

LEONIA BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Leonia, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Leonia Board of Education

Leonia, New Jersey

For The Fiscal Year Ended June 30, 2016

Prepared by

Business Office

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INTRODUCTORY SECTION



LEONIA PUBLIC SCHOOLS

570 Grand Avenue
Leonia NJ 07605

Phone: (201) 302-5200
Fax: (201) 461-0218

December 1, 2016

Honorable President and
Members of the Board of Education
Leonia Public Schools
570 Grand Avenue
Leonia, NJ 07605

Dear Board Members:

The comprehensive annual financial report (CAFR) of the Leonia Board of Education (the Board) for the fiscal year ended June 30, 2016 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation (including all disclosures) rests with the management of the District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects, and is reported in a manner designed to present fairly the financial position and the respective changes in financial position of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the narrative. The District's MD&A can be found immediately following the "Independent Auditor's Report."

The comprehensive annual financial report (CAFR) is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the independent auditor's report, management's discussion and analysis (MD&A) and the basic financial statements including the district-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual financial statements, notes to the financial statements and required supplemental information (RSI). The statistical section includes selected financial and demographic information generally presented on a multi-year basis.

Every district is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the related U.S. Uniform Guidance and the State Treasury Circular OMB 15-08. Information related to this single audit, including the auditors' 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.

1. REPORTING ENTITY AND ITS SERVICES

Our District provides a full range of educational services appropriate to grade levels K through 12. These include regular and special education for handicapped, school-aged individuals. The District completed FY 2015/2016 with an average daily enrollment of 1,820.7. The following Average Daily Enrollment figures, reported in the School Summary Register, detail the changes in student enrollment over the last ten (10) years:

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2015/16	1820.7	-0.3%
2014/15	1824.9	8.2%
2013/14	1687.1	-0.8%
2012/13	1833.5	0.5%
2011/12	1825.1	1.7%
2010/11	1796.1	1.2%
2009/10	1776.0	1.3%
2008/09	1754.4	1.1%
2007/08	1735.6	0.4%
2006/07	1729.5	N/A

2. ECONOMIC CONDITION AND OUTLOOK

The Borough of Leonia is substantially developed with both residential and commercial taxpayers. This has resulted in a static tax base, and this appears to be the picture for the immediate future as well.

3. MAJOR INITIATIVES

Our District continues to meet its educational challenges through a series of ambitious curriculum initiatives based on the Long Range Curriculum Plan, which must be completed to maintain educational integrity. Curriculum advances and enhancements include the areas of English Language Arts, mathematics, Foreign Language, 21st Century Skills, technology, social studies, and science.

In order to maintain dialogue with the staff, in service training in the curriculum areas are offered to all staff members. The district also continues to offer technology training during

the school day, as well as after-school hours and summer recess. The Quality School Assurance Continuum addresses this area.

In addition to technology, in-service training has focused on reading, language and mathematics instruction to address the PARCC requirements. Professional Development has also thoroughly addressed the assimilation of NGSS and NJ Student Learning Standards. District in-service has focused on a diversified curriculum meeting the needs of each child as well as establishing Professional Learning Communities for our teachers throughout the district.

4. INTERNAL ACCOUNTING CONTROLS

As a recipient of Federal and State financial assistance, the District is also 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 subject to periodic evaluation by District management and the auditor.

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.

5. 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 and the special revenue fund. The final budget amount as amended for FY 2015/2016 is reflected in the budgetary comparison schedules of the required supplementary information.

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-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as assigned fund balance at June 30, 2016.

6. ACCOUNTING SYSTEM AND REPORTS

Our District accounting records reflect generally accepted accounting principles (GAAP), 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."

7. DEBT ADMINISTRATION

On June 30, 2016, the District had \$25,010,000 outstanding in General Obligation Bonds. The proceeds of these bonds were used to provide funds for major capital improvements to the District's buildings and grounds.

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." The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). "GUDPA" was enacted in 1970 to protect governmental units from loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9. RISK MANAGEMENT

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

10. OTHER INFORMATION

Independent Audit. State statute requires an annual audit by an independent certified public accountant or registered municipal accountant. The Board's Finance Committee selected the accounting firm of Lerch Vinci & Higgins, LLP, CPA's. In addition to meeting the requirements as set forth in State statutes, the audit also was designed to meet the requirements of the Single Audit Act and the related U.S. Uniform Guidance and State Treasury Circular Letter OMB 15-08.

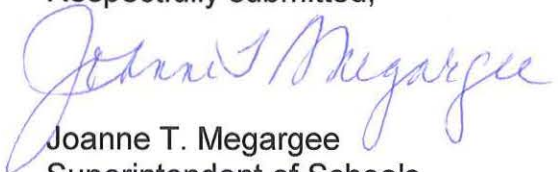
The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11. ACKNOWLEDGEMENTS

We would like to express our appreciation to the members of the Leonia Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the District, as well as contributing their full support to the development and maintenance of our financial operations. Further, the preparation of this report could not have been accomplished without

the efficient and dedicated services of our financial and accounting staff and other members in central office.

Respectfully submitted,



Joanne T. Megargee
Superintendent of Schools
Leonia Public Schools



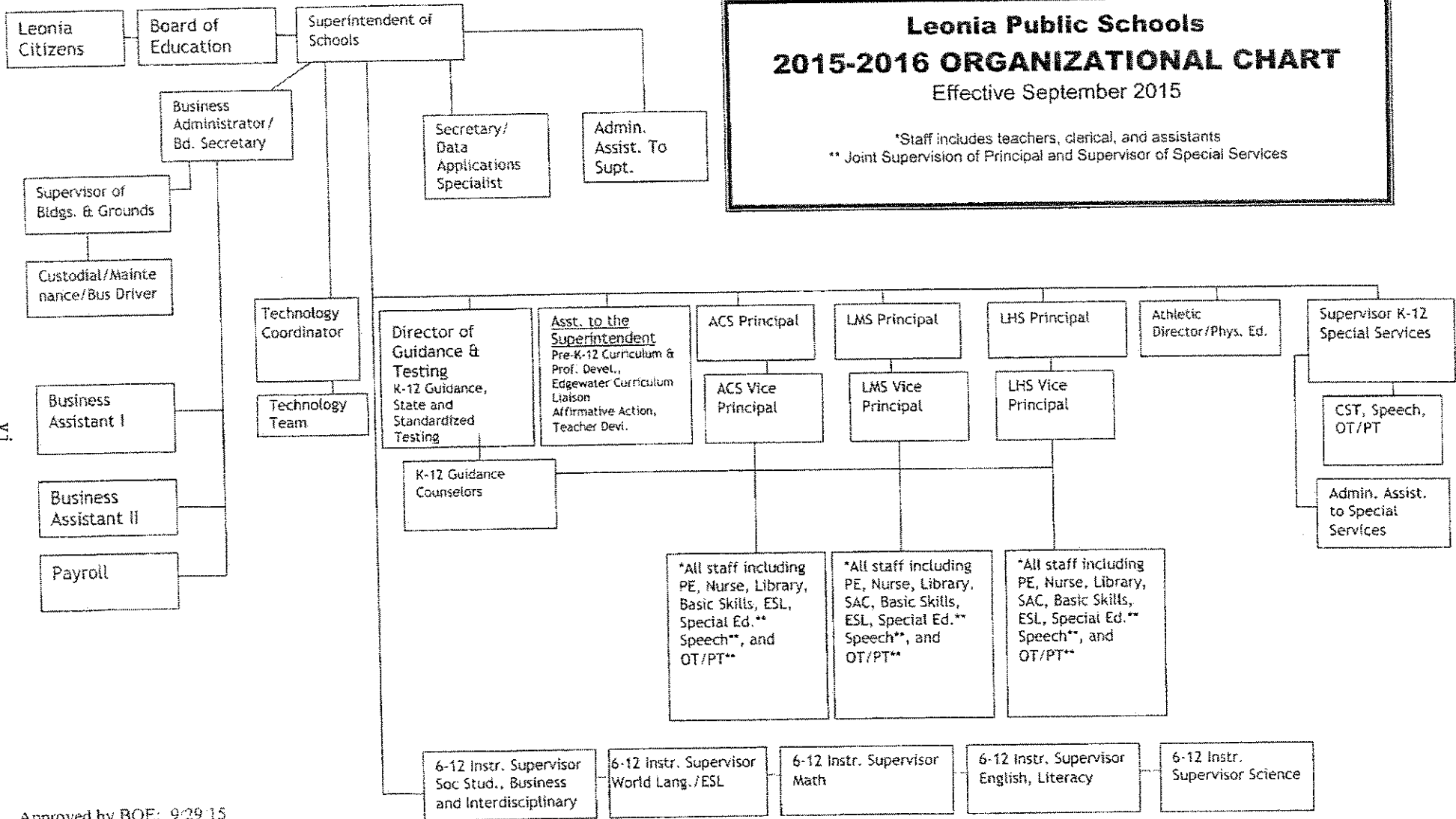
Donna Alonso
Interim Business Administrator
Leonia Public Schools

Leonia Public Schools

2015-2016 ORGANIZATIONAL CHART

Effective September 2015

*Staff includes teachers, clerical, and assistants
 ** Joint Supervision of Principal and Supervisor of Special Services



Approved by BOE: 9/29/15
 organizationalchart.dp

**LEONIA BOARD OF EDUCATION
LEONIA, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Lisa Klein, President	Jan 2018
Noreen Wilds, Vice President	Jan 2019
Neo Antoniades	Jan 2019
Douglas Chung	Jan 2017
Julie Diemer	Jan 2017
Anthony Cassano	Jan 2018
Archer Irby	Jan 2017
Steven Meester	Jan 2019
S. Abraham Ravid	Jan 2018
Sandy Klein – Edgewater Representative	Jan 2018

Other Officials

Joanne Megargee, Superintendent
Jim Olobardi, Interim Business Admin
Ernest Turner, Interim Business Admin
Antoinette Kelly, Treasurer of School Funds

**Leonia Board of Education
Leonia, New Jersey**

**Consultants and Advisors
June 30, 2016**

Audit Firm

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

Attorney

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

Official Depository

TD Bank
1400 Palisade Avenue
Fort Lee, NJ 07024

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Leonia Board of Education, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Leonia Board of Education as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Leonia Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Leonia Board of Education.

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

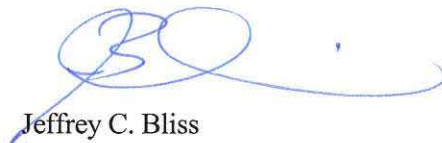
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 1, 2016 on our consideration of the Leonia Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Leonia Board of Education's internal control over financial reporting and compliance.

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
December 1, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

LEONIA BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

As management of the Leonia Board of Education (the Board or District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the Leonia Board of Education for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2015-2016 fiscal year include the following:

- The assets and deferred outflows of resources of the Leonia Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$9,328,964. (Net Position)
- The District's total net position increased by \$623,614 or 7%.
- Overall District revenues were \$41,424,918. General revenues accounted for \$23,409,794 or 57% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$18,015,124 or 43% of total revenues.
- The school district had \$40,160,602 in expenses for governmental activities; only \$17,349,835 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$23,409,794 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$9,946,430. Of this amount, \$9,212,108 is fund balance restricted for specific purposes, \$606,319 has been assigned to 2016/2017 expenditures and the remaining amount is the unassigned fund balance of \$128,003.
- The General Fund fund balance at June 30, 2016 was \$8,918,014, an increase of \$221,312 compared to the ending fund balance at June 30, 2015 of \$8,696,702.
- The General Fund unassigned budgetary fund balance at June 30, 2016 was \$623,006, which represents a increase of \$14,520 when compared to the ending unassigned budgetary fund balance at June 30, 2015 of \$608,486.
- The District's total outstanding long-term liabilities decreased by \$491,059 during the current fiscal year.

LEONIA BOARD OF EDUCATION

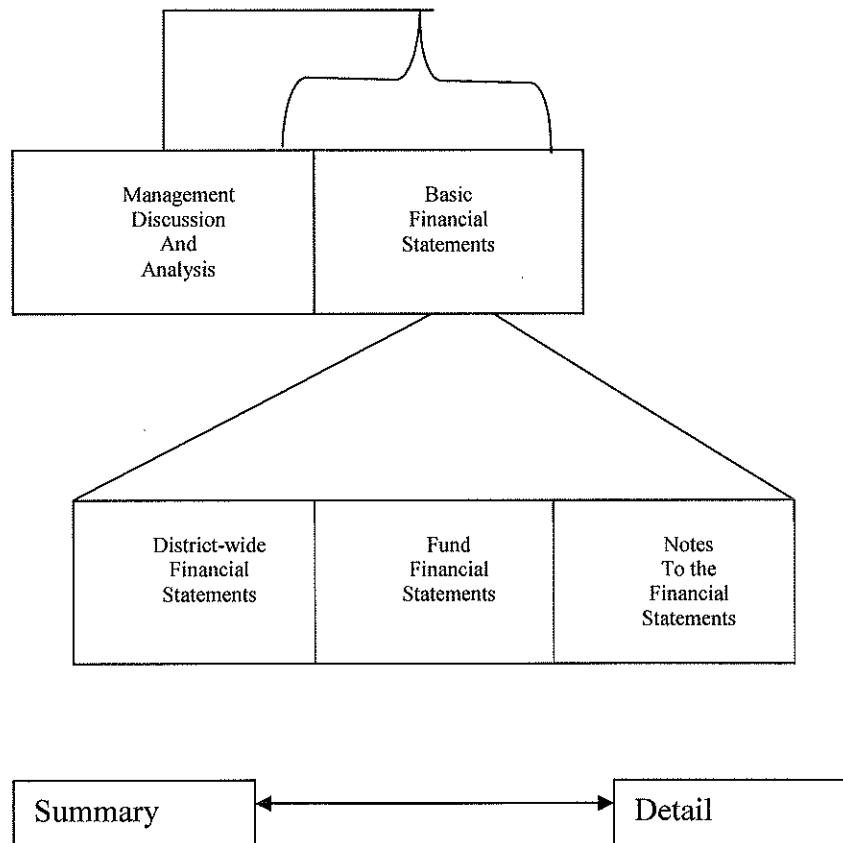
Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

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

The basic financial statements also include notes that explain some of the information in the statements and provide more detailed data. The following shows how the various parts of this Annual Report are arranged and related to one another.



LEONIA BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

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

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district(except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as instruction, building maintenance, transportation, and administration.	Activities the district operates similar to private businesses: Enterprise Funds	Instances in which the district administers resources on behalf of someone else, such as student activities and payroll activities
Required financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenue, Expenditures and Changes in Fund Balances	Statement of Net position Statement of Revenue, Expenses, and Changes in Fund Net Position, Statement of Cash Flows	Statement of Fiduciary Net Position. Statement of Change In Fiduciary Net Position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources Focus
Type of asset, liability and deferred inflows/outflows information	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital, short-term and Long-term	Generally assets expected to be used up and liabilities that come due during the year or soon there after; no capital assets or long-term liabilities included	All assets, deferred outflows, liabilities and deferred inflows, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long term; funds do not currently contain capital assets, although they can
Type of inflow/outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

District-Wide Statements

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

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

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

LEONIA BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration, and plant operation and maintenance. Property taxes and Federal and State aid finance most of these activities.
- *Business type activities* – These are activities for operations that are financed and operated in a manner similar to private business enterprises. The District's food services (cafeteria) program, and enrichment program are included under this category.

Fund Financial Statements

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

- Some funds are required by State law and bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial resources* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
- *Enterprise Funds* – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has two enterprise funds, for its food service (cafeteria) program and enrichment program.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for assets and other resources that belong to others. The District is responsible for ensuring that the assets and other resources reported in these funds are used only for their intended purposes and by those to whom they belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these resources to finance its operations.

LEONIA BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's *combined* net position was \$9,328,964 and \$8,705,350 on June 30, 2016 and 2015, respectively as follows:

Statement of Net Position
As of June 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current Assets	\$ 10,600,997	\$ 10,476,441	\$ 206,958	\$ 167,719	\$ 10,807,955	\$ 10,644,160
Capital Assets	33,219,650	34,172,810	56,877	70,160	33,276,527	34,242,970
Total Assets	<u>43,820,647</u>	<u>44,649,251</u>	<u>263,835</u>	<u>237,879</u>	<u>44,084,482</u>	<u>44,887,130</u>
Deferred Outflows of Resources	<u>1,794,396</u>	<u>1,345,097</u>	<u>-</u>	<u>-</u>	<u>1,794,396</u>	<u>1,345,097</u>
Total Deferred Outflows of Resources	<u>1,794,396</u>	<u>1,345,097</u>	<u>-</u>	<u>-</u>	<u>1,794,396</u>	<u>1,345,097</u>
Total Assets and Deferred Outflows of Resources	<u>45,615,043</u>	<u>45,994,348</u>	<u>263,835</u>	<u>237,879</u>	<u>45,878,878</u>	<u>46,232,227</u>
Liabilities						
Other Liabilities	1,043,743	1,462,515	42,231	44,743	1,085,974	1,507,258
Long-Term Liabilities	35,062,184	35,553,243	-	-	35,062,184	35,553,243
Total Liabilities	<u>36,105,927</u>	<u>37,015,758</u>	<u>42,231</u>	<u>44,743</u>	<u>36,148,158</u>	<u>37,060,501</u>
Deferred Inflows of Resources	<u>395,781</u>	<u>464,282</u>	<u>5,975</u>	<u>2,094</u>	<u>401,756</u>	<u>466,376</u>
Total Liabilities and Deferred Inflows of Resources	<u>36,501,708</u>	<u>37,480,040</u>	<u>48,206</u>	<u>46,837</u>	<u>36,549,914</u>	<u>37,526,877</u>
Net Position:						
Net Investment in Capital Assets	9,058,650	8,512,377	56,877	70,161	9,115,527	8,582,538
Restricted	3,465,366	2,515,002	-	-	3,465,366	2,515,002
Unrestricted	(3,410,681)	(2,513,071)	158,752	120,881	(3,251,929)	(2,392,190)
Total Net Position	<u>\$ 9,113,335</u>	<u>\$ 8,514,308</u>	<u>\$ 215,629</u>	<u>\$ 191,042</u>	<u>\$ 9,328,964</u>	<u>\$ 8,705,350</u>

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net position represents amounts reserved for specific purposes by outside parties or state laws and regulations. Unrestricted net position represents amounts available to the government that are neither restricted nor invested in capital assets.

LEONIA BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016

The District's total net position of \$9,328,964 at June 30, 2016 represents a \$623,614 or 7%, increase from the prior year. The following presents the changes in net position for the fiscal years ended June 30, 2016 and 2015.

Changes in Net Position

For the Fiscal Years Ended June 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues						
Charges for Services	\$ 8,079,596	\$ 7,072,840	\$ 464,904	\$ 453,957	\$ 8,544,500	\$ 7,526,797
Operating Grants and Contributions	9,270,239	7,942,538	200,385	186,313	9,470,624	8,128,851
General Revenues						
Property Taxes	20,424,272	20,074,959			20,424,272	20,074,959
Unrestricted State Aid	2,939,586	3,059,293			2,939,586	3,059,293
Other	45,936	449,432	-	-	45,936	449,432
Total Revenues	<u>40,759,629</u>	<u>38,599,062</u>	<u>665,289</u>	<u>640,270</u>	<u>41,424,918</u>	<u>39,239,332</u>
Expenses						
Instruction						
Regular	18,037,432	15,046,198			18,037,432	15,046,198
Special Education	6,087,129	4,343,963			6,087,129	4,343,963
Other Instruction	765,954	1,700,584			765,954	1,700,584
School Sponsored Activities and Athletics	1,068,739				1,068,739	
Support Services						
Tuition		1,201,853				1,201,853
Student and Instruction Related Serv.	4,402,031	4,357,902			4,402,031	4,357,902
General Administrative Services	1,027,863	975,965			1,027,863	975,965
School Administrative Services	2,746,612	2,631,735			2,746,612	2,631,735
Central Administrative Services	672,407	586,761			672,407	586,761
Plant Operations and Maintenance	3,377,650	3,070,387			3,377,650	3,070,387
Student Transportation	1,010,974	1,219,968			1,010,974	1,219,968
Interest on Long-Term Debt	963,811	971,609			963,811	971,609
Unallocated Depreciation	-	1,245,092				1,245,092
Food Services			599,559	566,805	599,559	566,805
Enrichment Program	-	-	41,143	43,555	41,143	43,555
Total Expenses	<u>40,160,602</u>	<u>37,352,017</u>	<u>640,702</u>	<u>610,360</u>	<u>40,801,304</u>	<u>37,962,377</u>
Change in Net Position	599,027	1,247,045	24,587	29,910	623,614	1,276,955
Net Position Beginning of Year	8,514,308	7,508,926	191,042	161,132	8,705,350	7,670,058
Prior Period Adjustments	-	(241,663)	-	-	-	(241,663)
Net Position, End of Year	<u>\$ 9,113,335</u>	<u>\$ 8,514,308</u>	<u>\$ 215,629</u>	<u>\$ 191,042</u>	<u>\$ 9,328,964</u>	<u>\$ 8,705,350</u>

LEONIA BOARD OF EDUCATION

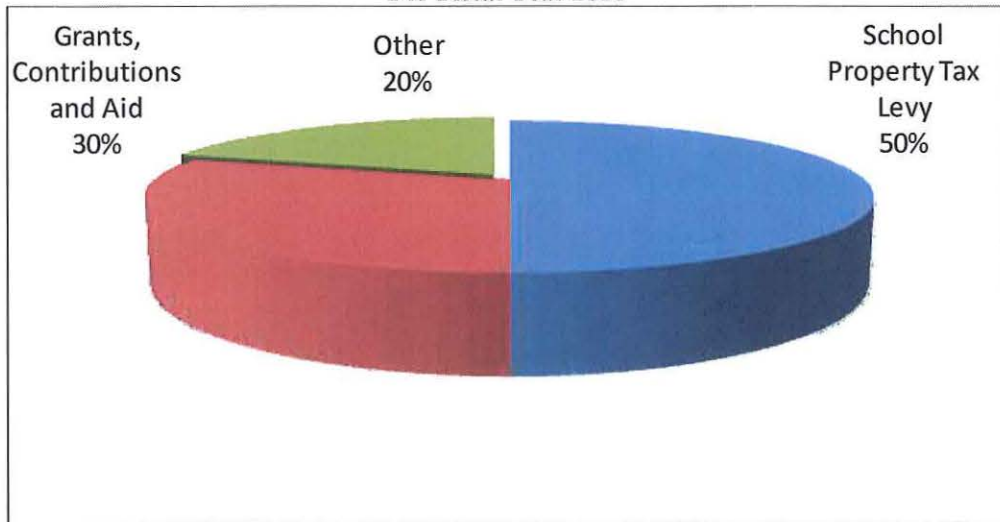
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$40,759,629 for the fiscal year ended June 30, 2016, property taxes of \$20,424,272 represented 50% of revenues. Another significant portion of revenues came from grants and contributions and unrestricted state aid which totaled \$12,209,825 and represented 30% of revenues. In addition, charges for services from tuition, transportation services, related service fees and facility rental represented 20% of revenues. Miscellaneous income such as interest, prior year refunds and other miscellaneous items represented less than 1% of revenues.

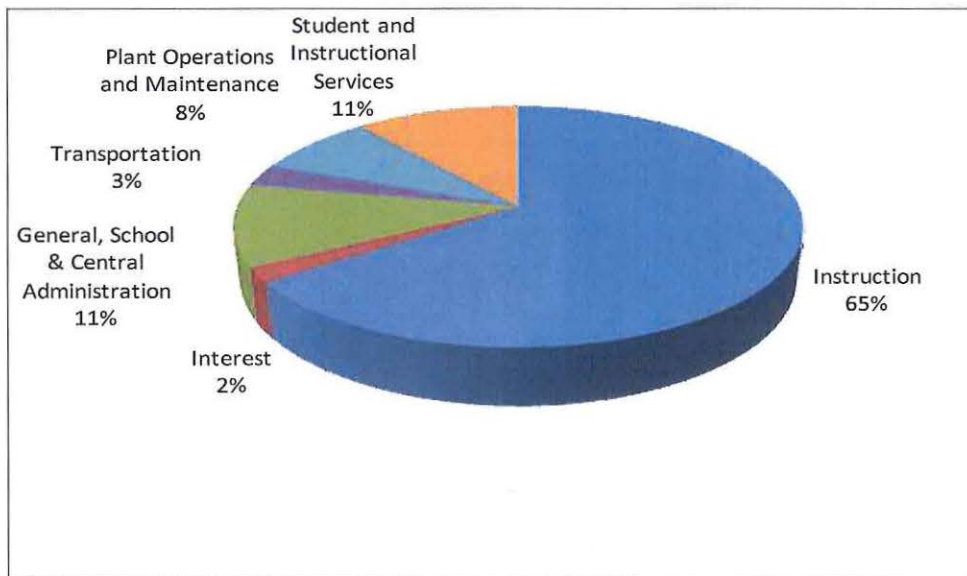
The total cost of all governmental activities programs and services was \$40,160,602 for the fiscal year ended June 30, 2016. The District's expenses are predominantly related to educating and caring for students. Instruction costs were \$25,959,254 (65%) of total expenses. Support services costs were \$13,237,537 (33%) of total expenses and interest on debt totaled \$963,811, (2%) of total expenses.

For fiscal year 2016, total governmental activities revenues exceeded expenses and transfers out increasing net position for governmental activities by \$599,027 from the previous year.

**Revenues by Sources – Governmental Activities
For Fiscal Year 2016**



**Expenses by Use – Governmental Activities
For Fiscal Year 2016**



LEONIA BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016

Total and Net Cost of Governmental Activities. The District's total cost of services was \$40,160,602. After applying program revenues, derived from operating grants and contributions of \$9,270,239, and charges for services of \$8,079,596, the net cost of services of the District is \$22,810,767 for the fiscal year ended June 30, 2016.

Total and Net Cost of Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Instruction				
Regular	\$ 18,037,432	\$ 15,046,198	\$ 7,260,157	\$ 5,353,535
Special Education	6,087,129	4,343,963	1,907,536	1,955,775
Other Instruction	765,954	1,700,584	522,531	1,330,081
School Sponsored Activities and Athletics	1,068,739		776,455	
Support Services				
Tuition		1,201,853		1,201,853
Student and Instruction Related Svcs.	4,402,031	4,357,902	4,024,265	3,594,826
General Administrative Services	1,027,863	975,965	971,955	852,464
School Administrative Services	2,746,612	2,631,735	2,292,888	2,075,980
Central Administrative Services	672,407	586,761	586,670	463,260
Plant Operations and Maintenance	3,377,650	3,070,387	3,129,075	2,823,385
Student Transportation	1,010,974	1,219,968	519,280	468,779
Interest on Long Term Debt	963,811	971,609	819,955	971,609
Unallocated Depreciation	-	1,245,092	-	1,245,092
Total	<u>\$ 40,160,602</u>	<u>\$ 37,352,017</u>	<u>\$ 22,810,767</u>	<u>\$ 22,336,639</u>

Business-Type Activities – The District's total business-type activities revenues were \$665,289 for the fiscal year ended June 30, 2016. Charges for services of \$464,904 accounted for 70% of total revenues and operating grants and contributions of \$200,385 accounted for 30% of total revenues.

Total cost of all business-type activities programs and services was \$640,702 for the fiscal year ended June 30, 2016. Food service expenses of \$599,559 represented 94% of total expense and the enrichment program expenses of \$41,143 represented 6% of total expenses.

For fiscal year 2016, total business-type activities revenues exceeded expenses, increasing net position by \$24,587, or 13% over the previous year.

LEONIA BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$9,946,430 at June 30, 2016, an increase of \$174,562 from last year's fund balance of \$9,771,868. The District restricted fund balances increased \$920,115, the assigned fund balance decreased \$585,111 while the unassigned fund balance of the governmental funds decreased \$160,442 at June 30, 2016. The increase to the restricted fund balance was the result of transfers of excess budget funds to the General Fund capital reserve at year end.

Revenues for the District's governmental funds were \$36,519,969, while total expenditures were \$36,627,036 for the fiscal year ended June 30, 2016. Total financing sources of the District's governmental funds for the fiscal year ended June 30, 2016 were \$281,629 from capital lease proceeds.

GENERAL FUND

The General Fund includes the primary operations of the District in providing educational services to students from grades Pre-K through 12 including pupil transportation, extra-curricular activities and plant operation and maintenance costs.

The following schedule presents a summary of General Fund Revenues.

	Fiscal Year Ended <u>June 30, 2016</u>	Fiscal Year Ended <u>June 30, 2015</u>	Amount of Increase <u>(Decrease)</u>	Percent Change
Local Sources:				
Property Tax Levy	\$ 18,095,075	\$ 17,740,265	\$ 354,810	2%
Tuition	7,079,285	6,515,773	563,512	9%
Other	1,046,247	1,006,499	39,748	4%
State Sources	<u>6,929,290</u>	<u>6,756,378</u>	<u>172,912</u>	3%
 Total General Fund Revenues	 <u>\$ 33,149,897</u>	 <u>\$ 32,018,915</u>	 <u>\$ 1,130,982</u>	 <u>4%</u>

For fiscal year 2016, total General Fund revenues increased \$1,130,962 or 4% from the previous year. Property taxes increased \$354,810 or 2% to support increases in operating costs. Tuition revenues increased \$563,512 or 9% due to an increase in enrolment from other school districts. As indicated, State aid increased \$172,912 or 3% mainly due to the increase of on behalf TPAF pension and post-retirement medical benefit contributions made by the State for the District's teaching professionals.

The following schedule presents a summary of General Fund expenditures.

	Fiscal Year Ended <u>June 30, 2016</u>	Fiscal Year Ended <u>June 30, 2015</u>	Amount of Increase <u>(Decrease)</u>	Percent Change
Instruction	\$ 20,630,308	\$ 12,809,482	\$ 7,820,826	61%
Support Services	12,181,480	18,338,786	(6,157,306)	-34%
Debt Service	96,856	-	96,856	100%
Capital Outlay	<u>301,570</u>	<u>199,679</u>	<u>101,891</u>	0%
 Total Expenditures	 <u>\$ 33,210,214</u>	 <u>\$ 31,347,947</u>	 <u>\$ 1,862,267</u>	 <u>6%</u>

LEONIA BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

GENERAL FUND (Continued)

For fiscal year 2016, total General Fund expenditures increased \$1,862,267 or 6% from the previous year. Contractual salary increases and related employee benefits were the major factors for this increase in the current fiscal year.

In fiscal year 2016 General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$221,312. Therefore, the total fund balance of \$8,696,702 at June 30, 2015 increased to a fund balance of \$8,918,014 at June 30, 2016. After deducting restricted and assigned fund balances, the unassigned fund balance decreased from \$288,445 at June 30, 2015 to \$128,003 at June 30, 2016.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of fiscal year 2016, the District had \$33,219,650 invested in land, buildings, furniture, equipment and vehicles for governmental activities and \$56,877 for business type activity. The following is a comparison of the June 30, 2016 and 2015 balances:

Capital Assets at June 30, 2016 and 2015 (Net of Accumulated Depreciation)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Site and Site Improvements	\$ 128,456	\$ 129,547			\$ 128,456	\$ 129,547
Construction in Progress		1,824,196			-	1,824,196
Building and Building Improvements	32,623,771	32,017,063			32,623,771	32,017,063
Machinery and Equipment	467,423	202,004	\$ 56,877	\$ 70,160	524,300	272,164
Total Capital Assets	<u>\$ 33,219,650</u>	<u>\$ 34,172,810</u>	<u>\$ 56,877</u>	<u>\$ 70,160</u>	<u>\$ 33,276,527</u>	<u>\$ 34,242,970</u>

Additional information on the District's capital assets is presented in Note 3 of this report.

LONG TERM LIABILITIES

At June 30, 2016 the District had \$35,062,184 of total outstanding long term liabilities. Of this amount, \$25,439,200 is for serial bonds, \$231,901 is for capital leases, \$405,454 is for compensated absences, and \$8,985,629 is for net pension liability. For fiscal year 2015/2016 total outstanding long-term liabilities decreased by \$491,059. The following is a comparison of the June 30, 2016 and 2015 balances:

Outstanding Long-Term Liabilities as of June 30, 2016 and 2015

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Serial Bonds (including unamortized premium)	\$ 25,439,200	\$ 27,327,338
Capital Leases	231,901	31,919
Compensated Absences	405,454	403,316
Net Pension Liability	8,985,629	7,790,670
Total Long-Term Liabilities	<u>\$ 35,062,184</u>	<u>\$ 35,553,243</u>

Additional information of the District's long-term liabilities is presented in Note 3 of this report.

LEONIA BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made through budget transfers to prevent over expenditures in specific line item accounts. In addition, the District appropriated to the budget additional local revenues from transportation fees earned during the current fiscal year.

For fiscal year 2016 General Fund budgetary revenues and other financing sources exceeded budgetary expenditures increasing budgetary fund balance \$396,274. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance increased \$14,520, from an unassigned fund balance of \$608,486 at June 30, 2015 to \$623,006 at June 30, 2016. In addition, the District increased its capital reserve \$1,000,000 from \$2,065,000 at June 30, 2015 to \$3,065,000 at June 30, 2016.

FACTORS BEARING ON THE DISTRICT'S FUTURE

While many factors influence the district's future, the availability of funding for increased enrollment, staffing needs special education costs and the economy will have the most impact on educational and fiscal decisions in the future.

Many factors were considered by the District's administration during the process of developing the fiscal year 2016-2017 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were considered when adopting the budget for fiscal year 2016-2017. Budgeted expenditures in the General Fund increased approximately 4% to \$33,015,888 for fiscal year 2016-2017. This increase was funded in part by additional tuition and transportation fee revenues anticipated for 2016/2017.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Business Office, Leonia Board of Education, 570 Grand Ave., NJ 07605.

BASIC FINANCIAL STATEMENTS

**LEONIA BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 10,430,179	\$ 184,593	\$ 10,614,772
Receivables, Net	170,818	11,443	182,261
Internal Receivable			-
Inventory		10,922	10,922
Capital Assets, Not Being Depreciated	109,368		109,368
Capital Assets, Being Depreciated, net	<u>33,110,282</u>	<u>56,877</u>	<u>33,167,159</u>
Total Assets	<u>43,820,647</u>	<u>263,835</u>	<u>44,084,482</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Amounts on Refunding on Debt	507,051		507,051
Deferred Amounts on Net Pension Liability	<u>1,287,345</u>	<u>-</u>	<u>1,287,345</u>
Total Deferred Outflow of Resources	<u>1,794,396</u>	<u>-</u>	<u>1,794,396</u>
Total Assets and Deferred Outflow of Resources	<u>45,615,043</u>	<u>263,835</u>	<u>45,878,878</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	470,102	29,923	500,025
Intergovernmental Payable	138,102		138,102
Accrued Interest on Bonds	389,176		389,176
Unearned Revenue	46,363	12,308	58,671
Noncurrent Liabilities			
Due Within One Year	1,959,577		1,959,577
Due Beyond One Year	<u>33,102,607</u>	<u>-</u>	<u>33,102,607</u>
Total Liabilities	<u>36,105,927</u>	<u>42,231</u>	<u>36,148,158</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	395,781		395,781
Deferred Commodities Revenue	<u>-</u>	<u>5,975</u>	<u>5,975</u>
Total Deferred Inflows of Resources	<u>395,781</u>	<u>5,975</u>	<u>401,756</u>
Total Liabilities and Deferred Inflows of Resources	<u>36,501,708</u>	<u>48,206</u>	<u>36,549,914</u>
NET POSITION			
Net Investment in Capital Assets	9,058,650	56,877	9,115,527
Restricted for:			
Capital Projects	3,090,226		3,090,226
Plant Maintenance	300,000		300,000
Other Purposes	75,140		75,140
Unrestricted (Deficit)	<u>(3,410,681)</u>	<u>158,752</u>	<u>(3,251,929)</u>
Total Net Position	<u>\$ 9,113,335</u>	<u>\$ 215,629</u>	<u>\$ 9,328,964</u>

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

**LEONIA BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:							
Instruction							
Regular	\$ 18,037,432	\$ 5,353,330	\$ 5,423,945		\$ (7,260,157)		\$ (7,260,157)
Special Education	6,087,129	1,725,955	2,453,638		(1,907,536)		(1,907,536)
Other Instruction	765,954		243,423		(522,531)		(522,531)
School Sponsored Activities and Athletics	1,068,739		292,284		(776,455)		(776,455)
Support Services							
Student and Instruction Related Services	4,402,031	292,972	84,794		(4,024,265)		(4,024,265)
General Administrative Services	1,027,863		55,908		(971,955)		(971,955)
School Administrative Services	2,746,612		453,724		(2,292,888)		(2,292,888)
Central Administrative Services	672,407		85,737		(586,670)		(586,670)
Plant Operations and Maintenance	3,377,650	225,198	23,377		(3,129,075)		(3,129,075)
Student Transportation	1,010,974	482,141	9,553		(519,280)		(519,280)
Interest on Long-Term Debt	963,811	-	143,856	-	(819,955)	-	(819,955)
Total Governmental Activities	40,160,602	8,079,596	9,270,239	-	(22,810,767)	-	(22,810,767)
Business-Type Activities:							
Food Service	599,559	407,154	200,385			\$ 7,980	7,980
Enrichment Program	41,143	57,750	-	-	-	16,607	16,607
Total Business-Type Activities	640,702	464,904	200,385	-	-	24,587	24,587
Total Primary Government	\$ 40,801,304	\$ 8,544,500	\$ 9,470,624	\$ -	(22,810,767)	24,587	(22,786,180)

Continued

**LEONIA BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Net (Expense) Revenue and Changes in Net Position		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Total Primary Government (Carried Forward)	\$ (22,810,767)	\$ 24,587	\$ (22,786,180)
General Revenues			
Taxes:			
Property Taxes, Levied for General Purposes, Net	18,095,075		18,095,075
Taxes Levied for Debt Service	2,329,197		2,329,197
State Aid - Unrestricted	2,667,743		2,667,743
State Aid for Debt Service Principal	271,843		271,843
Interest Earnings	11,639		11,639
Miscellaneous Income	34,297	-	34,297
Total General Revenues	<u>23,409,794</u>	<u>-</u>	<u>23,409,794</u>
Change in Net Position	599,027	24,587	623,614
Net Position Beginning of Year (Restated)	<u>8,514,308</u>	<u>191,042</u>	<u>8,705,350</u>
Net Position End of Year	<u>\$ 9,113,335</u>	<u>\$ 215,629</u>	<u>\$ 9,328,964</u>

FUND FINANCIAL STATEMENTS

**LEONIA BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
ASSETS					
Cash and Cash Equivalents	\$ 9,313,197	\$ 88,566	\$ 1,028,276	\$ 140	\$ 10,430,179
Receivables From Other Governments	104,640	66,178	-	-	170,818
Total Assets	<u>\$ 9,417,837</u>	<u>\$ 154,744</u>	<u>\$ 1,028,276</u>	<u>\$ 140</u>	<u>\$ 10,600,997</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accrued Salaries and Wages	\$ 470,102				\$ 470,102
Due to Other Funds					-
Payable to State Governments		\$ 138,102			138,102
Unearned Revenue	29,721	16,642	-	-	46,363
Total Liabilities	<u>499,823</u>	<u>154,744</u>	<u>-</u>	<u>-</u>	<u>654,567</u>
Fund Balances					
Restricted					
Capital Reserve	3,065,000				3,065,000
Maintenance Reserve	300,000				300,000
Emergency Reserve	100,000				100,000
Tuition Reserve - Designated for Subsequent Year's Expenditures	75,000				75,000
Excess Surplus-Designated for Subsequent Year's Budget	2,214,056				2,214,056
Excess Surplus	2,429,636				2,429,636
Capital Projects Fund			\$ 1,028,276		1,028,276
Debt Service Fund				\$ 140	140
Assigned					
Year End Encumbrances	358,192				358,192
Designated for Subsequent Year's Expenditures	248,127				248,127
Unassigned	128,003	-	-	-	128,003
Total Fund Balances	<u>8,918,014</u>	<u>-</u>	<u>1,028,276</u>	<u>140</u>	<u>9,946,430</u>
Total Liabilities and Fund Balances	<u>\$ 9,417,837</u>	<u>\$ 154,744</u>	<u>\$ 1,028,276</u>	<u>\$ 140</u>	<u>\$ 10,600,997</u>

**LEONIA BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016**

Total Fund Balance (Exhibit B-1) \$ 9,946,430

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$47,424,597 and the accumulated depreciation is \$14,204,947. 33,219,650

Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over life of the debt. 507,051

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

Deferred Outflows of Resources	\$ 1,287,345	
Deferred Inflows of Resources	<u>(395,781)</u>	891,564

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is: (389,176)

Long-term liabilities, are not due payable in the current period and therefore are not reported as liabilities in the funds.

General Obligation Bonds (including unamortized premium)	(25,439,200)	
Capital Leases Payable	(231,901)	
Compensated Absences	(405,454)	
Net Pension Liability	<u>(8,985,629)</u>	<u>(35,062,184)</u>

Total Net Assets of Governmental Activities (Exhibit A-1) \$ 9,113,335

**LEONIA BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 18,095,075			\$ 2,329,197	\$ 20,424,272
Tuition	7,079,285				7,079,285
Transportation	482,141				482,141
Miscellaneous	564,106	\$ 11,596	-	-	575,702
Total - Local Sources	26,220,607	11,596	-	2,329,197	28,561,400
State Sources	6,929,290	5,193		415,699	7,350,182
Federal Sources	-	608,387	-	-	608,387
Total Revenues	33,149,897	625,176	-	2,744,896	36,519,969
EXPENDITURES					
Instruction					
Regular	14,338,299	158,451			14,496,750
Special Education	4,814,184	381,331			5,195,515
Other Instruction	603,795				603,795
School Sponsored Activities and Athletics	874,030				874,030
Support Services					
Student and Instruction Related Services	4,001,440	84,794			4,086,234
General Administrative Services	997,939				997,939
School Administrative Services	2,360,078				2,360,078
Central Administrative Services	595,405				595,405
Plant Operations and Maintenance	3,251,440				3,251,440
Student Transportation	975,178	600			975,778
Debt Service					
Principal	81,647			1,795,000	1,876,647
Interest	15,209			949,758	964,967
Capital Outlay	301,570	-	\$ 46,888	-	348,458
Total Expenditures	33,210,214	625,176	46,888	2,744,758	36,627,036
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(60,317)	-	(46,888)	138	(107,067)
OTHER FINANCING SOURCES (USES)					
Assets Acquired by Capital Leases					
	281,629	-	-	-	281,629
Total Other Financing Sources (Uses)	281,629	-	-	-	281,629
Net Change in Fund Balances	221,312	-	(46,888)	138	174,562
Fund Balance, Beginning of Year (Restated)	8,696,702	-	1,075,164	2	9,771,868
Fund Balance, End of Year	\$ 8,918,014	\$ -	\$ 1,028,276	\$ 140	\$ 9,946,430

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

**LEONIA BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 174,562

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are allocated over their estimated useful lives as annual depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.

Capital Outlays	\$ 348,458	
Depreciation Expense	<u>(1,283,410)</u>	(934,952)

The issuance of long-term debt provides current financial resources to governmental funds, however, the transaction has no effect on net assets.

Capital Lease Obligations		(281,629)
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The net effect of various miscellaneous transactions involving capital assets (i.e. disposals, donations) is to decrease net position. These transactions are not reported in the governmental fund financial statements.

Loss on Disposal of Capital Assets		(18,208)
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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.

Principal Repayments:

General Obligations Bonds	1,795,000	
Capital Lease Agreements	<u>81,647</u>	1,876,647

In the statement of activities, certain amounts related to the issuance of long term debt re deferred and amortized over the term of the debt. In the governmental funds, these amounts either provide or use current resources. These amounts represent the current year amortization of the costs related to the issuance of long term debt.

Deferred Amounts on Refunding of Debt	(116,609)	
Original Issue Premium	<u>93,138</u>	(23,471)

In the statement of activities, certain operating expenses - compensated absences and pension expense - are measured by the amounts earned or incurred during the year. In the governmental funds however, expenditures for these items are measured by the amount of financial resources used (paid). When the earned or incurred 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	(2,138)	
Increase in Pension Expense	<u>(216,411)</u>	(218,549)

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 decrease in accrued interest is an addition in the reconciliation.

		<u>24,627</u>
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Change in Net Position of Governmental Activities (Exhibit A-2)

\$ 599,027

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

**LEONIA BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2016**

	Business-Type Activities		
	Enterprise Fund		
	Non-Major		Total
Food Services	Enrichment Program		
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 154,787	\$ 29,806	\$ 184,593
Intergovernmental Receivable	11,443		11,443
Inventories	10,922	-	10,922
Total Current Assets	<u>177,152</u>	<u>29,806</u>	<u>206,958</u>
Noncurrent Assets			
Furniture, Machinery and Equipment	340,304		340,304
Less: Accumulated Depreciation	<u>(283,427)</u>	<u>-</u>	<u>(283,427)</u>
Total Noncurrent Assets	<u>56,877</u>	<u>-</u>	<u>56,877</u>
Total Assets	<u>234,029</u>	<u>29,806</u>	<u>263,835</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	29,923		29,923
Unearned Revenue	8,823	3,485	12,308
Total Current Liabilities	<u>38,746</u>	<u>3,485</u>	<u>42,231</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Commodities Revenue	5,975	-	5,975
Total Liabilities and Deferred Inflow of Resources	<u>44,721</u>	<u>3,485</u>	<u>48,206</u>
NET POSITION			
Investment in Capital Assets	56,877		56,877
Unrestricted	132,431	26,321	158,752
Total Net Position	<u>\$ 189,308</u>	<u>\$ 26,321</u>	<u>\$ 215,629</u>

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

**LEONIA BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Business-Type Activities		
	Enterprise Fund		
	Food Services	Non-Major Enrichment Program	Total
OPERATING REVENUES			
Charges for Services			
Daily Sales - Reimbursable Programs	\$ 217,732		\$ 217,732
Daily Sales - Non Reimbursable Programs	189,422		189,422
Program Fees	-	\$ 57,750	57,750
	<u>407,154</u>	<u>57,750</u>	<u>464,904</u>
OPERATING EXPENSES			
Salaries and Employee Benefits	235,468	37,800	273,268
Cost of Sales - Reimbursable Programs	213,015		213,015
Cost of Sales - Non Reimbursable Programs	76,999		76,999
Other Purchased Services	20,830		20,830
Supplies and Materials	1,420	3,343	4,763
Management Fee	26,625		26,625
Miscellaneous	9,845		9,845
Depreciation Expense	13,817	-	13,817
	<u>598,019</u>	<u>41,143</u>	<u>639,162</u>
Operating Income (Loss)	<u>(190,865)</u>	<u>16,607</u>	<u>(174,258)</u>
NONOPERATING REVENUES (EXPENSES)			
State Sources:			
State School Lunch Program	5,084		5,084
Federal Sources			
School Breakfast Program	22,415		22,415
National School Lunch Program	131,744		131,744
Food Distribution Program	41,142		41,142
Nonoperating (Expenses)			
Loss on Disposal of Property	(1,540)	-	(1,540)
	<u>198,845</u>	<u>-</u>	<u>198,845</u>
Change in Net Position	7,980	16,607	24,587
Net Position, Beginning of Year	<u>181,328</u>	<u>9,714</u>	<u>191,042</u>
Net Position, End of Year	<u>\$ 189,308</u>	<u>\$ 26,321</u>	<u>\$ 215,629</u>

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

**LEONIA BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Business-Type Activities		
	Enterprise Fund		
	Major Food Services	Non-Major Enrichment Program	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 415,977	\$ 54,310	\$ 470,287
Cash Payments for Employees' Salaries and Benefits	(235,468)	(37,800)	(273,268)
Cash Payments to Suppliers for Goods and Services	(311,449)	(3,343)	(314,792)
Net Cash Provided (Used) By Operating Activities	(130,940)	13,167	(117,773)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received from State and Federal Subsidy Reimbursements	161,495	-	161,495
Cash Received from Other Funds	38,215	-	38,215
Net Cash Provided by Noncapital and Related Activities	199,710	-	199,710
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(2,074)	-	(2,074)
Net Cash (Used) by Capital and Financing Related Activities	(2,074)	-	(2,074)
Net Increase in Cash and Cash Equivalents	66,696	13,167	79,863
Cash and Cash Equivalents, Beginning of Year	88,091	16,639	104,730
Cash and Cash Equivalents, End of Year	\$ 154,787	\$ 29,806	\$ 184,593
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (190,865)	\$ 16,607	\$ (174,258)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Depreciation	13,817		13,817
Non-Cash Commodities	41,142		41,142
Change in Assets, Liabilities and Deferred Inflows of Resources			
(Increase)/Decrease in Inventory	(1,356)		(1,356)
Increase/(Decrease) in Accounts Payable	(6,382)		(6,382)
Increase/(Decrease) in Unearned Revenue	8,823	(3,440)	5,383
Increase/(Decrease) in Deferred Commodities Revenue	3,881	-	3,881
Total Adjustments	59,925	(3,440)	56,485
Net Cash Provided (Used) By Operating Activities	\$ (130,940)	\$ 13,167	\$ (117,773)
Non- Cash Investing, Capital and Financing Activities:			
Value Received - Food Distribution Program	\$ 45,023		

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

**LEONIA BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2016**

	Stephanie O'Brien Scholarship <u>Fund</u>	Unemployment Compensation <u>Trust Fund</u>	<u>Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ <u>9,082</u>	\$ <u>45,970</u>	\$ <u>458,626</u>
Total Assets	<u>9,082</u>	<u>45,970</u>	<u>\$ 458,626</u>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 268,380
Accrued Salaries and Wages			20,701
Reserve for Flex Spending			5,762
Due to State		44,619	
Due to Student Groups	<u>-</u>	<u>-</u>	<u>163,783</u>
Total Liabilities	<u>-</u>	<u>44,619</u>	<u>\$ 458,626</u>
NET POSITION			
Held In Trust For Unemployment Claims and Other Purposes	<u>\$ 9,082</u>	<u>\$ 1,351</u>	

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

**LEONIA BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Stephanie O'Brien Scholarship <u>Fund</u>	Unemployment Compensation <u>Trust Fund</u>	
ADDITIONS			
Contributions			
Employees	-	\$ 132,159	
	<hr/>	<hr/>	
Total Additions	-	132,159	
	<hr/>	<hr/>	
DEDUCTIONS			
Unemployment Claims	-	142,685	
	<hr/>	<hr/>	
Total Deductions	-	142,685	
	<hr/>	<hr/>	
Change in Net Position	-	(10,526)	
Net Position Beginning of Year	\$ 9,082	11,877	
	<hr/>	<hr/>	
Net Position, End of Year	\$ 9,082	\$ 1,351	
	<hr/>	<hr/>	

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

NOTES TO THE FINANCIAL STATEMENTS

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Leonia Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

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

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

B. New Accounting Standards

During fiscal year 2016, the District adopted the following GASB statements:

- GASB No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 77, *Tax Abatement Disclosures*, will be effective beginning with the fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No.67, No.68, and No.73*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

C. Basis of Presentation - Financial Statements

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

LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

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

The District reports the following non-major proprietary fund which is organized to be self-supporting through user charges:

The *enrichment fund* accounts for the activities of the District's elementary after school program and the middle school summer program which provides classroom instruction after school during the fall and spring and a summer program for students that will be attending their first year at the high school.

Additionally, the government reports the following fund type:

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Inventories

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

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

4. Capital Assets

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

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

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

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	50
Building Improvements	20-30
Machinery and Equipment	8-15
Office Equipment and Furniture	5-10
Computer Equipment	5

LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types of items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years. The other item is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

6. *Compensated Absences*

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

LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. Pensions

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

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

8. Long-Term Obligations

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

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

9. Net Position/Fund Balance

District-Wide Statements

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

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

LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Net Position/Fund Balance (Continued)*

Governmental Fund Statements

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

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

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

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education (See Note 2C).

Emergency Reserve – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education (See Note 2D).

Tuition Reserve - Designated for Subsequent Year's Expenditures – This restriction was created in accordance with NJAC 6A:23A-17.1(F)8 to represent foreseeable future tuition adjustments for the 2014/2015 contract year that is appropriated in the 2016/2017 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that was appropriated in the 2016/2017 original budget certified for taxes.

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

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

Debt Service – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

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

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

LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Net Position/Fund Balance (Continued)*

Assigned Fund Balance (Continued)

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2016/2017 District budget certified for taxes.

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

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2014-2015 and 2015-2016 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2015/2016. Also, during 2015/2016 the Board increased the original budget by \$2,289,345. The increase was funded by additional transportation fees appropriated, grant awards and the reappropriation of prior year general fund encumbrances.

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services which are reappropriated and honored during the subsequent fiscal year.

B. Capital Reserve

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

Funds placed in the capital reserve are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015	\$ 2,065,000
Increased by	
Deposits Approved by Board Resolution	<u>1,000,000</u>
Balance, June 30, 2016	<u>\$ 3,065,000</u>

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015	<u>\$ 300,000</u>
Balance, June 30, 2016	<u>\$ 300,000</u>

The June 30, 2016 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$1,851,999.

D. Emergency Reserve

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

Funds placed in the emergency reserve are restricted to finance reasonably unforeseeable costs and shall not include additional costs due to poor planning. A District may appropriate funds into the emergency reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent. Pursuant to NJAC 6A:23A-14.4(A), the balance in the reserve cannot at any time exceed the greater of \$250,000 or one percent of the school district's General Fund budget as certified for taxes up to a maximum of \$1,000,000.

The activity of the emergency reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015	<u>\$ 100,000</u>
Balance, June 30, 2016	<u>\$ 100,000</u>

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2016 is \$4,643,692. Of this amount, \$2,214,056 was designated and appropriated in the 2016/2017 original budget certified for taxes and the remaining amount of \$2,429,636 will be appropriated in the 2017/2018 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2016, the book value of the Board's deposits were \$11,128,450 and bank and brokerage firm balances of the Board's deposits amounted to \$11,610,066. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	<u>\$ 11,610,066</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2016 none of the Board's bank balances was exposed to custodial credit risk.

Investments

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

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial risk.

As of June 30, 2016, the Board had no outstanding investments.

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

Investment and interest earnings in the Capital Projects Fund are assigned to the Capital Projects Fund in accordance with Board policy.

B. Receivables

Receivables as of June 30, 2016 for the district’s individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental-				
Federal		\$ 66,178	\$ 11,106	\$ 77,284
State	\$ 49,100		337	49,437
Local	55,540	-	-	55,540
	<hr/>	<hr/>	<hr/>	<hr/>
Gross Receivables	104,640	66,178	11,443	182,261
Less: Allowance for Uncollectibles	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net Total Receivables	<u>\$104,640</u>	<u>\$ 66,178</u>	<u>\$ 11,443</u>	<u>\$182,261</u>

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

General Fund	
Prepaid Tuition Revenue	\$ 29,721
Special Revenue Fund	
Unencumbered Grant Draw Downs	9,137
Grant Draw Downs Reserved for Encumbrances	<u>7,505</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 46,363</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	<u>Balance, July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2016</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Sites	\$ 109,368			\$ 109,368
Construction in Progress	<u>1,824,195</u>	<u>-</u>	<u>\$ (1,824,195)</u>	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>1,933,563</u>	<u>-</u>	<u>(1,824,195)</u>	<u>109,368</u>
Capital Assets, Being Depreciated:				
Land Improvements	570,525		(119,935)	450,590
Buildings and Building Improvements	43,324,857	\$ 46,888	1,779,195	45,150,940
Machinery and Equipment	<u>2,154,204</u>	<u>301,570</u>	<u>(742,075)</u>	<u>1,713,699</u>
Total Capital Assets Being Depreciated	<u>46,049,586</u>	<u>348,458</u>	<u>917,185</u>	<u>47,315,229</u>
Less Accumulated Depreciation for:				
Land Improvements	(550,346)	(1,091)	119,935	(431,502)
Buildings and Building Improvements	(11,307,794)	(1,247,275)	27,900	(12,527,169)
Machinery and Equipment	<u>(1,952,199)</u>	<u>(35,044)</u>	<u>740,967</u>	<u>(1,246,276)</u>
Total Accumulated Depreciation	<u>(13,810,339)</u>	<u>(1,283,410)</u>	<u>888,802</u>	<u>(14,204,947)</u>
Total Capital Assets, Being Depreciated, Net	<u>32,239,247</u>	<u>(934,952)</u>	<u>1,805,987</u>	<u>33,110,282</u>
Governmental Activities Capital Assets, Net	<u>\$ 34,172,810</u>	<u>\$ (934,952)</u>	<u>\$ (18,208)</u>	<u>\$ 33,219,650</u>

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2016</u>
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Machinery and Equipment	\$ 351,430	\$ 2,074	\$ (13,200)	\$ 340,304
Total Capital Assets, Not Being Depreciated	<u>351,430</u>	<u>2,074</u>	<u>(13,200)</u>	<u>340,304</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(281,270)</u>	<u>(13,817)</u>	<u>11,660</u>	<u>(283,427)</u>
Total Accumulated Depreciation	<u>(281,270)</u>	<u>(13,817)</u>	<u>11,660</u>	<u>(283,427)</u>
Total Capital Assets, Being Depreciated, Net	<u>(281,270)</u>	<u>(13,817)</u>	<u>11,660</u>	<u>(283,427)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 70,160</u>	<u>\$ (11,743)</u>	<u>\$ (1,540)</u>	<u>\$ 56,877</u>

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

Governmental Activities:	
Instruction	
Regular	\$ 594,311
Special Education	189,408
Other Instruction	26,440
School-Sponsored/Activities and Athletics	<u>31,748</u>
Total Instruction	<u>841,907</u>
Support Services	
Student and Instruction Related Services	182,575
General Administrative Services	20,287
School Administrative Services	106,421
Central Administrative Services	22,795
Plant Operations and Maintenance	85,564
Student Transportation	<u>23,861</u>
Total Support Services	<u>441,503</u>
Total Governmental Funds	<u>\$ 1,283,410</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 13,817</u>
Total Depreciation Expense-Business-Type Activities	<u>\$ 13,817</u>

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Leases

Capital Leases

The District is leasing copiers totaling \$430,372 under capital leases. The leases are for terms of 5 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

Fiscal Year Ending <u>June 30,</u>	Governmental <u>Activities</u>
2017	\$ 63,772
2018	63,772
2019	63,772
2020	<u>63,772</u>
Total minimum lease payments	255,088
Less: amount representing interest	<u>(23,187)</u>
Present value of minimum lease payments	<u>\$ 231,901</u>

F. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2016 are comprised of the following issues:

\$2,815,000, 2006 Refunding Bonds, due in annual installments of \$315,000 through August 15, 2016 interest at 3.80%	\$ 315,000
\$17,350,000, School Improvement Bonds, due in annual installments of \$625,000 to \$1,380,000 through July 15, 2030, interest at 2.50% to 4.00%	15,305,000
\$11,685,000, 2011 Refunding Bonds, due in annual installments of \$915,000 to \$1,305,000 through August 15, 2023, interest at 2.00% to 5.00%	<u>9,390,000</u>
Total	<u>\$25,010,000</u>

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

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

Governmental Activities:

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2017	\$ 1,855,000	\$ 886,573	\$ 2,741,573
2018	1,910,000	851,750	2,761,750
2019	1,950,000	773,800	2,723,800
2020	2,025,000	703,675	2,728,675
2021	2,100,000	628,675	2,728,675
2022-2026	8,855,000	1,961,581	10,816,581
2027-2031	<u>6,315,000</u>	<u>654,500</u>	<u>6,969,500</u>
Total	<u>\$ 25,010,000</u>	<u>\$ 6,460,554</u>	<u>\$ 31,470,554</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2016 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 52,355,102
Less: Net Debt	<u>25,010,000</u>
Remaining Borrowing Power	<u>\$ 27,345,102</u>

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable	\$ 26,805,000		\$ 1,795,000	\$ 25,010,000	\$ 1,855,000
Deferred Amounts:					
Add: Unamortized Premium	<u>522,338</u>	<u>-</u>	<u>93,138</u>	<u>429,200</u>	<u>-</u>
	27,327,338	-	1,888,138	25,439,200	1,855,000
Capital Leases	31,919	\$ 281,629	81,647	231,901	54,577
Compensated Absences	403,316	53,600	51,462	405,454	50,000
Net Pension Liability	<u>7,790,670</u>	<u>1,539,605</u>	<u>344,646</u>	<u>8,985,629</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 35,553,243</u>	<u>\$ 1,874,834</u>	<u>\$ 2,365,893</u>	<u>\$ 35,062,184</u>	<u>\$ 1,959,577</u>

NOTE 4 OTHER INFORMATION

A. Risk Management

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

The District is a member of the School Alliance Insurance Fund (SAIF or Fund). The Fund is a risk sharing public entity pool, established for the purpose of insuring against, property, liability, student activities and worker's compensation claims.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the fund, to report claims on a timely basis, cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

SAIF provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance funds are on file with the School's Business Administrator.

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

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

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Paid</u>	<u>Ending Balance</u>
2016		\$ 132,159	\$ 142,685	\$ 1,351
2015	\$ 10,602	7,998	48,830	11,877
2014	68,274	51,128	116,514	42,106

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2016, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2016, the District has not estimated its arbitrage earnings due to the IRS, if any.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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

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

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

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

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

Other Pension Funds

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

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

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

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

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Basis of Accounting

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

Investment Valuation

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

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

Funding Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 35 percent with an unfunded actuarial accrued liability of \$86 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 28.71 percent and \$63.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 47.93 percent and \$22.4 billion, respectively.

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

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

Actuarial Methods and Assumptions

In the July 1, 2014 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 2.60-9.48 percent based on age for the PERS and varying percentages based on experience for TPAF.

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.92% for PERS, 6.92% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2016 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2016, 2015 and 2014 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2016	\$ 344,139	\$ 1,070,985	\$ 36,774
2015	343,033	743,972	27,102
2014	307,353	585,228	23,277

For fiscal years 2015/2016 and 2014/2015, the state contributed \$1,070,985 and \$743,972, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$585,228 for normal cost pension and NCGI premium.

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,020,749 during the fiscal year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS)

At June 30, 2016, the District reported in the statement of net position (accrual basis) a liability of \$8,985,629 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the District's proportionate share was .04003 percent, which was an decrease of .00158 percent from its proportionate share measured as of June 30, 2014 of .04161 percent.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$560,550 for PERS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>2015</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 214,366	
Changes of Assumptions	964,985	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 144,472
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>107,994</u>	<u>251,309</u>
Total	<u>\$ 1,287,345</u>	<u>\$ 395,781</u>

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

Fiscal Year Ending <u>June 30,</u>	
2017	\$ 183,381
2018	183,381
2019	183,381
2020	183,381
2021	<u>158,040</u>
	<u>\$ 891,564</u>

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15-4.40%
	Based on Age
Thereafter	3.15-5.40%
	Based on Age
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

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

LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

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

<u>Plan</u>	<u>Discount Rate</u>
PERS	4.90%

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2033
Municipal Bond Rate *	From July 1, 2033 and Thereafter

* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 4.90%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	1% Decrease <u>(3.90%)</u>	Current Discount Rate <u>(4.90%)</u>	1% Increase <u>(5.90%)</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 11,168,037</u>	<u>\$ 8,985,629</u>	<u>\$ 7,155,914</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2015. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

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

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$5,310,645 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2016 the State's proportionate share of the net pension liability attributable to the District is \$86,975,627. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2015. At June 30, 2015, the state's share of the net pension liability attributable to the District was .13761 percent, which was a decrease of .00073 percent from its proportionate share measured as of June 30, 2014 of .13834 percent.

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2009 -
Study Upon Which Actuarial	June 30, 2012
Assumptions were Based	

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

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.13%

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

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.13%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 103,367,282</u>	<u>\$ 86,975,627</u>	<u>\$ 72,853,236</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2015. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2015 was not provided by the pension system.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2015.

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

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

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

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

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

Significant Legislation

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$24.4 billion for state active and retired members and \$40.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the July 1, 2014, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2015, there were 107,314, retirees receiving post-retirement medical benefits and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

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

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2016, 2015 and 2014 were \$1,275,248, \$1,181,056 and \$959,553, 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.

NOTE 5 RESTATEMENT

In the previously issued financial statements for the year ending June 30, 2015, the Leonia Board of Education did not properly reflect in accordance with generally accepted accounting principles certain deferred outflows of resources for deferred amounts on debt refundings, current liabilities for accrued salaries and wages and long-term liabilities for bond premiums in its governmental activities district-wide statements. The District has determined the effect of this restatement was to increase governmental activities deferred outflows of resources \$623,660, increase current liabilities \$444,307 and increase long-term liabilities \$421,016. The net effect of these restatements was a decrease of \$241,663 to governmental activities net position at June 30, 2015. Therefore, governmental activities total net position as of June 30, 2015 decreased from \$8,755,971, as original reported, to \$8,514,308.

The financial statements of the general fund have also been restated at June 30, 2015 to reflect the accrued salaries and wages earned at year end that were not reported as a liability in accordance with generally accepted accounting principles. The effect of this restatement on the financial statements previously reported as of and for the fiscal year ended June 30, 2015 was to increase fund liabilities with a corresponding decrease in the assigned component of fund balance in the amount of \$444,307 in the general fund. Therefore, general fund total fund balance decreased from \$9,141,009, as originally reported, to \$8,696,702.

REQUIRED SUPPLEMENTARY INFORMATION - PART II
BUDGETARY COMPARISON SCHEDULES

**LEONIA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Exhibit C-1

	Original <u>Budget</u>	Budget <u>Adjustments</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to <u>Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 18,095,070		\$ 18,095,070	\$ 18,095,075	\$ 5
Tuition	7,067,263		7,067,263	7,079,285	12,022
Transportation Fees from Other LEAs		\$ 440,341	440,341	482,141	41,800
Interest Earned				11,639	11,639
Miscellaneous Revenue	90,200	-	90,200	552,467	462,267
Total Local Sources	<u>25,252,533</u>	<u>440,341</u>	<u>25,692,874</u>	<u>26,220,607</u>	<u>527,733</u>
State Sources					
Equalization Aid	2,619,846		2,619,846	2,619,846	
Security Aid	23,162		23,162	23,162	
Transportation Aid	8,871		8,871	8,871	
Special Education	885,744		885,744	885,744	
PARCC Readiness	14,050		14,050	14,050	
Per Pupil Growth	14,050		14,050	14,050	
Extraordinary Aid	139,773		139,773	171,547	31,774
TPAF Pension Contribution (On-Behalf)					
Normal Pension Contribution				1,020,167	1,020,167
NCGI Contributions				50,818	50,818
Post Retirement				1,275,248	1,275,248
TPAF Social Security Contribution (On-Behalf)	-	-	-	1,020,749	1,020,749
Total State Sources	<u>3,705,496</u>	<u>-</u>	<u>3,705,496</u>	<u>7,104,252</u>	<u>3,398,756</u>
Total Revenues	<u>28,958,029</u>	<u>440,341</u>	<u>29,398,370</u>	<u>33,324,859</u>	<u>3,926,489</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	61,100	\$ 38,309	99,409	90,809	8,600
Kindergarten	343,185	69,610	412,795	395,719	17,076
Grades 1-5	2,385,075	-	2,385,075	2,228,929	156,146
Grades 6-8	2,027,904	131,318	2,159,222	2,122,046	37,176
Grades 9-12	3,731,282	101,678	3,832,960	3,726,722	106,238
Regular Programs - Home Instruction					
Salaries of Teachers	36,000	-	36,000	33,870	2,130
Purchased Professional Educational Services	17,000	(5,000)	12,000		12,000
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	339,881	11,594	351,475	336,369	15,106
Purchased Professional-Educational Services	10,000	(5,000)	5,000	651	4,349
Other Purchased Services	28,300	(3,335)	24,965	1,086	23,879
General Supplies	980,063	(15,815)	964,248	492,602	471,646
Textbooks	117,759	34,109	151,868	135,229	16,639
Other Objects	2,000	-	2,000	1,554	446
Total Regular Programs	<u>10,079,549</u>	<u>357,468</u>	<u>10,437,017</u>	<u>9,565,586</u>	<u>871,431</u>
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	215,680	455	216,135	216,135	-
Other Salaries for Instruction	22,915	23,782	46,697	46,693	4
General Supplies	2,900	(835)	2,065	1,698	367
Textbooks	3,000	(455)	2,545	1,678	867
Total Learning and/or Language Disabilities	<u>244,495</u>	<u>22,947</u>	<u>267,442</u>	<u>266,204</u>	<u>1,238</u>
Behavioral Disabilities					
Other Salaries for Instruction	22,056	611	22,667	20,816	1,851
General Supplies	300	-	300		300
Textbooks	500	-	500		500
Total Behavioral Disabilities	<u>22,856</u>	<u>611</u>	<u>23,467</u>	<u>20,816</u>	<u>2,651</u>

**LEONIA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Exhibit C-1

EXPENDITURES	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENDITURES (Continued)					
Multiple Disabilities					
Salaries of Teachers	\$ 511,818	\$ (10,578)	\$ 501,240	\$ 501,240	-
Other Salaries for Instruction	148,850	45,739	194,589	194,551	\$ 38
General Supplies	5,550	(178)	5,372	3,400	1,972
Textbooks	1,450	66	1,516	1,215	301
Total Multiple Disabilities	667,668	35,049	702,717	700,406	2,311
Resource Room/Resource Center					
Salaries of Teachers	899,580	164	899,744	825,954	73,790
Other Salaries for Instruction	159,696	11,207	170,903	170,884	19
General Supplies	1,750	988	2,738	2,232	506
Textbooks	4,525	(1,252)	3,273	1,799	1,474
Total Resource Room	1,065,551	11,107	1,076,658	1,000,869	75,789
Autistic Program					
Salaries of Teachers	332,675	28,100	360,775	358,052	2,723
Other Salaries of Instruction	234,420	169,481	403,901	403,818	83
Purchased Professional-Educational Services	24,000	(2,601)	21,399	17,860	3,539
General Supplies	3,000	-	3,000	2,624	376
Textbooks	800	-	800	666	134
Total Autistic Program	594,895	194,980	789,875	783,020	6,855
Preschool Disabilities - Full-Time					
Salaries of Teachers	53,395	2,644	56,039	53,745	2,294
Other Salaries for Instruction	22,916	32,663	55,579	55,530	49
General Supplies	1,400	8,257	9,657	8,810	847
Textbooks	300	-	300	299	1
Total Preschool Disabilities - Full-Time	78,011	43,564	121,575	118,384	3,191
Home Instruction					
Purchased Professional-Educational Services	1,000	-	1,000	-	1,000
Total Home Instruction	1,000	-	1,000	-	1,000
Total Special Education	2,674,476	308,258	2,982,734	2,889,699	93,035
Basic Skills/Remedial					
Salaries of Teachers	158,950	2,717	161,667	127,573	34,094
General Supplies	1,500	-	1,500	789	711
Textbooks	3,000	-	3,000	1,000	2,000
Total Basic Skills/Remedial	163,450	2,717	166,167	129,362	36,805
Bilingual Education					
Salaries of Teachers	289,915	8,788	298,703	269,915	28,788
General Supplies	2,000	-	2,000	1,238	762
Textbooks	2,500	-	2,500	1,009	1,491
Total Bilingual Education	294,415	8,788	303,203	272,162	31,041
School Sponsored Co-Curricular Activities					
Salaries	170,000	123,489	293,489	279,981	13,508
General Supplies	5,500	(1,197)	4,303	-	4,303
Other Objects	2,500	(1,000)	1,500	1,065	435
Total School Sponsored Co-Curricular Activities	178,000	121,292	299,292	281,046	18,246
School Sponsored Athletics - Instruction					
Salaries	300,000	(102,706)	197,294	197,294	-
Purchased Services	5,000	9,608	14,608	13,933	675
Supplies & Materials	69,102	14,067	83,169	81,332	1,837
Other Objects	8,500	(100)	8,400	8,316	84
Transfers to Cover Deficit (Agency Funds)	55,000	-	55,000	55,000	-
Total School Sponsored Athletics - Instruction	437,602	(79,131)	358,471	355,875	2,596

**LEONIA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Exhibit C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Before/After School Programs					
Purchased Services	-	\$ 4,800	\$ 4,800	\$ 4,800	-
Total Before/After School Programs	-	4,800	4,800	4,800	-
Total - Instruction	\$ 13,827,492	724,192	14,551,684	13,498,530	\$ 1,053,154
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs within the State-Special	70,000	(14,091)	55,909	37,510	18,399
Tuition to County Vocational School District-Reg.	431,000	14,091	445,091	406,364	38,727
Tuition to CSSD and Regular Day Schools	274,000	40,960	314,960	314,960	-
Tuition to Private Schools for the Disabled within State	701,000	(39,687)	661,313	291,098	370,215
Tuition to Private Schools Disabled and & Other LEAs-Spl, O/S State	35,000	(9,963)	25,037	-	25,037
Total Undistributed Expenditures - Instruction	1,511,000	(8,690)	1,502,310	1,049,932	452,378
Attendance and Social Work					
Salaries	113,270	3,753	117,023	117,023	-
Salary Drop Out Prevention Officer/Coordinators	61,250	-	61,250	61,250	-
Other Purchased Services	3,000	(1,620)	1,380	1,048	332
Total Attendance and Social Work	177,520	2,133	179,653	179,321	332
Health Services					
Salaries	279,444	(3)	279,441	241,662	37,779
Purchased Professional & Technical Services	-	90,540	90,540	86,091	4,449
Supplies and Materials	9,700	(148)	9,552	8,462	1,090
Total Health Services	289,144	90,389	379,533	336,215	43,318
Speech, OT, PT & Related Services					
Salaries	534,077	(20,600)	513,477	510,880	2,597
Purchased Professional/Educational Services	90,000	(8,154)	81,846	68,075	13,771
Supplies and Materials	5,850	-	5,850	5,008	842
Total Speech, OT, PT & Related Services	629,927	(28,754)	601,173	583,963	17,210
Extra Services					
Salaries	191,201	57,865	249,066	249,059	7
Purchased Professional-Educational Services	40,000	(2,854)	37,146	34,681	2,465
Total Extra Services	231,201	55,011	286,212	283,740	2,472
Guidance					
Salaries of Other Professional Staff	455,521	1,586	457,107	452,910	4,197
Salaries of Secretarial and Clerical Assistants	55,810	-	55,810	55,810	-
Other Purchased Prof. and Tech. Services	14,000	(1,330)	12,670	12,670	-
Other Purchased Services	20,725	(10,780)	9,945	2,706	7,239
Supplies and Materials	23,000	(5,000)	18,000	4,408	13,592
Other Objects	1,500	-	1,500	244	1,256
Total Guidance	570,556	(15,524)	555,032	528,748	26,284
Child Study Teams					
Salaries of Other Professional Staff	473,361	83,704	557,065	537,585	19,480
Salaries of Secretarial and Clerical Assistants	64,870	1,773	66,643	55,868	10,775
Purchased Professional-Educational Services	14,000	600	14,600	12,017	2,583
Other Purchased Prof. and Tech. Services	24,000	-	24,000	2,889	21,111
Misc. Purchased Services	11,900	(133)	11,767	1,800	9,967
Supplies and Materials	13,000	-	13,000	7,224	5,776
Total Child Study Teams	601,131	85,944	687,075	617,383	69,692

**LEONIA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Exhibit C-1

EXPENDITURES	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENDITURES (Continued)					
Improvement of Instruction Services/ Other Support Services-Instructional Staff					
Salaries of Other Professional Staff	\$ 113,293	\$ 34,034	\$ 147,327	\$ 91,293	\$ 56,034
Purchased Professional-Educational Services	13,000	(8,000)	5,000	-	5,000
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	126,293	26,034	152,327	91,293	61,034
Educational Media Services/School Library					
Salaries	211,244	-	211,244	178,338	32,906
Salaries of Technology Coordinators	207,830	7,420	215,250	193,038	22,212
Supplies and Materials	30,000	(2,000)	28,000	25,378	2,622
Total Educational Media Services/School Library	449,074	5,420	454,494	396,754	57,740
Instructional Staff Training Services					
Purchased Professional-Educational Services	70,000	(15,000)	55,000	28,984	26,016
Total Instructional Staff Training Services	70,000	(15,000)	55,000	28,984	26,016
Support Services General Administration					
Salaries	309,082	247	309,329	304,988	4,341
Legal Services	60,000	(9,338)	50,662	49,840	822
Audit Fees	30,000	17,720	47,720	39,494	8,226
Other Purchased Professional Services	49,000	56,085	105,085	97,660	7,425
Communications/Telephone	140,003	90,078	230,081	225,639	4,442
BOE Other Purchased Services	19,000	(13,439)	5,561	5,250	311
Misc. Purchased Services	140,200	(27,187)	113,013	111,317	1,696
Supplies and Materials	8,000	(3,000)	5,000	4,582	418
Miscellaneous Expenditures	17,000	640	17,640	17,640	-
BOE Membership Dues and Fees	16,000	(9,778)	6,222	6,110	112
Total Support Services General Administration	788,285	102,028	890,313	862,520	27,793
Support Services School Administration					
Salaries of Principals/Asst. Principals	743,513	3,621	747,134	740,893	6,241
Salaries of Other Professional Staff	535,020	7,543	542,563	542,563	-
Salaries of Secretarial and Clerical Assistants	313,726	17,569	331,295	316,409	14,886
Purchased Professional and Technical Services		250	250		250
Other Purchased Services	6,600	86,875	93,475	85,989	7,486
Supplies and Materials	73,725	(1,586)	72,139	46,673	25,466
Other Objects	69,500	(29,617)	39,883	22,553	17,330
Total Support Services School Administration	1,742,084	84,655	1,826,739	1,755,080	71,659
Central Services					
Salaries	315,001	4,580	319,581	289,172	30,409
Purchased Professional Services	57,000	41,917	98,917	85,442	13,475
Purchased Technical Services	16,000	75	16,075	11,725	4,350
Misc. Purchased Services	4,000	(156)	3,844	1,160	2,684
Supplies and Materials	11,000	4,522	15,522	15,224	298
Interest on Lease Purchase Agreements	4,000	-	4,000		4,000
Miscellaneous Expenditures	4,000	-	4,000	2,299	1,701
Total Central Services	411,001	50,938	461,939	405,022	56,917
Administration - Information Technology Services					
Salaries	54,798	953	55,751	53,515	2,236
Total Administration Information Technology Svcs.	54,798	953	55,751	53,515	2,236

**LEONIA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Exhibit C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Required Maintenance for School Facilities					
Salaries	\$ 242,889	\$ 4,260	\$ 247,149	\$ 247,149	-
Cleaning, Repair and Maintenance Services	1,086,502	(217,892)	868,610	524,594	\$ 344,016
General Supplies	11,300	4,221	15,521	13,863	1,658
Other Objects	-	2,758	2,758	-	-
Total Required Maint. For School Facilities	1,340,691	(206,653)	1,134,038	788,364	345,674
Custodial Services					
Salaries	612,948	303,329	916,277	740,523	175,754
Salaries - Non-Instructional Aides	138,060	47,157	185,217	185,213	4
Purchased Professional and Technical Services	8,700	(5,800)	2,900	2,862	38
Cleaning, Repair and Maintenance Services	70,000	(41,539)	28,461	20,376	8,085
Rental of Land & Bldg - Other than Lease Purchase	-	3,804	3,804	3,804	-
Other Purchased Property Services	104,000	(66,197)	37,803	37,680	123
Insurance	210,000	(3,910)	206,090	198,376	7,714
Miscellaneous Purchased Services	-	2,530	2,530	-	-
General Supplies	159,500	(6,474)	153,026	104,419	48,607
Energy (Natural Gas)	200,000	(34,611)	165,389	41,909	123,480
Energy (Electricity)	476,000	101,806	577,806	522,477	55,329
Energy (Gasoline)	15,000	2,273	17,273	1,449	15,824
Other Objects	1,000	500	1,500	646	854
Total Custodial Services	1,995,208	302,868	2,298,076	1,862,264	435,812
Care and Upkeep of Grounds					
Salaries	54,376	1,879	56,255	56,255	-
Cleaning, Repair and Maintenance Svc.	42,000	5,901	47,901	45,643	2,258
General Supplies	5,000	(4,216)	784	-	784
Total Care and Upkeep of Grounds	101,376	3,564	104,940	101,898	3,042
Security					
Salaries	119,000	-	119,000	57,177	61,823
Total Security	119,000	-	119,000	57,177	61,823
Student Transportation Services					
Salaries for Pupil Trans (Bet. Home & Sch)-Regular	175,482	319,365	494,847	334,518	160,329
Salaries for Pupil Trans (Bet. Home & Sch)-Sp. Ed.	24,190	512	24,702	24,190	512
Salaries for Pupil Trans (Other than Bet. Home & Sch)	85,000	(19,669)	65,331	65,331	-
Cleaning, Repair and Maintenance Services	27,000	81,047	108,047	103,586	4,461
Contracted Services (Other Than Between Home & School) - Vendors	20,000	10,282	30,282	2,760	27,522
Contracted Services (Between Home & School)-Joint Agreements	75,000	(800)	74,200	53,339	20,861
Contracted Services (Special Education Students)-Vendors	55,000	-	55,000	32,628	22,372
Contracted Services (Special Education Students)- Joint Agreements	100,000	264,511	364,511	277,595	86,916
Misc. Purchased Services - Transportation	4,500	-	4,500	-	4,500
Transportation Supplies	16,500	45,525	62,025	21,877	40,148
Other Objects	2,000	-	2,000	1,500	500
Total Student Transportation Services	584,672	700,773	1,285,445	851,993	433,452
Unallocated Benefits - Employee Benefits					
Social Security Contributions	350,000	77,514	427,514	427,443	71
Other Retirement Contribution-Regular	26,000	13,560	39,560	36,774	2,786
Other Retirement Contribution-PERS	375,000	(18,594)	356,406	344,646	11,760
Unemployment Compensation	70,000	82,073	152,073	140,373	11,700
Worker's Compensation	190,000	-	190,000	184,270	5,730
Health Benefits	4,828,600	(281,561)	4,547,039	3,941,504	605,535
Tuition Reimbursement	20,000	-	20,000	12,523	7,477
Other Employee Benefits	56,375	20,788	77,163	76,440	723
Total Unallocated Benefits - Employee Benefits	5,915,975	(106,220)	5,809,755	5,163,973	645,782
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
TPAF Pension Contribution (Non Budgeted)					
Normal Pension Contribution	-	-	-	1,020,167	(1,020,167)
NCGI Contributions	-	-	-	50,818	(50,818)
Post Retirement	-	-	-	1,275,248	(1,275,248)
TPAF Social Security Contribution (Non Budgeted)	-	-	-	1,020,749	(1,020,749)
	-	-	-	3,366,982	(3,366,982)

**LEONIA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Exhibit C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Undistributed Expenditures	17,708,936	1,129,869	18,838,805	19,365,121	(526,316)
Total Current Expenditures	31,536,428	1,854,061	33,390,489	32,863,651	526,838
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures					
Required Maintenance of School Facilities	61,398	-	61,398	19,941	41,457
Total Equipment	61,398	-	61,398	19,941	41,457
Facilities and Acquisitions					
Other Objects	44,993	-	44,993	44,993	-
Total Facilities and Acquisitions	44,993	-	44,993	44,993	-
Non Budget lease Purchase - Copiers	-	-	-	281,629	(281,629)
Total Capital Outlay	106,391	-	106,391	346,563	(240,172)
Total Expenditures - General Fund	31,642,819	1,854,061	33,496,880	33,210,214	286,666
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,684,790)	(1,413,720)	(4,098,510)	114,645	4,213,155
Other Financing Sources (Uses)					
Capital Lease Proceeds (Non Budget)	-	-	-	281,629	281,629
Total Other Financing Sources (Uses)	-	-	-	281,629	281,629
Excess (Deficiency) of Revenues Over (Under) Expenditures and Financing Sources	(2,684,790)	(1,413,720)	(4,098,510)	396,274	4,494,784
Fund Balances, Beginning of Year (Restated)	9,016,743	-	9,016,743	9,016,743	-
Fund Balances, End of Year	<u>\$ 6,331,953</u>	<u>\$ (1,413,720)</u>	<u>\$ 4,918,233</u>	<u>\$ 9,413,017</u>	<u>\$ 4,494,784</u>
Recapitulation of Fund Balance					
Restricted					
Capital Reserve				\$ 3,065,000	
Maintenance Reserve				300,000	
Emergency Reserve				100,000	
Tuition Reserve - Designated for Subsequent Year's Expenditures				75,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				2,214,056	
Excess Surplus				2,429,636	
Assigned					
Year End Encumbrances				358,192	
Designated for Subsequent Year's Expenditures				248,127	
Unassigned					
				623,006	
Fund Balance Per State Budgetary Basis of Accounting				9,413,017	
Reconciliation to Governmental Funds Statements (GAAP)					
Less State Aid not Recognized on a GAAP Basis				(495,003)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 8,918,014</u>	

**LEONIA BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State		\$ 143,295	\$ 143,295	\$ 5,193	\$ (138,102)
Federal	\$ 404,990	271,255	676,245	615,486	(60,759)
Local Sources					
Miscellaneous	-	20,734	20,734	10,674	(10,060)
Total Revenues	404,990	435,284	840,274	631,353	(208,921)
EXPENDITURES					
Instruction					
Salaries of Teachers	100,533	167,511	268,044	124,982	143,062
Purchased Prof. Tech. Svc.		10,798	10,798	2,370	8,428
Tuition	277,863	97,633	375,496	373,095	2,401
Transportation		600	600	600	-
General Supplies		14,460	14,460	8,467	5,993
Miscellaneous		10,000	10,000	10,000	-
Textbooks	-	3,791	3,791	1,080	2,711
Total Instruction	378,396	304,793	683,189	520,594	162,595
Support Services					
Other Salaries	22,000	3,420	25,420	25,420	-
Personal Services - Employee Benefits		40,047	40,047	26,371	13,676
Purchased Professional-Education Services	4,594	9,806	14,400	13,300	1,100
Purchased Prof. Tech. Svc.		39,276	39,276	18,433	20,843
Other Purchased Services		24,647	24,647	23,721	926
General Supplies	-	13,295	13,295	3,514	9,781
Total Support Services	26,594	130,491	157,085	110,759	46,326
Total Expenditures	404,990	435,284	840,274	631,353	208,921
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II
BUDGETARY COMPARISON SCHEDULES

**LEONIA BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual revenue amounts (budgetary basis) (Exhibits C-1 and C-2)	\$ 33,324,859	\$ 631,353
Difference - Budget to GAAP:		
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2015-16)	(495,003)	
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2014-15)	320,041	
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		1,328
Less Current Year Encumbrances	-	(7,505)
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 33,149,897</u>	<u>\$ 625,176</u>
Uses/Outflows of Resources		
Actual expenditure amounts (budgetary basis) (Exhibits C-1 and C-2)	\$ 33,210,214	\$ 631,353
Differences-Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Adjust for Encumbrances:		
Add Prior Year Encumbrances		1,328
Less Current Year Encumbrances	-	(7,505)
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 33,210,214</u>	<u>\$ 625,176</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

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

Public Employees Retirement System

Last Three Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.04003%	0.04161%	0.04079%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 8,985,629	\$ 7,790,670	\$ 7,796,000
District's Covered-Employee Payroll	\$ 2,439,335	\$ 2,566,468	\$ 2,566,468
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	368.36%	303.56%	303.76%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

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

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

**LEONIA BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 344,139	\$ 343,033	\$ 307,353
Contributions in Relation to the Contractually Required Contribution	<u>344,139</u>	<u>343,033</u>	<u>307,353</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 2,439,335	\$ 2,566,468	\$ 2,566,468
Contributions as a Percentage of Covered-Employee Payroll	14.11%	13.37%	11.98%

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

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

Teachers Pension and Annuity Fund

Last Three Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.00%	0.00%	0.00%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 86,975,627</u>	<u>\$ 73,937,267</u>	<u>\$ 71,863,561</u>
Total	<u>\$ 86,975,627</u>	<u>\$ 73,937,267</u>	<u>\$ 71,863,561</u>
District's Covered-Employee Payroll	13,801,527	13,286,892	13,286,892
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76

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

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

**LEONIA BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Change of Benefit Terms: None.

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

SPECIAL REVENUE FUND

**LEONIA BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	IDEA Basic	IDEA Preschool	Title I	Title IIA	Title III	Title III Immigrant	Nonpublic Technology	Nonpublic Textbooks	Nonpublic Nursing	Perkins Grant	Local Grants	Total
REVENUES												
Local											\$ 10,674	\$ 10,674
State							\$ 693	\$ 1,080	\$ 3,420			5,193
Federal	\$ 378,283	\$ 10,290	\$ 137,400	\$ 48,201	\$ 27,818	\$ 2,697	-	-	-	\$ 10,797	-	615,486
Total Revenues	<u>\$ 378,283</u>	<u>\$ 10,290</u>	<u>\$ 137,400</u>	<u>\$ 48,201</u>	<u>\$ 27,818</u>	<u>\$ 2,697</u>	<u>\$ 693</u>	<u>\$ 1,080</u>	<u>\$ 3,420</u>	<u>\$ 10,797</u>	<u>\$ 10,674</u>	<u>\$ 631,353</u>
EXPENDITURES												
Instruction												
Salaries of Teachers		\$ 8,236	\$ 96,746		\$ 20,000							\$ 124,982
Purchased Prof. and Technical Services									\$ 2,370			2,370
Tuition	\$ 373,095											373,095
Transportation											\$ 600	600
General Supplies					500	\$ 2,697	\$ 693			4,503	74	8,467
Miscellaneous Expense											10,000	10,000
Textbooks								\$ 1,080				1,080
Total Instruction	<u>373,095</u>	<u>8,236</u>	<u>96,746</u>	<u>-</u>	<u>20,500</u>	<u>2,697</u>	<u>693</u>	<u>1,080</u>	<u>-</u>	<u>6,873</u>	<u>10,674</u>	<u>520,594</u>
Support Services												
Other Salaries				\$ 22,000					\$ 3,420			25,420
Personal Services - Employee Benefits		2,054	14,248	5,081	4,988							26,371
Purchased Professional and Technical Services			18,433									18,433
Purchased Professional-Educational Services				13,300								13,300
Contracted Services -Transportation	5,188		6,073	6,790	2,330					3,340		23,721
Other Objects			1,900	1,030						584		3,514
Total Support Services	<u>5,188</u>	<u>2,054</u>	<u>40,654</u>	<u>48,201</u>	<u>7,318</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,420</u>	<u>3,924</u>	<u>-</u>	<u>110,759</u>
Total Expenditures	<u>\$ 378,283</u>	<u>\$ 10,290</u>	<u>\$ 137,400</u>	<u>\$ 48,201</u>	<u>\$ 27,818</u>	<u>\$ 2,697</u>	<u>\$ 693</u>	<u>\$ 1,080</u>	<u>\$ 3,420</u>	<u>\$ 10,797</u>	<u>\$ 10,674</u>	<u>\$ 631,353</u>

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**LEONIA BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION PROGRAM AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

THIS SCHEDULE IS NOT APPLICABLE

CAPITAL PROJECTS FUND

LEONIA BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Balance,</u>
		<u>Prior Year</u>	<u>Current Year</u>	<u>June 30, 2016</u>
Lease Purchase Lighting & Security	\$ 654,158	\$ 628,932		\$ 25,226
2009 Referendum Projects - Solar, Roof Replacement, HVAC, Emergency Generators at Alice C. Scott Elementary, Leonia Middle School and Leonia High School	<u>17,383,264</u>	<u>16,333,326</u>	\$ 46,888	<u>1,003,050</u>
	<u>\$ 18,037,422</u>	<u>\$ 16,962,258</u>	<u>\$ 46,888</u>	<u>\$ 1,028,276</u>
Project Balances, June 30, 2016				<u>\$ 1,028,276</u>
Fund Balance, June 30, 2016 GAAP Basis				<u>\$ 1,028,276</u>
<u>Recapitulation of Fund Balance</u>				
Restricted For Capital Projects:				
Available for Capital Projects Expenditures				<u>\$ 1,028,276</u>
Total Fund Balance - Restricted for Capital Projects				<u>\$ 1,028,276</u>

**LEONIA BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

REVENUES AND OTHER FINANCING SOURCES

Revenues

Interest Income

-

Total Revenues

-

EXPENDITURES AND OTHER FINANCING USES

Construction Services

\$ 46,888

Total Expenditures and Other Financing Uses

46,888

Excess (Deficiency) of Revenues and Other Financing Sources

Over (Under) Expenditures and Other Financing Uses

(46,888)

Fund Balance, Beginning of Year

1,075,164

Fund Balance, End of Year

\$ 1,028,276

Reconciliation to GAAP

Fund Balance, June 30, 2016 - Budgetary Basis

\$ 1,028,276

Fund Balance, June 30, 2016 - GAAP Basis

\$ 1,028,276

**LEONIA BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
LEASE PURCHASE LIGHTING & SECURITY EQUIPMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Other Financing Sources - Lease Purchase	\$ 651,000		651,000	\$ 651,000
Earnings on Investments	3,158	-	3,158	3,158
	<u>654,158</u>	<u>-</u>	<u>654,158</u>	<u>654,158</u>
Total Revenues				
Expenditures and Other Financing Uses				
Salaries	19,000		19,000	19,000
Purchased Professional and Technical Services	28,037		28,037	28,037
Construction Services	573,495		573,495	598,721
Other Objects	8,400	-	8,400	8,400
	<u>628,932</u>	<u>-</u>	<u>628,932</u>	<u>654,158</u>
Total Expenditures and Other Financing Uses				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 25,226</u>	<u>\$ -</u>	<u>\$ 25,226</u>	<u>\$ -</u>
 Additional Project Information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 651,000			
Additional Authorized Cost	3,158			
Revised Authorized Cost	<u>\$ 654,158</u>			
 Percentage Increase over Original Authorized				
Cost	0.50%			
Percentage Completion	100%			
Original Target Completion Date	6/30/2010			
Revised Target Completion Date	6/30/2010			

**LEONIA BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
2009 REFERENDUM PROJECT - SOLAR, ROOF REPLACEMENT, HVAC, EMERGENCY GENERATORS AT
ALICE C. SCOTT ELEMENTARY, LEONIA MIDDLE SCHOOL & LEONIA HIGH SCHOOL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 17,350,000		\$ 17,350,000	\$ 17,350,000
Other Financing Sources	21,032		21,032	21,032
Earnings on Investment	12,232	-	12,232	12,232
	<u>17,383,264</u>	<u>-</u>	<u>17,383,264</u>	<u>17,383,264</u>
Expenditures and Other Financing Uses				
Salaries	149,212		149,212	155,000
Purchased Professional and Technical Services	2,040,622		2,040,622	1,702,500
Legal	792,734		792,734	400,000
Construction Services	13,190,722	\$ 46,888	13,237,610	14,595,541
General Supplies	52,615		52,615	33,264
Other Objects	107,421	-	107,421	496,959
	<u>16,333,326</u>	<u>46,888</u>	<u>16,380,214</u>	<u>17,383,264</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 1,049,938</u>	<u>\$ (46,888)</u>	<u>\$ 1,003,050</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	\$ 17,350,000			
Original Authorized Cost	20,300,000			
Reduced Authorized Cost	<u>(2,916,736)</u>			
Revised Authorized Cost	<u>\$ 17,383,264</u>			
Percentage Decrease from Original Authorized				
Cost	-14.37%			
Percentage Completion	100%			
Original Target Completion Date	2013/14			
Revised Target Completion Date	2015/16			

ENTERPRISE FUNDS

**LEONIA BOARD OF EDUCATION
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

THIS SCHEDULE IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

THIS SCHEDULE IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

THIS SCHEDULE IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**LEONIA BOARD OF EDUCATION
AGENCY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2016**

	<u>Student Activity</u>	<u>Agency Payroll</u>	<u>Total Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 163,783	\$ 294,843	\$ 458,626
Total Assets	<u>\$ 163,783</u>	<u>\$ 294,843</u>	<u>\$ 458,626</u>
LIABILITIES			
Due to Student Groups	\$ 163,783		\$ 163,783
Payroll Deductions and Withholdings		\$ 268,380	268,380
Accrued Salaries and Wages		20,701	20,701
Flexible Spending Deposits	<u>-</u>	<u>5,762</u>	<u>5,762</u>
Total Liabilities	<u>\$ 163,783</u>	<u>\$ 294,843</u>	<u>\$ 458,626</u>

**FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**LEONIA BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Balance July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2016</u>
Anna C. Scott Elementary School	\$ 7,051	\$ 12,904	\$ 13,571	\$ 6,384
Leonia Middle School	21,222	68,909	70,045	20,086
Leonia Middle School Athletics	1,027	9,000	9,200	827
Leonia High School	132,121	318,837	316,511	134,447
Leonia High School Athletics	<u>680</u>	<u>48,155</u>	<u>46,796</u>	<u>2,039</u>
	<u>\$ 162,101</u>	<u>\$ 457,805</u>	<u>\$ 456,123</u>	<u>\$ 163,783</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Balance, July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2016</u>
Payroll Deductions and Withholdings	\$ 197,789	\$ 8,626,892	\$ 8,556,301	\$ 268,380
Accrued Salaries and Wages	23,198	12,174,394	12,176,891	20,701
Flexible Spending Deposits	<u>3,084</u>	<u>16,320</u>	<u>13,642</u>	<u>5,762</u>
	<u>\$ 224,071</u>	<u>\$ 20,817,606</u>	<u>\$ 20,746,834</u>	<u>\$ 294,843</u>

LONG-TERM DEBT

**LEONIA BOARD OF EDUCATION
LONG TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2016</u>
			<u>Date</u>	<u>Amount</u>					
School Refunding Bonds	2/15/2006	\$ 2,815,000	8/15/2016	\$ 315,000	3.800	% \$ 640,000		\$ 325,000	\$ 315,000
School Improvement Bonds	7/15/2010	17,350,000	7/15/2016	625,000	2.500				
			7/15/2017	770,000	2.500				
			7/15/2018	810,000	2.500				
			7/15/2019	850,000	3.000				
			7/15/2020	900,000	3.000				
			7/15/2021	920,000	3.125				
			7/15/2022	960,000	3.250				
			7/15/2023	1,005,000	3.500				
			7/15/2024	1,050,000	3.500				
			7/15/2025	1,100,000	4.000				
			7/15/2026	1,150,000	4.000				
			7/15/2027	1,205,000	4.000				
			7/15/2028	1,260,000	4.000				
			7/15/2029	1,320,000	4.000				
	7/15/2030	1,380,000	4.000	15,885,000	580,000	15,305,000			
School Refunding Bonds	12/1/2011	\$ 11,685,000	8/15/2016	915,000	4.000				
			8/15/2017	1,140,000	2.000				
			8/15/2018	1,140,000	5.000				
			8/15/2019	1,175,000	3.191				
			8/15/2020	1,200,000	5.000				
			8/15/2021	1,250,000	5.000				
			8/15/2022	1,265,000	3.471				
			8/15/2023	1,305,000	3.854				
						\$ 26,805,000	\$ -	\$ 1,795,000	\$ 25,010,000

**LEONIA BOARD OF EDUCATION
LONG TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Series</u>	<u>Amount of Original Issue</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2016</u>
TD Leasing (Copiers)	148,743	-	\$ 31,919	-	\$ 30,795	\$ 1,124
Copier Leases	281,629	5.00%	\$ -	\$ 281,629	50,852	230,777
			<u>\$ 31,919</u>	<u>\$ 281,629</u>	<u>\$ 81,647</u>	<u>\$ 231,901</u>

**DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources					
Property Tax Levy	\$ 2,329,196		\$ 2,329,196	\$ 2,329,197	\$ 1
State Sources					
Debt Service Aid Type II	415,699	-	415,699	415,699	-
Total Revenues	<u>2,744,895</u>	<u>-</u>	<u>2,744,895</u>	<u>2,744,896</u>	<u>1</u>
EXPENDITURES					
Regular Debt Service					
Principal	1,795,000		1,795,000	1,795,000	
Interest	949,895	-	949,895	949,758	137
Total Expenditures	<u>2,744,895</u>	<u>-</u>	<u>2,744,895</u>	<u>2,744,758</u>	<u>137</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	138	138
Excess(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	-	-	-	138	138
Fund Balance, Beginning of Year	2	-	2	2	-
Fund Balance, End of Year	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 140</u>	<u>\$ 138</u>

Recapitulation of Fund Balance

Restricted for Debt Service:	
Available for Debt Service	
Expenditures	\$ 140
Total Fund Balance - Restricted For Debt Service	<u>\$ 140</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net Investment in Capital Assets	\$ 6,264,854	\$ 5,319,525	\$ 5,740,947	\$ 5,157,650	\$ 1,843,529	\$ 3,567,769	\$ 4,506,173	\$ 5,712,963	\$ 7,133,247	\$ 9,058,650
Restricted	2,479,737	864,720	1,246,247	1,724,772	5,719,734	6,844,553	8,394,947	8,361,485	7,878,190	3,465,366
Unrestricted	239,043	848,930	506,380	16,554,239	135,429	(395,027)	662,822	1,230,478	(6,255,467)	(3,410,681)
Total Governmental Activities Net Position	\$ 8,983,634	\$ 7,033,175	\$ 7,493,574	\$ 23,436,661	\$ 7,698,692	\$ 10,017,295	\$ 13,563,942	\$ 15,304,926	\$ 8,755,970	\$ 9,113,335
Business-Type Activities										
Net Investment in Capital Assets	\$ 93,600	\$ 149,673	\$ 209,930	\$ 10,678	\$ 134,832	\$ 116,591	\$ 98,431	\$ 81,694	\$ 70,160	\$ 56,877
Unrestricted	115,982	77,184	105,840	46,378	92,491	41,490	38,618	79,817	120,881	158,752
Total Business-Type Activities Net Position	\$ 209,582	\$ 226,857	\$ 315,770	\$ 57,056	\$ 227,323	\$ 158,081	\$ 137,049	\$ 161,511	\$ 191,041	\$ 215,629
District-Wide										
Net Investment in Capital Assets	\$ 6,358,454	\$ 5,469,198	\$ 5,950,877	\$ 5,168,328	\$ 1,978,361	\$ 3,684,360	\$ 4,604,604	\$ 5,794,657	\$ 7,203,407	\$ 9,115,527
Restricted	2,479,737	864,720	1,246,247	1,724,772	5,719,734	6,844,553	8,394,947	8,361,485	7,878,190	3,465,366
Unrestricted	355,025	926,114	612,220	16,600,617	227,920	(353,537)	701,440	1,310,295	(6,134,586)	(3,251,929)
Total District Net Position	\$ 9,193,216	\$ 7,260,032	\$ 7,809,344	\$ 23,493,717	\$ 7,926,015	\$ 10,175,376	\$ 13,700,991	\$ 15,466,437	\$ 8,947,011	\$ 9,328,964

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

	Fiscal Year Ended June 30,						
	2010	2011	2012	2013	2014	2015	2016
Expenses							
Governmental Activities							
Instruction							
Regular	\$ 8,948,986	\$ 11,583,485	\$ 11,857,637	\$ 12,936,547	\$ 13,034,616	\$ 15,046,198	\$ 18,037,432
Special Education	2,325,658	3,882,016	4,069,473	4,354,889	4,067,369	4,343,963	6,087,129
Other Instruction	1,072,389	1,574,085	1,766,825	1,907,323	1,477,424	1,700,584	765,954
School Sponsored Activities and Athletics							1,068,739
Support Services:							
Tuition					939,292	1,201,853	
Student and Instruction Related Services	3,542,291	3,799,681	3,555,638	3,874,090	3,738,145	4,357,902	4,402,031
General Administration	620,909	758,483	743,030	835,755	862,726	975,965	1,027,863
School Administrative Services	1,579,450	1,997,308	2,088,630	2,218,964	2,256,390	2,631,735	2,746,612
Central Services	475,810	524,700	501,602	517,856	532,921	534,720	672,407
Administrative Technology Information	46,896	52,208	51,104	49,927	342,135	52,041	
Plant Operations And Maintenance	2,305,022	2,670,762	2,609,561	2,459,671	2,951,108	3,070,387	3,377,650
Pupil Transportation	871,819	738,546	864,890	869,404	735,952	1,219,968	1,010,974
Allocated and Unallocated Employee Benefits	4,221,277						
TPAF Pension	853,747						
TPAF Social Security	1,002,302						
Capital Outlay	2,321,797						
Interest On Long-Term Debt	766,003	1,037,356	1,203,519	1,102,316	1,174,041	971,609	963,811
Unallocated Depreciation	-	612,497	612,347	609,110	613,111	1,245,092	-
Total Governmental Activities Expenses	<u>30,954,356</u>	<u>29,231,127</u>	<u>29,924,256</u>	<u>31,735,852</u>	<u>32,725,230</u>	<u>37,352,017</u>	<u>40,160,602</u>
Business-Type Activities							
Food Service	572,294	644,432	654,910	597,490	594,031	610,360	599,559
Enrichment Program	-	-	-	-	-	-	41,143
Total Business-Type Activities Expense	<u>572,294</u>	<u>644,432</u>	<u>654,910</u>	<u>597,490</u>	<u>594,031</u>	<u>610,360</u>	<u>640,702</u>
Total District Expenses	<u>\$ 31,526,650</u>	<u>\$ 29,875,559</u>	<u>\$ 30,579,166</u>	<u>\$ 32,333,342</u>	<u>\$ 33,319,261</u>	<u>\$ 37,962,377</u>	<u>\$ 40,801,304</u>
Program Revenues							
Governmental Activities							
Charges For Services	\$ 5,539,070	\$ 6,805,622	\$ 6,380,736	\$ 7,853,616	\$ 7,059,374	\$ 7,072,840	\$ 8,079,596
Operating Grants and Contributions	3,961,792	3,678,027	3,900,929	4,719,225	4,200,899	7,942,538	9,270,239
Capital Grants and Contributions	31,013	-	-	-	-	-	-
Total Governmental Activities Program Revenues	<u>9,531,875</u>	<u>10,483,649</u>	<u>10,281,665</u>	<u>12,572,841</u>	<u>11,260,273</u>	<u>15,015,378</u>	<u>17,349,835</u>
Business-Type Activities							
Charges For Services							
Food Service	327,607	474,755	434,217	391,202	402,676	404,103	407,154
Enrichment Program					32,885	50,190	57,750
Operating Grants And Contributions	129,298	197,157	151,451	185,256	182,932	185,976	200,385
Total Business Type Activities Program Revenues	<u>456,905</u>	<u>671,912</u>	<u>585,668</u>	<u>576,458</u>	<u>618,493</u>	<u>640,269</u>	<u>665,289</u>
Total District Program Revenues	<u>\$ 9,988,780</u>	<u>\$ 11,155,561</u>	<u>\$ 10,867,333</u>	<u>\$ 13,149,299</u>	<u>\$ 11,878,766</u>	<u>\$ 15,655,647</u>	<u>\$ 18,015,124</u>
Net (Expense)/Revenue							
Governmental Activities	\$ (21,422,481)	\$ (18,747,478)	\$ (19,642,591)	\$ (19,163,011)	\$ (21,464,957)	\$ (22,336,639)	\$ (22,810,767)
Business-Type Activities	(115,389)	27,480	(69,242)	(21,032)	24,462	29,909	24,587
Total District-Wide Net Expenses	<u>\$ (21,537,870)</u>	<u>\$ (18,719,998)</u>	<u>\$ (19,711,833)</u>	<u>\$ (19,184,043)</u>	<u>\$ (21,440,495)</u>	<u>\$ (22,306,730)</u>	<u>\$ (22,786,180)</u>

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

	Fiscal Year Ended June 30.						
	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Assets							
Governmental Activities							
Property Taxes Levied For General Purposes, Net	\$ 17,080,859	\$ 16,469,998	\$ 16,717,048	\$ 17,051,389	\$ 17,392,417	\$ 17,740,265	\$ 18,095,075
Taxes Levied For Debt Service		1,971,912	2,048,594	2,105,052	2,337,877	2,334,694	2,329,197
Federal and State Aid - Unrestricted		1,977,262	2,442,702	2,639,154	2,638,407	2,647,508	2,667,743
Federal and State Aid Restricted	2,258,831	32,390	366,712	337,697	399,928	411,785	271,843
Miscellaneous Income	1,264,697	290,813	386,138	576,366	437,312	449,432	45,936
Other Financing Sources	17,244,090						
Adjustments	(482,909)	-	-	-	-	-	-
Total Governmental Activities	37,365,568	20,742,375	21,961,194	22,709,658	23,205,941	23,583,684	23,409,794
Business-Type Activities							
Miscellaneous Income	386	393					
Transfers	(143,711)	-	-	-	-	-	-
Total Business-Type Activities	(143,325)	393	-	-	-	-	-
Total District-Wide	\$ 37,222,243	\$ 20,742,768	\$ 21,961,194	\$ 22,709,658	\$ 23,205,941	\$ 23,583,684	\$ 23,409,794
Change in Net Position							
Governmental Activities	\$ 15,943,087	\$ 1,994,897	\$ 2,318,603	\$ 3,546,647	\$ 1,740,984	\$ 1,247,045	\$ 599,027
Business-Type Activities	(258,714)	27,873	(69,242)	(21,032)	24,462	29,909	24,587
Total District	\$ 15,684,373	\$ 2,022,770	\$ 2,249,361	\$ 3,525,615	\$ 1,765,446	\$ 1,276,954	\$ 623,614

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 995,806	\$ 594,091	\$ 1,246,247	\$ 1,723,073						
Restricted					\$ 2,048,471	\$ 4,102,406	\$ 6,270,780	\$ 7,399,276	\$ 7,332,373	\$ 8,183,692
Assigned					437,534	530,138	760,823	657,372	1,520,191	606,319
Unassigned					430,369	382,898	690,732	413,393	288,445	128,003
Unreserved	182,531	349,633	150,102	182,761	-	-	-	-	-	-
Total General Fund	\$ 1,178,337	\$ 943,724	\$ 1,396,349	\$ 1,905,834	\$ 2,916,374	\$ 5,015,442	\$ 7,722,335	\$ 8,470,041	\$ 9,141,009	\$ 8,918,014
All Other Governmental Funds										
Restricted					\$ 2,647,467	\$ 2,498,255	\$ 2,132,104	\$ 962,209	\$ 959,618	\$ 1,028,416
Committed					757,516	425,533		879,928	115,546	
Unreserved, reported in										
Capital Projects Fund	\$ 1,691,388	\$ 499,297	\$ 353,893	16,371,460						
Debt Service Fund	270,629	270,629	2,385	1,717	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 1,962,017	\$ 769,926	\$ 356,278	\$ 16,373,177	\$ 3,404,983	\$ 2,923,788	\$ 2,132,104	\$ 1,842,137	\$ 1,075,164	\$ 1,028,416

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

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

	2011	2012	2013	2014	2015	2016
Revenues						
Tax Levy	\$ 18,441,910	\$ 18,765,642	\$ 19,156,441	\$ 19,730,294	\$ 20,074,959	\$ 20,424,272
Tuition Charges	6,300,782	5,908,294	7,255,372	6,513,234	6,515,773	7,079,285
Transportation	504,840	472,442	598,244	546,141	557,067	482,141
Miscellaneous	310,943	410,492	622,312	499,934	496,979	575,702
State Sources	5,033,040	6,025,474	7,105,173	6,646,566	7,173,278	7,350,182
Federal Sources	634,510	660,516	533,549	530,046	546,460	608,387
Total Revenues	31,226,025	32,242,860	35,271,091	34,466,215	35,364,516	36,519,969
Expenditures						
Instruction						
Regular Instruction	11,556,447	11,841,778	12,849,252	9,354,753	9,460,612	14,496,750
Special Education Instruction	3,882,016	4,069,473	4,354,889	3,048,556	2,774,242	5,195,515
Other Instruction	1,570,466	1,766,825	1,907,323	1,040,983	1,028,180	603,795
School Sponsored Activities and Athletics						874,030
Support Services						
Tuition				939,292	1,201,853	
Student and Inst. Related Services	3,826,013	3,517,108	3,838,100	2,968,482	3,205,119	4,086,234
General Administrative Services	758,483	743,030	835,755	723,608	750,821	997,939
School Administrative Services	2,104,865	2,117,554	2,203,376	1,604,448	1,631,558	2,360,078
Central Services	524,700	501,602	517,856	387,404	313,598	595,405
Administrative Information Technology	52,208	51,104	49,926	51,175	52,041	
Plant Operations And Maintenance	2,668,200	2,606,178	2,455,812	2,677,331	2,555,560	3,251,440
Student Transportation Services	732,014	863,341	869,404	733,727	883,266	975,778
Unallocated Employee Benefits				7,274,017	7,890,539	
Capital Outlay	13,327,604	546,524	824,652	458,958	966,653	348,458
Debt Service						
Principal	845,000	1,172,655	1,528,664	1,685,000	1,740,000	1,876,647
Interest	1,044,405	2,139,381	1,120,872	1,060,742	1,006,478	964,967
Total Expenditures	42,892,421	31,936,553	33,355,881	34,008,476	35,460,520	36,627,036
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,666,396)	306,307	1,915,210	457,739	(96,004)	(107,067)
Other Financing Sources (Uses)						
Capital Leases (Non-Budgeted)	148,743					281,629
Bond Proceeds	17,350,000	871,565	-	-	-	-
Total Other Financing Sources (Uses)	17,498,743	871,565	-	-	-	281,629
Net Change in Fund Balances	\$ 5,832,347	\$ 1,177,872	\$ 1,915,210	\$ 457,739	\$ (96,004)	\$ 174,562
Debt Service as a Percentage of Noncapital Expenditures	6.39%	10.55%	8.14%	8.18%	7.96%	7.83%

* Noncapital expenditures are total expenditures less capital outlay.

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

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Rental of Facilities</u>	<u>Refunds</u>	<u>Donations</u>	<u>Related Service Fees</u>	<u>Miscellaneous</u>	<u>Total</u>
2007						\$ 51,765	\$ 51,765
2008				\$ 1,000		1,432	2,432
2009	\$ 3,954	\$ 107,748	\$ 83,265	2,066		77	197,110
2010	18,480	104,820	39,192			147,439	309,931
2011	28,218	207,956				74,769	310,943
2012	6,775	166,435				212,924	386,134
2013	9,334	214,162				352,867	576,363
2014	14,341	203,486				219,483	437,310
2015	10,301	239,719				199,412	449,432
2016	11,639	225,198			\$ 292,972	34,297	564,106

Source: School District's Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2007	\$ 4,239,800	\$ 623,636,900	\$ 39,037,500	\$ 13,685,700	\$ 34,464,400	\$ 715,064,300	\$ 470,588	\$ 715,534,888	\$ 1,499,354,733	\$ 2.214
2008	4,481,500	623,853,900	38,495,900	13,685,700	34,184,400	714,701,400	515,369	715,216,769	1,531,764,254	2.285
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	1,620,917,444	1.237
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	1,467,897,970	1.313
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	1,433,653,199	1.381
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	1,383,380,144	1.462
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	1,290,672,611	1.472
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	1,290,672,611	1.630
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	1,290,894,000	1.659
2016	5,259,900	1,055,626,500	74,161,400	23,243,500	62,839,300	1,221,130,600	804,032	1,221,934,632	1,352,790,640	1.620

^a Tax rates are per \$100

Source: County Abstract of Ratables

LEONIA BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(Unaudited)
(rate per \$100 of assessed value)

Calendar Year	School	Overlapping Rates		Total Direct and Overlapping Tax Rate
		Municipality	County	
2007	\$ 2.210	\$ 1.220	\$ 0.370	\$ 3.800
2008	2.290	1.280	0.400	3.970
2009	1.237	0.703	0.230	2.170
2010	1.313	0.761	0.213	2.287
2011	1.381	0.778	0.221	2.380
2012	1.462	0.785	0.227	2.474
2013	1.472	0.796	0.220	2.488
2014	1.630	0.877	0.239	2.746
2015	1.659	0.879	0.253	2.791
2016	1.620	0.893	0.272	2.785

Source: County Abstract of Ratables

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

Taxpayer	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
DC-2 Christie Heights, LLC	\$ 10,200,000	0.83%		
Leonia Associates			\$ 5,381,300	0.75%
Center Point Willow Tree, LLC	8,400,000	0.69%		
Anthony & Nora Kurtz III, LLC	8,089,000	0.66%	4,700,000	0.66%
400 Willow Tree Rd., LLC	7,300,000	0.60%		
Beck-Cohen Associates			4,233,700	0.59%
Fairlawn Company	7,207,000	0.59%	3,680,800	0.51%
Summer Family Holdings, LLC			4,069,000	0.57%
Home Properties	6,468,000	0.53%	3,372,700	0.47%
Leonia Manor Partners	5,250,000	0.43%	2,853,400	0.40%
CVS Pharmacy	3,880,000	0.32%		
Southwin Farms C/O Soigar Vitamins	3,740,000	0.31%	2,374,100	0.33%
Kurtz, Anthony & D. II, LLC	3,000,000	0.25%	2,300,000	0.32%
First Realty			2,088,700	0.29%
	<u>\$ 63,534,000</u>	<u>4.65%</u>	<u>\$ 35,053,700</u>	<u>4.89%</u>

Source: Municipal Tax Assessor

**LEONIA BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST NINE FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 16,394,871	\$ 16,394,871	100.00%	N/A
2009	16,502,468	16,502,468	100.00%	N/A
2010	17,080,859	17,080,859	100.00%	N/A
2011	18,441,910	18,441,910	100.00%	N/A
2012	18,765,642	18,765,642	100.00%	N/A
2013	19,156,441	19,156,441	100.00%	N/A
2014	19,730,294	19,730,294	100.00%	N/A
2015	20,074,959	20,074,959	100.00%	N/A
2016	20,424,272	20,424,272	100.00%	N/A

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>			<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>	<u>Notes Payable</u>			
2007	\$ 18,574,000			\$ 18,574,000	8,625	\$ 2,154
2008	17,824,000			17,824,000	8,596	2,074
2009	17,110,000			17,110,000	8,576	1,995
2010	16,350,000			16,350,000	8,611	1,899
2011	31,730,000			31,730,000	8,959	3,542
2012	31,730,000	\$ 121,088		31,851,088	9,020	3,531
2013	30,230,000	92,424		30,322,424	9,056	3,348
2014	28,545,000	62,714		28,607,714	9,100	3,144
2015	26,805,000	31,919		26,836,919	9,219	2,911
2016	25,010,000	231,901		25,241,901	9,219 *	2,738

Source: District records

* Estimated

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2007	\$ 17,824,000		\$ 17,824,000	2.49%	\$ 2,067
2008	17,110,000		17,110,000	2.39%	1,990
2009	16,350,000		16,350,000	1.20%	1,906
2010	31,730,000		31,730,000	2.34%	3,685
2011	32,855,000		32,855,000	2.44%	3,667
2012	31,730,000		31,730,000	2.36%	3,518
2013	28,545,000		28,545,000	2.14%	3,152
2014	28,545,000		28,545,000	2.33%	3,137
2015	26,805,000		26,805,000	2.19%	2,908
2016	25,010,000		25,010,000	2.05%	2,713

Source: District records

**LEONIA BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2015
(Unaudited)**

	<u>Net Debt</u>
Municipal Debt: (1)	
Leonía Board of Education (As of June 30, 2016)	\$ 25,010,000
Borough of Leonía	<u>8,609,475</u>
	<u>33,619,475</u>
Overlapping Debt Apportioned to the Municipality:	
Bergen County	
County of Bergen (A)	7,926,282
Bergen County Utilities Authority (B)	<u>2,616,404</u>
	<u>10,542,686</u>
Total Direct and Overlapping Debt	<u>\$ 44,162,161</u>

Source:

(1) Borough of Leonía's 2015 Annual Debt Statement

(A) The debt for this entity was apportioned to Leonía by dividing the municipality's 2015 equalized value by the total 2015 equalized value for Bergen County.

(B) The debt was computed based upon usage.

**LEONIA BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST NINE FISCAL YEARS
(Unaudited)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	\$ 52,355,102
Total Net Debt Applicable to Limit	9,617,546	9,976,908	9,384,659	16,350,000	31,730,000	31,730,000	30,230,000	26,805,000	25,010,000
Legal Debt Margin	\$ 36,820,693	\$ 40,815,997	\$ 44,772,566	\$ 43,891,970	\$ 25,477,730	\$ 23,078,802	\$ 22,569,741	\$ 24,725,502	\$ 27,345,102
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	20.71%	19.64%	17.33%	27.14%	55.46%	57.89%	57.25%	52.02%	47.77%

Legal Debt Margin Calculation for Fiscal Year 2015

Equalized Valuation Basis

2015	\$ 1,351,050,415
2014	1,289,832,471
2013	<u>1,285,749,783</u>
	<u>\$ 3,926,632,669</u>

3 Year Average \$ 1,308,877,556

4% of Avg. Equalized Valuation	\$ 52,355,102
Less Net Debt	<u>25,010,000</u>

Remaining Borrowing Power \$ 27,345,102

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

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate (1)</u>	<u>Per Capita Income(2)</u>	<u>Population</u>
2007	2.5%	\$ 67,544	8,625
2008	3.3%	67,331	8,596
2009	5.9%	63,874	8,576
2010	6.1%	63,885	8,611
2011	6.0%	67,248	8,959
2012	8.1%	69,281	9,020
2013	5.1%	69,495	9,056
2014	4.5%	75,536	9,100
2015	3.7%	N/A	9,219
2016	3.7%	* N/A	9,219 *

Source: (1) NJ Department of Labor, Bureau of Labor Force Statistics

(2) County Per Capital Personal Income

* Estimated

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

INFORMATION NOT AVAILABLE

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

<u>Function/Program</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>2016</u>
Instruction										
Regular	179	245	236	235		120	145	147	145	145
Special Education	47	7	9	9		52	87	49	44	44
Other Instruction	31									
Support Services:										
General Administrative Services	6	8	9	7		5	9	10	10	10
School Administrative Services	9	9	9	9		12	31	17	12	12
Plant Operations and Maintenance	24	23	34	9	-	24	26	26	23	23
Total	<u>296</u>	<u>292</u>	<u>297</u>	<u>269</u>	<u>N/A</u>	<u>213</u>	<u>298</u>	<u>249</u>	<u>234</u>	<u>234</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2007	1,750	\$ 23,222,896	\$ 13,270	1.42%	209	N/A	N/A	N/A	1,730	1,650	-0.35%	95.38%
2008	1,722	23,478,965	13,635	2.75%	194	N/A	N/A	N/A	1,735	1,662	0.29%	95.79%
2009	1,759	23,898,852	13,587	-0.35%	194	N/A	N/A	N/A	1,754	1,675	1.10%	95.50%
2010	1,788	25,265,944	14,131	4.01%	194	N/A	N/A	N/A	1,776	1,708	1.25%	96.17%
2011	1,788	27,675,412	15,478	9.54%	166	N/A	N/A	N/A	1,825	1,754	2.76%	96.11%
2012	1,803	28,077,993	15,573	0.61%	163	3.91	2.96	4.19	1,834	1,761	0.49%	96.02%
2013	1,802	29,881,693	16,583	6.48%	164	3.87	2.90	4.21	1,687	1,623	-8.02%	96.21%
2014	1,796	30,803,776	17,151	3.43%	166	3.73	2.90	4.19	1,825	1,758	8.18%	96.33%
2015	1,797	31,747,389	17,667	3.01%	166	3.70	2.93	4.13	1,824	1,757	-0.05%	96.33%
2016	1,794	33,436,964	18,638	12.40%	166	3.68	3.01	4.13	1,820	1,760	-0.22%	96.70%

Sources: District records

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

LEONIA BOARD OF EDUCATION
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS
 (UNAUDITED)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<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	680	639	639	639	639	639	639	641
<u>Middle School</u>										
Leonia 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	454	490	490	490	490	490	490	499
<u>High School</u>										
Leonia 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	619	616	616	616	616	616	616	675
<u>Other</u>										
Central Administration										
Square Feet	1800	1800	1800	1800	1800	1800	1800	1800	1800	1800
Number of Schools at June 30, 2016										
Elementary = 1										
Middle School = 1										
Senior High School = 1										

Source: District Facilities Office

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.

LEONIA RIVER BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(Unaudited)

	<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>2016</u>
School Facilities										
Anna C. Scott	\$ 238,047	\$ 467,600	\$ 175,979	\$ 107,299	\$ 845,111	\$ 111,088	\$ 179,600	\$ 287,314	\$ 256,955	\$ 240,027
Middle School	56,462	319,937	246,708	148,567	144,366	174,431	161,588	256,253	229,176	239,222
High School	<u>46,858</u>	<u>442,988</u>	<u>258,137</u>	<u>156,821</u>	<u>131,324</u>	<u>179,080</u>	<u>147,521</u>	<u>232,957</u>	<u>208,342</u>	<u>309,115</u>
Other Facilities	<u>341,367</u>	<u>1,230,525</u>	<u>680,824</u>	<u>412,687</u>	<u>1,120,801</u>	<u>464,599</u>	<u>488,709</u>	<u>776,524</u>	<u>694,473</u>	<u>788,364</u>
Grand Total	<u>\$ 341,367</u>	<u>\$ 1,230,525</u>	<u>\$ 680,824</u>	<u>\$ 412,687</u>	<u>\$ 1,120,801</u>	<u>\$ 464,599</u>	<u>\$ 488,709</u>	<u>\$ 776,524</u>	<u>\$ 694,473</u>	<u>\$ 788,364</u>

**LEONIA BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2016
(Unaudited)**

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
School Alliance Insurance Fund:		
Commercial Package Policy		
Property - Blanket Building and Contents	\$ 84,001,238	\$ 2,500
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 location value
Boiler and Machinery	100,000,000	2,500
Crime Coverage		1,000
Employee Dishonesty	500,000	
Forgery and Alterations	50,000	
Theft, Disappearance and Destruction - Inside/Outside	50,000	
Computer Fraud	50,000	
General Liability		
General Aggregate	50,000,000	
Each Occurrence	5,000,000	
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		
	5,000,000	
Hired/Non Owned	5,000,000	
Uninsured/Underinsured	15/30/5,000	
Comprehensive		
Collision		1,000

**LEONIA BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2016
(Unaudited)**

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
School Leaders - AIG		
Liability & Employment Practices Liability		
Each Claim/Each Insured, Aggregate/Each Insured	\$ 5,000,000	
Each Claim/All Insureds	10,000,000	
Maximum Policy Agg.	20,000,000	
Retention-SLLL, EPL		\$ 5,000
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 American Ins. Co./ Illinois Union Ins. Co.		
Per Claim	1,000,000	
Legal Defense Expense Limit	25,000,000	
SIR: Per Pollution Condition		10,000
Public Official Bond - Selective Insurance Co.		
James T. Olobardi	500,000	
Public Official Bond - Selective Insurance Co.		
Antoinette Kelly	500,000	

Source: District Records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
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MARK SACO, CPA
SHERYL M. NICOLosi, CPA
ROBERT AMPONSAH, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Leonia Board of Education as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Leonia Board of Education's basic financial statements and have issued our report thereon dated December 1, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2016-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Leonia Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which is described in the accompanying schedule of findings and questioned costs as item 2016-001.

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Leonia Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated December 1, 2016.

Leonia Board of Education's Response to Finding

The Leonia Board of Education's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Leonia Board of Education's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Leonia Board of Education's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Leonia Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
December 1, 2016



LERCH, VINCI & HIGGINS, LLP

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Leonia Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Leonia Board of Education's major federal and state programs for the fiscal year ended June 30, 2016. The Leonia Board of Education'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 federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Leonia Board of Education'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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, U.S. Uniform Guidance and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Leonia Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Leonia Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08 which is described in the accompanying schedule of findings and questioned costs as item 2016-002. Our opinion on each major federal and state program is not modified with respect to these matters.

The Leonia Board of Education's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Leonia Board of Education's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

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

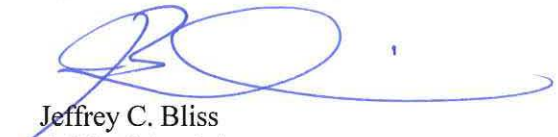
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable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

Report on Schedule of Expenditures of Federal Awards Required by the U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Leonia Board of Education, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated December 1, 2016, which contained unmodified opinions or modified opinion(s) on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
December 1, 2016

LEONIA BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant Period	Award Amount	Balance June 30, 2015		Carryover/ Deferred Revenue	Carryover/ (Accounts Receivable)	Cash Received	Budgetary Expenditures	Adjustments	June 30, 2016			Memo GAAP Receivable
					Deferred Revenue	(Accounts Receivable)						Accounts Receivable	Unearned Revenue	Due to Grantor	
U.S. Department of Agriculture															
Passed-through State Department of Education															
Enterprise Funds															
Food Distribution Commodities Program	10.555	16161NJ304N1099	7/1/15-6/30/16	\$ 45,023					\$ 45,023	\$ 39,048			\$ 5,975		
Food Distribution Commodities Program	10.555		7/1/14-6/30/15	26,474	\$ 2,094					2,094					
National School Lunch Program	10.555	16161NJ304N1099	7/1/15-6/30/16	131,744					122,895	131,744		\$ (8,849)		\$ (8,849)	
National School Lunch Program	10.555		7/1/14-6/30/15	140,333		\$ (13,374)			11,860		\$ 1,514				
National School Breakfast Program	10.553	16161NJ304N1099	7/1/15-6/30/16	22,415					20,158	22,415		(2,257)		(2,257)	
National School Breakfast Program	10.553		7/1/14-6/30/15	13,574		(1,372)			1,372						
Total U.S. Department of Agriculture				334,540	2,094	(14,746)	-	-	156,285	156,253	1,514	(11,106)	-	(11,106)	
U.S. Department of Education															
Passed-through State Department															
Special Revenue Fund															
NCLB															
Title I	84.010A	S010A1500030	7/1/15-6/30/16	157,442			\$ 17,807	\$ (17,807)	116,357	137,400		(58,892)	37,849	(21,043)	
Title I	84.010A		7/1/14-6/30/15	137,450	17,807	(68,395)	(17,807)	17,807	53,624	-	16,964	-	-	-	
Total NCLB Title I					17,807	(68,395)	-	-	149,981	137,400	16,964	(58,892)	37,849	(21,043)	
Title II, Part A	84.367A	S367A1500029	7/1/15-6/30/16	34,899			15,041	(15,041)	25,638	48,201	(406)	(24,302)	1,333	(22,969)	
Title II, Part A	84.367A		7/1/14-6/30/15	40,338	15,041	(20,031)	(15,041)	15,041	24,234	-	(19,244)	-	-	-	
Total NCLB Title II, Part A					15,041	(20,031)	-	-	49,872	48,201	(19,650)	(24,302)	1,333	(22,969)	
Title III	84.365A	S365A1500030	7/1/15-6/30/16	28,095			8,428	(8,428)	20,830	27,818		(15,693)	8,705	(6,988)	
Title III	84.365A		7/1/14-6/30/15	18,505	8,428	(9,428)	(8,428)	8,428	1,000			-	-	-	
Title III Immigrant	84.365A	S365A1500030	7/1/15-6/30/16	2,697					2,697	2,697		-	-	-	
Title III Immigrant	84.365A		7/1/14-6/30/15			(2,555)			2,500		55	-	-	-	
Total NCLB Title III & Title III Immigrant					8,428	(11,983)	-	-	27,027	30,515	55	(15,693)	8,705	(6,988)	
I.D.E.I.A. Part B, Basic Regular	84.027	H027A150100	7/1/15-6/30/16	379,095			2,401	(2,401)	369,139	378,283		(12,357)	3,213	(9,144)	
I.D.E.I.A. Part B, Basic Regular	84.027		7/1/14-6/30/15	382,338	2,401	(45,370)	(2,401)	2,401	39,161		3,808	-	-	-	
I.D.E.I.A. Part B, Preschool	84.173	H027A150114	7/1/15-6/30/16	10,377			8,879	(8,879)	9,343	10,290		(9,913)	8,966	(947)	
I.D.E.I.A. Part B, Preschool	84.173		7/1/14-6/30/15	9,888	8,879	(12,015)	(8,879)	8,879	3,136			-	-	-	
Total Special Education Cluster IDEA					11,280	(57,385)	-	-	420,779	388,573	3,808	(22,270)	12,179	(10,091)	
Perkins Secondary	84.048A	V048A140030	7/1/15-6/30/16	11,085					5,710	10,797		(5,375)	288	(5,087)	
Perkins Secondary	84.048A		7/1/14-6/30/15	14,757		(11,924)					11,924				
						(11,924)			5,710	10,797	11,924	(5,375)	288	(5,087)	
Total Special Education					52,556	(169,718)	-	-	653,369	615,486	13,101	(126,532)	60,354	(66,178)	
Total Federal Financial Awards					\$ 54,650	\$ (184,464)	\$ -	\$ -	\$ 809,654	\$ 771,739	\$ 14,615	\$ (137,638)	\$ 60,354	\$ -	\$ (77,284)

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The Notes to the Schedules of Federal Awards and State Financial Assistance are an Integral Part of this Statement

LEONIA BOARD OF EDUCATION
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2015			Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2016			Memo		
				(Accounts Receivable)	Due to Grantor	Cash Received			(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
State Department of Education														
<i>General Fund</i>														
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	\$ 2,619,846			\$ 2,382,193	\$ 2,619,846		\$ (237,653)			\$ 2,619,846		
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	2,619,846	\$ (257,485)		257,485								
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	885,744			805,396	885,744		(80,348)			885,744		
Special Education Categorical Aid	15-495-034-5120-089	7/1/14-6/30/15	885,744	(56,839)		56,839								
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	23,162			21,061	23,162		(2,101)			23,162		
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	23,162	(2,316)		2,316								
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	14,050			12,775	14,050		(1,275)			14,050		
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	14,050	(1,257)		1,257								
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	14,050			12,776	14,050		(1,274)			14,050		
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	14,050	(1,257)		1,257								
Total State Aid Public Cluster				(319,154)	-	3,553,355	3,556,852	-	(322,651)	-	-	-	3,556,852	
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	8,871			8,066	8,871		(805)			8,871		
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	8,871	(887)		887								
Extraordinary Aid	16-100-034-5120-473	7/1/15-6/30/16	171,547				171,547		(171,547)			171,547		
Extraordinary Aid	15-100-034-5120-473	7/1/14-6/30/15	240,337	(240,337)		240,337								
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	1,020,749			971,649	1,020,749		(49,100)			\$ (49,100)	1,020,749	
Reimbursed TPAF Social Security Contributions	15-495-034-5095-003	7/1/14-6/30/15	1,015,481	(48,654)		48,654								
TPAF Pension and OPEB Pension - NCGI Premium	16-495-034-5094-004	7/1/15-6/30/16	50,818			50,818	50,818						50,818	
Pension Benefit Contribution	16-495-034-5094-002	7/1/15-6/30/16	1,020,167			1,020,167	1,020,167						1,020,167	
Post Retirement Medical Benefit Contribution	16-495-034-5094-001	7/1/15-6/30/16	1,275,248			1,275,248	1,275,248						1,275,248	
Total General Fund				(609,032)	-	7,169,181	7,104,252	-	(544,103)	-	-	(49,100)	7,104,252	
<i>Special Revenue Fund</i>														
Auxiliary Services Chpt 192 Compensatory Education English as a Second Language	16-100-034-5120-067	7/1/14-6/30/16	40,609			40,609						\$ 40,609		
Auxiliary Services (Chpt 192) Cluster	16-100-034-5120-067	7/1/15-6/30/16	20,706			20,706						20,706		
						61,315						61,315		
Handicapped Services Chpt 193 Examination and Classification	16-100-034-5120-066	7/1/14-6/30/16	36,813			36,813						36,813		
Corrective Speech	16-100-034-5120-066	7/1/14-6/30/16	20,066			20,066						20,066		
Supplemental Instruction	15-100-034-5120-066	7/1/15-6/30/16	17,822			17,822						17,822		
Total Handicapped Services (Chpt 193) Cluster						74,701						74,701		
New Jersey Nonpublic Aid: Textbook	16-100-034-5120-064	7/1/15-6/30/16	1,999			1,999	1,080				919		1,080	
Textbook	15-100-034-5120-064	7/1/14-6/30/15	1,430	\$ 30				\$ 30						
Nursing Services	16-100-034-5120-070	7/1/15-6/30/16	3,420			3,420	3,420						3,420	
Nursing Services	15-100-034-5120-070	7/1/14-6/30/15	3,320		225			225						
Nonpublic Technology Aid	16-100-034-5120-373	7/1/15-6/30/16	910			910	693				217		693	
Nonpublic Technology Aid	15-100-034-5120-373	7/1/14-6/30/15	768		147			147						
Nonpublic Security Aid	15-100-034-5120-509	7/1/14-6/30/15	950			950					950			
Total Special Revenue Fund					402	143,295	5,193	402				138,102	5,193	
Debt Service Fund Type II Debt Service Aid	16-495-034-5120-017	7/1/15-6/30/16	415,699			415,699	415,699						415,699	
State Department of Agriculture														
Enterprise Fund State School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	5,084			4,747	5,084		(337)			(337)	5,084	
State School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	10,843	(463)		463								
				(463)		5,210	5,084		(337)			(337)	5,084	
Total State Financial Assistance Subject to Single Audit Determination				(609,495)	402	7,733,385	7,530,228	402	(544,440)	-	138,102	(49,437)	7,530,228	
State Financial Assistance Not Subject to Single Audit Determination														
<i>General Fund</i>														
On-Behalf TPAF Pension System Contributions-NCGI	16-495-034-5094-004	7/1/15-6/30/16	50,818			(50,818)	(50,818)						(50,818)	
On-Behalf TPAF Pension System Contributions-Normal	16-495-034-5094-002	7/1/15-6/30/16	1,020,167			(1,020,167)	(1,020,167)						(1,020,167)	
On-Behalf TPAF Post-Retirement Medical Contribution	16-495-034-5094-001	7/1/15-6/30/16	1,275,248			(1,275,248)	(1,275,248)						(1,275,248)	
Total State Financial Assistance Subject to Major Program Determination				\$ (609,495)	\$ 402	\$ 5,387,152	\$ 5,183,995	\$ 402	\$ (544,440)	\$ -	\$ 138,102	\$ (49,437)	\$ 5,183,995	

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**LEONIA BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$174,962 for the general fund and a decrease of \$6,177 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 6,929,290	\$ 6,929,290
Special Revenue Fund	\$ 608,387	5,193	613,580
Debt Service Fund		415,699	415,699
Food Service Fund	<u>195,301</u>	<u>5,084</u>	<u>200,385</u>
Total Awards and Financial Assistance	<u>\$ 803,688</u>	<u>\$ 7,355,266</u>	<u>\$ 8,158,954</u>

**LEONIA BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$1,020,749 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2016. The amount reported as TPAF Pension System Contributions in the amount of \$1,070,985 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,275,248 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

**LEONIA BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified: _____ yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? X yes _____ none reported

Noncompliance material to the basic financial statements noted? X yes _____ no

Federal Awards Section

Internal Control over major programs:

1) Material weakness(es) identified: _____ yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with U.S. Uniform Guidance? _____ yes X no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>FAIN</u>	<u>Name of Federal Program or Cluster</u>
84.027	H027A150100	IDEA Part B Basic
84.173	H173A150114	IDEA Part B Preschool

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

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

**LEONIA BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part I – Summary of Auditor’s Results

State Awards Section

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 yes X no

Internal Control over major programs:

(1) Material weakness(es) identified?

 yes X no

(2) Significant deficiencies identified that are not considered to be material weakness(es)?

 yes X none reported

Type of auditor's report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with N.J. Circular Letter 15-08?

 X yes no

Identification of major state programs:

GMIS Number(s)
16-495-034-5120-078
16-495-034-5120-089
16-495-034-5120-084
16-495-034-5120-097
16-495-034-5120-098
16-495-034-5094-003

Name of State Program
Equalization Aid
Special Education Aid
Security Aid
Per Pupil Growth Aid
PARCC Readiness Aid
TPAF Social Security Aid

**LEONIA BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part 2 – Schedule of Financial Statement Findings

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

Finding -2016-001

Our audit of the year end liabilities revealed that the salaries earned at June 30 by ten (10) month employees that are paid over twelve (12) months were not recorded as a liability at year end in the amount of \$470,102.

Criteria or specific requirement:

Internal controls over year end closing procedures

Condition

Certain accrued salaries and wages were not recorded at year end on the financial records of the District.

Context

Earned salaries for all ten (10) month employees that are paid over twelve (12) months were not recorded as an expenditure and liability at year end for a total of \$470,102.

Effect

Financial statements do not properly reflect expenditures, liabilities and fund balance at year end.

Cause

Unknown

Recommendation

Procedures be revised to ensure unpaid salaries and wages earned at June 30 are properly recorded as a liability in the District's accounting records at year end.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and indicated it will revise its procedures to ensure corrective action is taken

**LEONIA BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

CURRENT YEAR FEDERAL AWARDS

There are none.

**LEONIA BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

CURRENT YEAR STATE AWARDS

Finding -2016-002

Our audit of purchases and contract awards for compliance with the Public School Contract Law revealed the following:

- We noted instances where contract awards and purchases were made in excess of the bid threshold from vendors through cooperative purchasing contract awards (Ed Data, MRESC) that were not approved by board resolution.
- We also noted that certain professional service contract awards were not advertised in the official newspaper.
- We noted that one (1) vendor Ocean Computer Group was paid in excess of the bid threshold for \$90,428 of computer equipment and supplies where there was no documentation provided to support publicly advertised bids were sought, a cooperative purchasing contract was awarded or a competitive contacting process was conducted in accordance with the requirement of Public School contracts Law (N.J.S.A. 18A:18A).

State Program Information:

Equalization Aid	495-034-5120-078
Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084
PARCC Readiness Aid	495-034-5120-098
Per Pupil Growth Aid	495-034-5120-097

Criteria or Specific Requirement:

State Grant Compliance Supplement – State Aid Public – Special Tests and Provisions
N.J.S.A. 18:18A – Public Contract Law

Condition

Purchases of various goods and services were made which were not in accordance with the procedures specified in the Public School Contracts Law.

Questioned Costs

Unknown

**LEONIA BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

CURRENT YEAR STATE AWARDS

Finding -2016-002 (Continued)

Context

See Finding 2016-001

Effect

Noncompliance with requirements of the Public School Contract Law

Cause

Unknown

Recommendation

Internal control procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid threshold are made in accordance with the requirements of the Public School Contracts Law (N.J.S.A. 18A:18A).

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and indicated it will revise its procedures to ensure corrective action is taken

**LEONIA BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315(a)(b)) and New Jersey OMB's Circular 04-04.

There were none.