:                        |                 |                                |
| Commercial Package Policy                              |                 |                                |
| Property - Blanket Building & Contents                 | \$84,001,238    | \$2,500                        |
| Crime Coverage   |                 | 1,000                          |
| Employee Dishonesty                                    | 500,000         |                                |
| Forgery & Alteration                                   | 50,000          |                                |
| Theft, disappearance & destruction - inside/outside    | 50,000          |                                |
| Computer Fraud   | 50,000          |                                |
| Flood (Subject to FEMA deductible in flood zone "A&V") | 25,000,000      | NFIP Limit                     |
| Flood Zones (non A&V)                                  | 10,000,000      |                                |
| Earthquake   | 25,000,000      | Excess 5% of<br>location value |
| Boiler & Machinery                                     | 100,000,000     | 2,500                          |
| General Liability                                      |                 |                                |
| Each Occurrence  | 5,000,000       |                                |
| General Aggregate                                      | 50,000,000      |                                |
| Pro/Completed Oper.                                    | 5,000,000       |                                |
| Personal Injury  | 5,000,000       |                                |
| Fire Damage  | 2,500,000       |                                |
| Medical Expense  | 5,000           |                                |
| Employee Benefit Liability                             | 5,000,000       |                                |
| Aggregate (Claims Made)                                | 5,000,000       |                                |
| Sexual Molestation Limit                               | 3,000,000       |                                |
| Automobile Coverage                                    |                 |                                |
| Combined Single Limit                                  | 5,000,000       |                                |
| Hired/Non Owned  | 5,000,000       |                                |
| Uninsured/Underinsured                                 | 15/30/5,000     |                                |
| Comprehensive  |                 |                                |
| Collision  |                 | 1,000.00                       |

Source: District records

BOROUGH OF LEONIA SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2015  
UNAUDITED

|   | <u>COVERAGE</u> | <u>DEDUCTIBLE</u> |
|---|-----------------|-------------------|
| Ace American Insurance:                                     |                 |                   |
| School Leaders  |                 |                   |
| Liability & Employment Practices Liability                  |                 |                   |
| Each Claim/Each Insured, Aggregate/Each Insured             | \$10,000,000    |                   |
| Each Claim/All Insureds                                     | 10,000,000      |                   |
| Maximum Policy Agg.   | 20,000,000      |                   |
| Retention-SLLL, EPL   |                 | \$10,000.00       |
| Excess Liability - School Alliance Insurance Fund           |                 |                   |
| Each Occurrence   | 15,000,000      |                   |
| E & O/Each Loss   | 15,000,000      |                   |
| Each Policy Year  | 15,000,000      |                   |
| Excess Liability (CAP) - Fireman's Fund                     |                 |                   |
| Each Occurrence   |                 |                   |
| Aggregate   |                 |                   |
| Environmental - Ace Illinois Union Ins Co.                  |                 |                   |
| Per Claim   | 1,000,000       |                   |
| Legal Defense Expense Limit                                 | 25,000,000      |                   |
| SIR: Per Pollution Condition                                |                 | 10,000            |
| AD & D - Gerber Life Insurance Co, Life Ins. Co. of America |                 |                   |
| Principal Sum   |                 |                   |
| Aggregate Limit/per accident                                |                 |                   |
| Public Official Bond - RLI Insurance Co.                    |                 |                   |
| Louis Mondello  |                 |                   |
| Public Official Bond - Hartford Fire Ins. Co.               |                 |                   |
| Antoinette Kelly  |                 |                   |

Source: District records

**SINGLE AUDIT SECTION**



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

EXHIBIT "K-1"

308 East Broad Street, Westfield, New Jersey 07090-2122

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

Honorable President and Members  
of the Board of Education  
Borough of Leonia School District  
County of Bergen  
Leonias, New Jersey 07605

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Borough of Leonia School District (the "District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated December 2, 2015.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District's 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 Borough of Leonia's School 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.

# SUPLEE, CLOONEY & COMPANY

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

## ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However we noted immaterial instances of noncompliance that we have reported to the Board of Education of the Borough of Leonia School District in a separate Auditor's Management Report on Administrative Findings – Financial and Compliance dated December 2, 2015.

## ***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.

  
CERTIFIED PUBLIC ACCOUNTANTS

  
PUBLIC SCHOOL ACCOUNTANT NO. 93

December 2, 2015



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

EXHIBIT "K-2"

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL  
AND STATE FINANCIAL ASSISTANCE PROGRAMS AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH U.S. OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04**

Honorable President and Members  
of the Board of Education  
Borough of Leonia School District  
County of Bergen  
Leonias, New Jersey 07605

### ***Report on Compliance for Each Major Federal and State Program***

We have audited the Borough of Leonia School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the Borough of Leonia School District's major federal and state programs for the year ended June 30, 2015. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Borough of Leonia School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* and *New Jersey OMB 04-04*. Those standards, *OMB Circular A-133* and *New Jersey OMB 04-04* 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 Borough of Leonia School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal and State Program**

In our opinion, the Borough of Leonia School 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 year ended June 30, 2015.

**Report on Internal Control Over Compliance**

Management of the Borough of Leonia School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Borough of Leonia School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *OMB Circular A-133* and *New Jersey OMB 04-04*, 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 Borough of Leonia School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal 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 *OMB Circular A-133* and *State of New Jersey OMB 04-04*. Accordingly, this report is not suitable for any other purpose.

  
CERTIFIED PUBLIC ACCOUNTANTS

  
PUBLIC SCHOOL ACCOUNTANT NO. 93

December 2, 2015

BOROUGH OF LEONIA - SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE | FEDERAL CFDA NUMBER | GRANT PERIOD     | AWARD AMOUNT | BALANCE AT JUNE 30, 2014 | CARRYOVER/ (WALKOVER) AMOUNT | CASH RECEIVED        | BUDGETARY EXPENDITURES | ADJUSTMENTS | REPAYMENT OF PRIOR YEAR'S BALANCES | (ACCTS. RECEIVABLE) UNEARNED REVENUE AT JUNE 30, 2015 | DUE TO GRANTOR AT JUNE 30, 2015 |
|--|---------------------|------------------|--------------|--------------------------|------------------------------|----------------------|------------------------|-------------|------------------------------------|---|---------------------------------|
| Enterprise Funds                                   |                     |                  |              |                          |                              |                      |                        |             |                                    |   |                                 |
| U S Department of Agriculture                      |                     |                  |              |                          |                              |                      |                        |             |                                    |   |                                 |
| Passed-through State Department of Education:      |                     |                  |              |                          |                              |                      |                        |             |                                    |   |                                 |
| Food Distribution Commodities Program              | 10 565              | 7/1/13-6/30/14   | \$ 22,124.03 | \$ 1,933.18              |                              |                      | \$ (1,933.18)          |             |                                    | \$  | \$                              |
| Food Distribution Commodities Program              | 10.565              | 7/1/14-6/30/15   | 26,474.18    |                          |                              | 26,634.58            | (24,541.00)            |             |                                    |   | 2,093.58                        |
| National School Lunch Program                      | 10.555              | 7/1/13-6/30/14   | 137,989.00   | (13,045.40)              |                              | 13,045.40            |                        |             |                                    |   |                                 |
| National School Lunch Program                      | 10.555              | 7/1/14-6/30/15   | 140,332.52   |                          |                              | 128,958.74           | (140,332.52)           |             |                                    | (13,373.78)   |                                 |
| National School Breakfast Program                  | 10.553              | 7/1/13-6/30/14   | 17,165.66    | (1,342.28)               |                              | 1,342.28             |                        |             |                                    |   |                                 |
| National School Breakfast Program                  | 10.553              | 7/1/14-6/30/15   | 13,573.83    |                          |                              | 12,201.92            | (13,573.83)            |             |                                    | (1,371.91)  |                                 |
| Total U.S. Department of Agriculture               |                     |                  |              | <u>(12,454.50)</u>       |                              | <u>180,182.92</u>    | <u>(180,380.53)</u>    |             |                                    | <u>(14,745.69)</u>                                    | <u>2,093.58</u>                 |
| Special Revenue Funds                              |                     |                  |              |                          |                              |                      |                        |             |                                    |   |                                 |
| U S Department of Education                        |                     |                  |              |                          |                              |                      |                        |             |                                    |   |                                 |
| Passed-through State Department of Education:      |                     |                  |              |                          |                              |                      |                        |             |                                    |   |                                 |
| Title I  | 84 010              | 7/1/14 - 6/30/15 | 137,450.00   |                          |                              | 52,736.46            | (103,323.96)           |             |                                    | (50,587.50)   |                                 |
| Title I  | 84.010              | 7/1/13 - 6/30/14 | 124,891.00   | (4,737.54)               |                              | 4,737.54             |                        |             |                                    |   |                                 |
| Title II A   | 84.367              | 7/1/10 - 6/30/11 | 43,334.02    | 73.78                    |                              |                      |                        |             |                                    |   | 73.78                           |
| Title II A   | 84.367              | 7/1/11 - 6/30/12 | 44,887.25    | 1,883.17                 |                              |                      |                        |             |                                    |   | 1,883.17                        |
| Title II A   | 84.367              | 7/1/14 - 6/30/15 | 40,337.90    |                          |                              | 20,307.54            | (27,254.44)            |             |                                    | (6,946.90)  |                                 |
| Title II A   | 84.367              | 7/1/13 - 6/30/14 | 34,765.00    | (3,300.46)               |                              | 3,300.46             |                        |             |                                    |   |                                 |
| Title III  | 84.365              | 7/1/14 - 6/30/15 | 18,505.00    |                          |                              | 6,521.89             | (10,077.00)            |             |                                    | (3,555.11)  |                                 |
| Title III  | 84.365              | 7/1/13 - 6/30/14 | 47,083.00    | (1,555.11)               |                              | 1,555.11             |                        |             |                                    |   |                                 |
| I.D.E.A. Part B, Basic                             | 84.027              | 7/1/14 - 6/30/15 | 382,338.00   |                          |                              | 336,968.43           | (379,937.28)           |             |                                    | (42,968.85)   |                                 |
| I.D.E.A. Part B, Basic                             | 84.027              | 7/1/13 - 6/30/14 | 316,425.00   | (4,930.57)               |                              | 4,930.57             |                        |             |                                    |   |                                 |
| I.D.E.A. Part B- Preschool                         | 84.173              | 7/1/12 - 6/30/13 | 10,281.00    | 0.86                     |                              |                      |                        |             |                                    |   | 0.86                            |
| I.D.E.A. Part B- Preschool                         | 84.173              | 7/1/13 - 6/30/14 | 9,586.00     |                          |                              | 7,458.00             | (9,586.00)             |             |                                    | (2,128.00)  |                                 |
| I.D.E.A. Part B- Preschool                         | 84.173              | 7/1/14 - 6/30/15 | 9,888.00     |                          |                              |                      | (1,008.80)             |             |                                    | (1,008.80)  |                                 |
| Perkins Secondary                                  | 84.048              | 7/1/14 - 6/30/15 | 14,757.00    |                          |                              | 1,883.72             | (13,808.15)            |             |                                    | (11,924.43)   |                                 |
| Perkins Secondary                                  | 84.048              | 7/1/13 - 6/30/14 | 15,456.00    | (9,950.28)               |                              | 9,950.28             |                        |             |                                    |   |                                 |
| Total U.S. Department of Education                 |                     |                  |              | <u>(22,516.15)</u>       |                              | <u>450,350.00</u>    | <u>(544,995.63)</u>    |             |                                    | <u>(119,119.59)</u>                                   | <u>1,957.81</u>                 |
| Total Federal Financial Assistance                 |                     |                  |              | <u>\$ (34,970.65)</u>    |                              | <u>\$ 630,532.92</u> | <u>\$ (725,376.16)</u> |             |                                    | <u>\$ (133,865.28)</u>                                | <u>\$ 4,051.39</u>              |

See accompanying notes to schedules of financial assistance.

BOROUGH OF LEONIA - SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| STATE GRANTOR/PROGRAM TITLE                                     | GRANT OR STATE PROJECT NUMBER | GRANT PERIOD   | AWARD AMOUNT           | BALANCE AT JUNE 30, 2014 |                  |                | CARRYOVER/<br>(WALKOVER) AMOUNT | CASH RECEIVED         | BUDGETARY EXPENDITURES   | ADJUSTMENTS          | REPAYMENT OF PRIOR YEAR'S BALANCES | BALANCE AT JUNE 30, 2015 |                        |                | MEMO                 |                               |                       |
|---|-------------------------------|----------------|------------------------|--------------------------|------------------|----------------|---------------------------------|-----------------------|--------------------------|----------------------|------------------------------------|--------------------------|------------------------|----------------|----------------------|-------------------------------|-----------------------|
|   |                               |                |                        | (ACCOUNTS RECEIVABLE)    | UNEARNED REVENUE | DUE TO GRANTOR |                                 |                       |                          |                      |                                    | (ACCOUNTS RECEIVABLE)    | UNEARNED REVENUE       | DUE TO GRANTOR | BUDGETARY RECEIVABLE | CUMULATIVE TOTAL EXPENDITURES |                       |
| State Department of Education                                   |                               |                |                        |                          |                  |                |                                 |                       |                          |                      |                                    |                          |                        |                |                      |                               |                       |
| General Funds:  |                               |                |                        |                          |                  |                |                                 |                       |                          |                      |                                    |                          |                        |                |                      |                               |                       |
| Equalization Aid  | 15-495-034-5120-078           |                | \$2,619,846.00         |                          |                  |                |                                 | \$2,362,360.70        | \$ (2,619,846.00)        | \$ 257,485.30        |                                    |                          |                        |                | \$ (257,485.30)      | \$2,619,846.00                |                       |
| Transportation Aid  | 15-495-034-5120-014           |                | 8,871.00               |                          |                  |                |                                 | 7,983.90              | (8,871.00)               | 887.10               |                                    |                          |                        |                | (887.10)             | 8,871.00                      |                       |
| Special Education Categorical Aid                               | 15-495-034-5120-089           |                | 885,744.00             |                          |                  |                |                                 | 828,904.60            | (885,744.00)             | 56,839.40            |                                    |                          |                        |                | (56,839.40)          | 885,744.00                    |                       |
| Security Aid  | 15-495-034-5120-084           |                | 23,162.00              |                          |                  |                |                                 | 20,845.80             | (23,162.00)              | 2,316.20             |                                    |                          |                        |                | (2,316.20)           | 23,162.00                     |                       |
| PARCC Readiness Aid   | 15-495-034-5120-098           |                | 14,050.00              |                          |                  |                |                                 | 12,793.50             | (14,050.00)              | 1,256.50             |                                    |                          |                        |                | (1,256.50)           | 14,050.00                     |                       |
| Per Pupil Growth Aid  | 15-495-034-5120-097           |                | 14,050.00              |                          |                  |                |                                 | 12,793.50             | (14,050.00)              | 1,256.50             |                                    |                          |                        |                | (1,256.50)           | 14,050.00                     |                       |
| Extraordinary Aid   | 14-495-034-5120-473           |                | 186,364.00             | (\$186,364.00)           |                  |                |                                 | 186,364.00            |                          |                      |                                    |                          |                        |                |                      |                               |                       |
| Extraordinary Aid   | 15-495-034-5120-473           |                | 240,337.00             |                          |                  |                |                                 |                       | (240,337.00)             |                      |                                    |                          | (\$240,337.00)         |                | (240,337.00)         | 240,337.00                    |                       |
| Reimbursed TPAF Social Security Contributions                   | 14-495-034-5095-002           |                | 999,285.28             | (49,689.59)              |                  |                |                                 | 49,689.59             |                          |                      |                                    |                          |                        |                |                      |                               |                       |
| Reimbursed TPAF Social Security Contributions                   | 15-495-034-5095-002           |                | 1,015,480.53           |                          |                  |                |                                 | 966,826.39            | (1,015,480.53)           |                      |                                    |                          | (48,654.14)            |                | (48,654.14)          | 1,015,480.53                  |                       |
| <b>Total General Fund</b>                                       |                               |                |                        | (236,053.59)             |                  |                |                                 | 4,448,561.98          | (4,821,540.53)           | 320,041.00           |                                    |                          | (288,991.14)           |                | (609,032.14)         | 4,821,540.53                  |                       |
| Special Revenue Fund:   |                               |                |                        |                          |                  |                |                                 |                       |                          |                      |                                    |                          |                        |                |                      |                               |                       |
| NJ Nonpublic Aid:   |                               |                |                        |                          |                  |                |                                 |                       |                          |                      |                                    |                          |                        |                |                      |                               |                       |
| Textbook Aid  | 15-100-034-5120-064           | 7/1/14-6/30/15 | 1,430.00               |                          |                  |                |                                 | 1,430.00              | (1,400.00)               |                      |                                    |                          |                        |                | 30.00                | 1,400.00                      |                       |
| Nursing Services  | 15-100-034-5120-070           | 7/1/14-6/30/15 | 3,320.00               |                          |                  |                |                                 | 3,320.00              | (3,094.60)               |                      |                                    |                          |                        |                | 225.40               | 3,094.60                      |                       |
| Technology Equipment  | 15-100-034-5120-373           | 7/1/14-6/30/15 | 768.00                 |                          |                  |                |                                 | 768.00                | (620.60)                 |                      |                                    |                          |                        |                | \$147.40             | 620.60                        |                       |
| <b>Total Special Revenue Fund</b>                               |                               |                |                        |                          |                  |                |                                 | 5,518.00              | (5,115.20)               |                      |                                    |                          |                        |                | 402.80               | 5,115.20                      |                       |
| Debt Service Fund:  |                               |                |                        |                          |                  |                |                                 |                       |                          |                      |                                    |                          |                        |                |                      |                               |                       |
| Debt Service Aid  |                               |                |                        |                          |                  |                |                                 |                       |                          |                      |                                    |                          |                        |                |                      |                               |                       |
| Debt Service Aid  | 15-495-034-5120-017           | 7/1/14-6/30/15 | 411,785.00             |                          |                  |                |                                 | 411,785.00            | (411,785.00)             |                      |                                    |                          |                        |                |                      | 411,785.00                    |                       |
|   |                               |                |                        |                          |                  |                |                                 | 411,785.00            | (411,785.00)             |                      |                                    |                          |                        |                |                      | 411,785.00                    |                       |
| Enterprise Fund:  |                               |                |                        |                          |                  |                |                                 |                       |                          |                      |                                    |                          |                        |                |                      |                               |                       |
| National School Lunch Program (State Share)                     | 14-100-010-3360-067           | 7/1/13-6/30/14 | 5,653.66               | (462.49)                 |                  |                |                                 | 462.49                |                          |                      |                                    |                          |                        |                |                      |                               |                       |
| National School Lunch Program (State Share)                     | 15-100-010-3360-067           | 7/1/14-6/30/15 | 5,595.67               |                          |                  |                |                                 | 5,132.91              | (5,595.67)               |                      |                                    |                          | (462.76)               |                |                      | 5,595.67                      |                       |
| <b>Total Enterprise Fund</b>                                    |                               |                |                        | (462.49)                 |                  |                |                                 | 5,595.40              | (5,595.67)               |                      |                                    |                          | (462.76)               |                |                      | 5,595.67                      |                       |
| <b>Total State Financial Assistance Subject to Single Audit</b> |                               |                | <b>\$ (236,516.08)</b> |                          |                  | <b>\$ -</b>    |                                 | <b>4,871,460.38</b>   | <b>(5,244,036.40)</b>    | <b>\$ 320,041.00</b> | <b>\$ -</b>                        |                          | <b>\$ (289,453.90)</b> |                | <b>\$ 402.80</b>     | <b>\$ (609,032.14)</b>        | <b>\$5,244,036.40</b> |
| On-Behalf TPAF Pension Contribution                             |                               | 7/1/14-6/30/15 |                        |                          |                  |                |                                 | 694,039.00            | (694,039.00)             |                      |                                    |                          |                        |                |                      |                               |                       |
| On-Behalf TPAF Noncontributory Insurance                        |                               | 7/1/14-6/30/15 |                        |                          |                  |                |                                 | 49,933.00             | (49,933.00)              |                      |                                    |                          |                        |                |                      |                               |                       |
| On-Behalf TPAF Post Retirement Medical                          |                               | 7/1/14-6/30/15 |                        |                          |                  |                |                                 | 1,181,056.00          | (1,181,056.00)           |                      |                                    |                          |                        |                |                      |                               |                       |
|   |                               |                |                        |                          |                  |                |                                 | <b>\$6,796,488.38</b> | <b>\$ (7,169,064.40)</b> |                      |                                    |                          |                        |                |                      |                               |                       |

See accompanying notes to schedules of financial assistance.

**Borough of Leonia School District**  
**Notes to the Schedules of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**Year Ended June 30, 2015**

**NOTE 1: GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Board of Education, Leonia School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from the federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2: BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exceptions of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 of the District's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3: 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 schedule (RSI) are presented for the general fund and special revenue fund to demonstrate finance-regulated 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 deferred state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP accounting purposes, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the 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 GAAP basis does not. The special revenue fund also recognizes the deferred state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

**Borough of Leonia School District**  
**Notes to the Schedules of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**Year Ended June 30, 2015**

**NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$9,809.00 for the general fund. The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$13,829.28 for the special revenue fund. See the notes to the required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

|  | <u>Federal</u>      | <u>State</u>          | <u>Total</u>          |
|--|---------------------|-----------------------|-----------------------|
| General Fund                           |                     | \$6,746,568.53        | \$6,746,568.53        |
| Special Revenue Fund                   | 544,995.63          | 5,115.20              | 550,110.83            |
| Debt Service Fund                      |                     | 411,785.00            | 411,785.00            |
| Food Service Fund                      | <u>180,380.53</u>   | <u>5,595.67</u>       | <u>185,976.20</u>     |
| Total Awards &<br>Financial Assistance | <u>\$725,376.16</u> | <u>\$7,169,064.40</u> | <u>\$7,894,440.56</u> |

**NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5: OTHER**

Revenues and expenditures reported in the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2015.

**Borough of Leonia School District**  
**Bergen County, New Jersey**

**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2015**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

- |     |  |            |
|-----|--|------------|
| (1) | Type of Auditor’s Report Issued:   | Unmodified |
| (2) | Internal Control Over Financial Reporting:   |            |
|     | (a) Material weakness(es) identified?  | No         |
|     | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No         |
| (3) | Noncompliance material to the basic financial statements noted during the audit?           | No         |

**Federal Program(s)**

- |     |   |            |
|-----|---|------------|
| (1) | Internal Control Over Major Federal Programs:   |            |
|     | (a) Material weaknesses identified?   | No         |
|     | (b) Significant deficiencies identified that are not considered to be material weaknesses?                              | No         |
| (2) | Type of Auditor’s Report issued on compliance for major federal Program(s)?   | Unmodified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular OMB A-133? | No         |

**Borough of Leonia School District**  
**Bergen County, New Jersey**

**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2015**

**Section I – Summary of Auditor’s Results (Continued)**

**Federal Program(s) (Continued)**

(4) Identification of Major Federal Program(s):

| <u>Program</u>                    | <u>CFDA</u> |
|-----------------------------------|-------------|
| <u>IDEA Cluster:</u>              |             |
| IDEA Part B                       | 84.027      |
| IDEA Preschool                    | 84.173      |
| <u>Child Nutrition Cluster:</u>   |             |
| National School Lunch Program     | 10.555      |
| National School Breakfast Program | 10.553      |

(5) Program Threshold Determination:

Type A Federal Program Threshold > \$300,000.00

Type B Federal Program Threshold <= \$300,000.00

(6) Auditee qualified as a low-risk auditee under OMB Circular A-133? Yes

**State Program(s)**

(1) Internal Control Over Major State Programs:

(a) Material weakness(es) identified? No

(b) Significant deficiencies identified that are not  
 Considered to be material weaknesses? No

**Borough of Leonia School District**  
**Bergen County, New Jersey**

**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2015**

**Section I – Summary of Auditor’s Results (Continued)**

**State Program(s)(Continued)**

- (2) Type of Auditor’s Report issued on compliance for major state program(s)? Unmodified
- (3) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04? No
- (4) Identification of Major State Program(s):

| <u>Program</u>    | <u>Grant<br/>Number</u> |
|-------------------|-------------------------|
| Extraordinary Aid | 15-495-034-5120-473     |

- (5) Program Threshold Determination:  
 Type A State Program Threshold > \$300,000.00  
 Type B State Program Threshold <= \$300,000.00
- (6) Auditee qualified as a low-risk auditee under OMB Circular 04-04? Yes

Borough of Leonia School District  
Bergen County, New Jersey

Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2015

Section II –  
Financial Statement Audit – Reported Findings Under Government Auditing Standards

Internal Control Findings

None Reported

Compliance Findings

None Reported

Section III –  
Findings and Questioned Costs Relative to Major State Programs

State Programs – None Reported

**Borough of Leonia School District**  
**Bergen County, New Jersey**

**Schedule of Prior Year Audit Findings**

There were no prior year findings.

