

LEONIA BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Leonia, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Leonia Board of Education

Leonia, New Jersey

For The Fiscal Year Ended June 30, 2017

Prepared by

Business Office

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INTRODUCTORY SECTION



LEONIA PUBLIC SCHOOLS

570 Grand Avenue
Leonia NJ 07605

JOANNE T. MEGARGEE
Superintendent

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Fax: (201) 947-4782
Email: megargee@leoniaschools.org

November 7, 2017

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

Dear Board Members:

The comprehensive annual financial report of the Leonia School District for the fiscal year ended June 30, 2017 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the 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 results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The 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 is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the related U.S. Uniform Guidance and the State Treasury Circular Letter OMB 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.



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

The District provided a full range of educational services appropriate to regular students grade levels K through 12. These include regular and special education for handicapped, school-aged individuals. The District completed FY 2016-2017 with an average daily enrollment of 1821.7. 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>
2016/2017	1821.7	
2015/2016	1820.7	-0.3
2014/2015	1824.9	8.2
2013/2014	1687.1	-0.8
2012/2013	1833.5	0.5
2011/2012	1825.1	1.7
2010/2011	1796.1	1.2
2009/2010	1776.0	1.3
2008/2009	1754.4	1.1
2007/2008	1735.6	NA

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

3) 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 Skill, 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.



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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 also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

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

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, the special revenue fund and the debt service fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

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

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



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

9) 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 and was revised in 2009 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act. Each year the Board designates its official depository at its reorganization meeting.

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

11) OTHER INFORMATION:

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

12) ACKNOWLEDGMENTS:

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



LEONIA PUBLIC SCHOOLS

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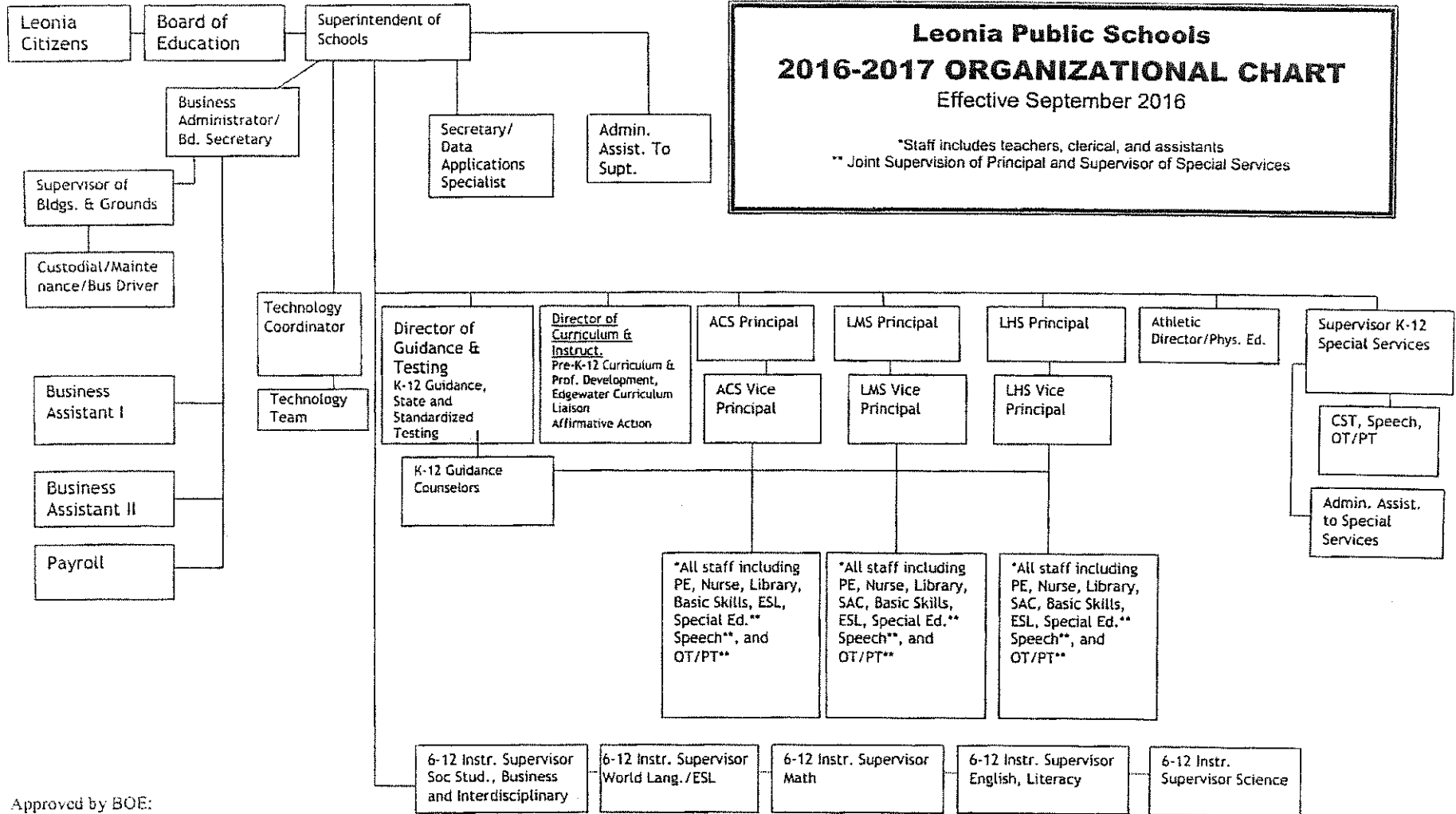
JOANNE T. MEGARGEE
Superintendent

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Respectfully submitted,

Joanne T. Megargee
Superintendent of Schools

Beverly Vlietstra
School Business Administrator



T.V

Approved by BOE:
 organizationchart/dp

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

**ROSTER OF OFFICIALS
JUNE 30, 2017**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
S. Abraham Ravid, President	Jan 2018
Noreen Wilds, Vice President	Jan 2019
Mary Albanese	Jan 2020
Neo Antoniadis	Jan 2019
Anthony Cassano	Jan 2018
Lisa Klein	Jan 2018
Steven Meester	Jan 2019
Bryce Robins	Jan 2020
Dr. Zinaida Schuller	Jan 2020
Sandy Klein – Edgewater Representative	Jan 2018

Other Officials

Joanne Megargee, Superintendent
Donna Alonso, Interim Business Administrator
Antoinette Kelly, Treasurer of School Funds

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

**Consultants and Advisors
June 30, 2017**

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, PSA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
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, 2017 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Leonia Board of Education as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Leonia Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and 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.

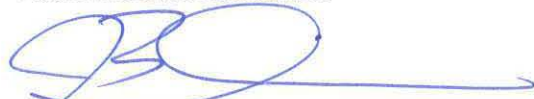
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 7, 2017 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 the effectiveness of the Leonia Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the 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
November 7, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

LEONIA BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2017

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, 2017. 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, as well as, the District's financial statements and notes to the financial statements which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2016-2017 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 \$6,733,572. (Net Position)
- The District's total net position decreased by \$2,595,392 or 28%.
- Overall District revenues were \$45,125,161. General revenues accounted for \$23,989,285 or 53% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$21,135,876 or 47% of total revenues.
- The school district had \$47,087,310 in expenses for governmental activities; only \$20,464,847 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$23,989,285 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 \$13,719,477. Of this amount, \$13,500,099 is fund balance restricted for specific purposes, \$85,917 has been assigned to 2017/2018 expenditures and the remaining amount is the unassigned fund balance of \$133,461.
- The General Fund fund balance at June 30, 2017 was \$9,252,913, an increase of \$334,899 compared to the ending fund balance at June 30, 2016 of \$8,918,014.
- The General Fund unassigned budgetary fund balance at June 30, 2017 was \$676,668, which represents an increase of \$53,662 when compared to the ending unassigned budgetary fund balance at June 30, 2016 of \$623,006.
- The District's total outstanding long-term liabilities increased by \$4,194,261 during the current fiscal year.

LEONIA BOARD OF EDUCATION

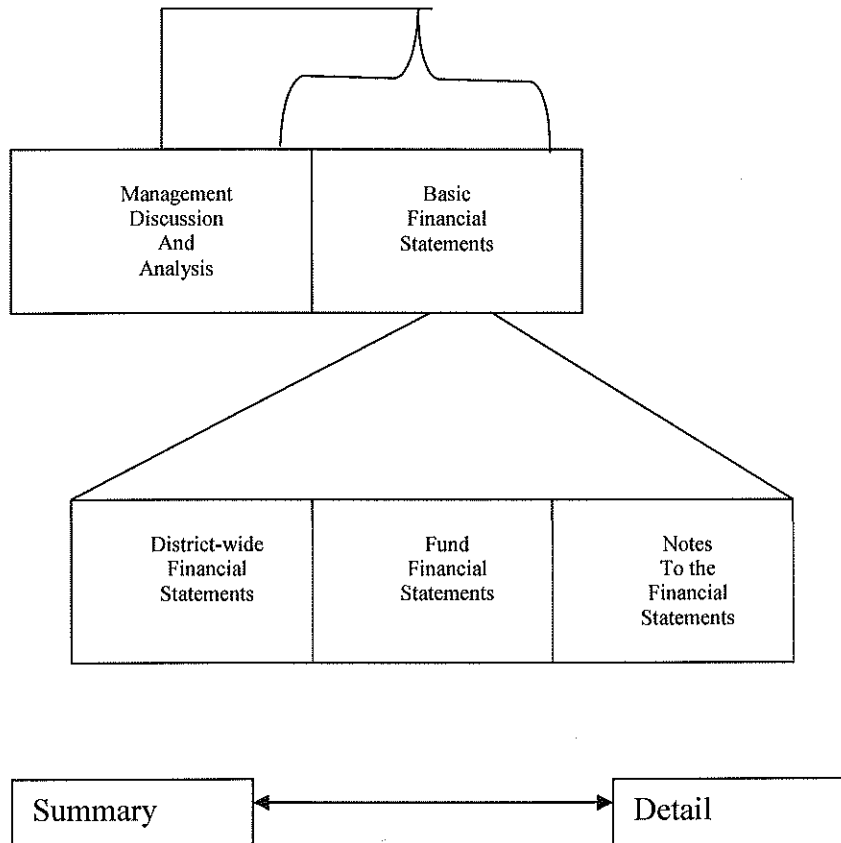
Management's Discussion and Analysis Fiscal Year Ended June 30, 2017

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, 2017

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, 2017

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.

Notes to the Financial Statements

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

LEONIA BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's *combined* net position was \$6,733,572 and \$9,328,964 on June 30, 2017 and 2016, respectively as follows:

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current Assets	\$ 14,672,096	\$ 10,600,997	\$ 271,071	\$ 206,958	\$ 14,943,167	\$ 10,807,955
Capital Assets	29,553,333	33,219,650	33,088	56,877	29,586,421	33,276,527
Total Assets	<u>44,225,429</u>	<u>43,820,647</u>	<u>304,159</u>	<u>263,835</u>	<u>44,529,588</u>	<u>44,084,482</u>
Deferred Outflows of Resources	<u>3,426,159</u>	<u>1,794,396</u>	<u>-</u>	<u>-</u>	<u>3,426,159</u>	<u>1,794,396</u>
Total Assets and Deferred Outflows of Resources	<u>47,651,588</u>	<u>45,615,043</u>	<u>304,159</u>	<u>263,835</u>	<u>47,955,747</u>	<u>45,878,878</u>
Liabilities						
Other Liabilities	1,330,652	1,043,743	46,359	42,231	1,377,011	1,085,974
Long-Term Liabilities	39,256,445	35,062,184	-	-	39,256,445	35,062,184
Total Liabilities	<u>40,587,097</u>	<u>36,105,927</u>	<u>46,359</u>	<u>42,231</u>	<u>40,633,456</u>	<u>36,148,158</u>
Deferred Inflows of Resources	<u>584,334</u>	<u>395,781</u>	<u>4,385</u>	<u>5,975</u>	<u>588,719</u>	<u>401,756</u>
Total Liabilities and Deferred Inflows of Resources	<u>41,171,431</u>	<u>36,501,708</u>	<u>50,744</u>	<u>48,206</u>	<u>41,222,175</u>	<u>36,549,914</u>
Net Position:						
Net Investment in Capital Assets	6,633,571	9,058,650	33,088	56,877	6,666,659	9,115,527
Restricted	4,307,587	3,465,366	-	-	4,307,587	3,465,366
Unrestricted	(4,461,001)	(3,410,681)	220,327	158,752	(4,240,674)	(3,251,929)
Total Net Position	<u>\$ 6,480,157</u>	<u>\$ 9,113,335</u>	<u>\$ 253,415</u>	<u>\$ 215,629</u>	<u>\$ 6,733,572</u>	<u>\$ 9,328,964</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, 2017

The District's total net position of \$6,733,572 at June 30, 2017 represents a \$2,595,392 or 28%, decrease from the prior year. The following presents the changes in net position for the fiscal years ended June 30, 2017 and 2016.

Changes in Net Position
For the Fiscal Years Ended June 30, 2017 and 2016

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues						
Charges for Services	\$ 8,390,205	\$ 8,079,596	\$ 468,982	\$ 464,904	\$ 8,859,187	\$ 8,544,500
Operating Grants and Contributions	12,074,642	9,270,239	202,047	200,385	12,276,689	9,470,624
General Revenues						
Property Taxes	20,989,456	20,424,272			20,989,456	20,424,272
Unrestricted State Aid	2,959,111	2,939,586			2,959,111	2,939,586
Other	40,718	45,936	-	-	40,718	45,936
Total Revenues	44,454,132	40,759,629	671,029	665,289	45,125,161	41,424,918
Expenses						
Instruction						
Regular	21,369,913	18,037,432			21,369,913	18,037,432
Special Education	7,050,114	6,087,129			7,050,114	6,087,129
Other Instruction	1,151,573	765,954			1,151,573	765,954
School Sponsored Activities and Athletics	1,276,705	1,068,739			1,276,705	
Support Services						
Student and Instruction Related Serv.	5,084,897	4,402,031			5,084,897	4,402,031
General Administrative Services	1,038,399	1,027,863			1,038,399	1,027,863
School Administrative Services	3,551,790	2,746,612			3,551,790	2,746,612
Central Administrative Services	776,196	672,407			776,196	672,407
Plant Operations and Maintenance	3,647,477	3,377,650			3,647,477	3,377,650
Student Transportation	1,229,918	1,010,974			1,229,918	1,010,974
Interest on Long-Term Debt	910,328	963,811			910,328	963,811
Food Services			598,168	599,559	598,168	599,559
Enrichment Program	-	-	35,075	41,143	35,075	41,143
Total Expenses	47,087,310	40,160,602	633,243	640,702	47,720,553	40,801,304
Change in Net Position	(2,633,178)	599,027	37,786	24,587	(2,595,392)	623,614
Net Position Beginning of Year	9,113,335	8,514,308	215,629	191,042	9,328,964	8,705,350
Net Position, End of Year	\$ 6,480,157	\$ 9,113,335	\$ 253,415	\$ 215,629	\$ 6,733,572	\$ 9,328,964

LEONIA BOARD OF EDUCATION

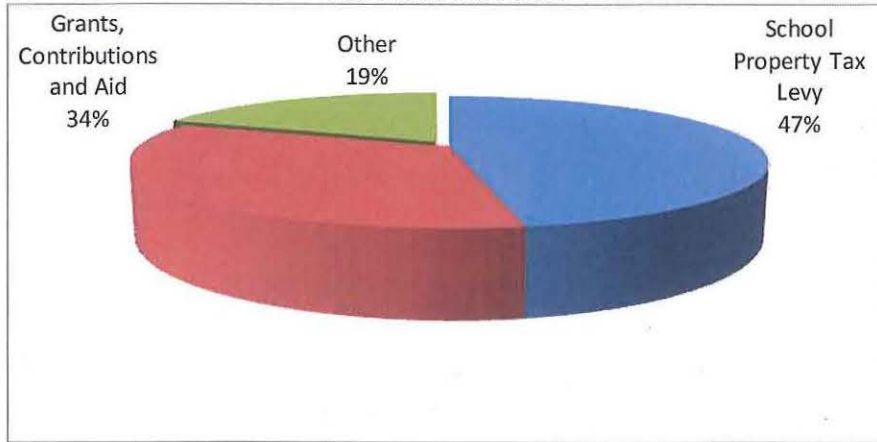
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

revenues. Another significant portion of revenues came from grants and contributions and unrestricted state aid which totaled \$15,033,753 and represented 34% of revenues. In addition, charges for services from tuition, transportation services, related service fees and facility rental represented 19% of revenues. Miscellaneous income such as interest, prior year refunds and other miscellaneous items represented less than 1% of revenues.

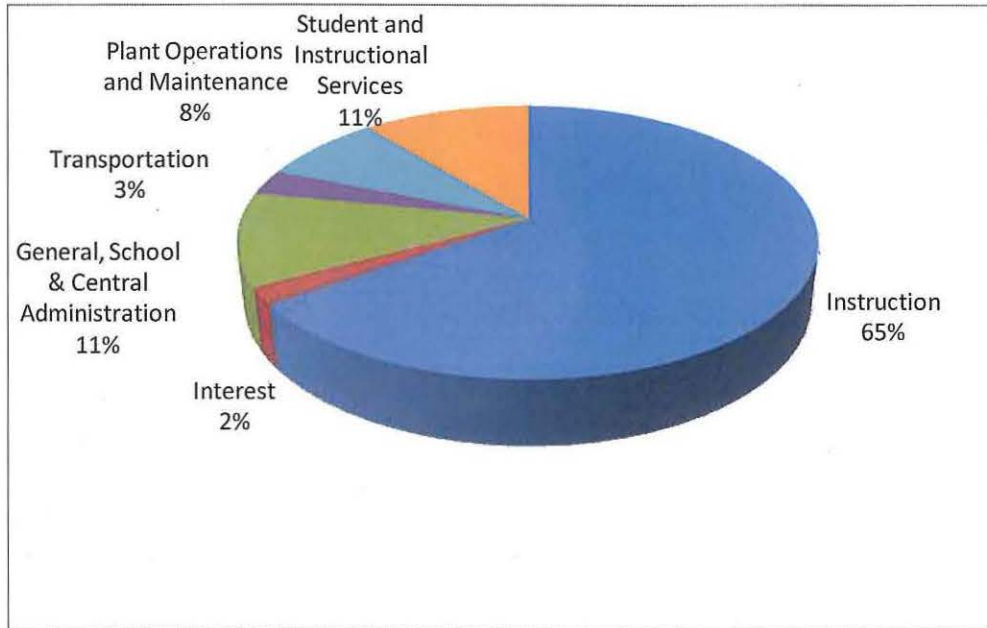
The total cost of all governmental activities programs and services was \$47,087,310 for the fiscal year ended June 30, 2017. The District's expenses are predominantly related to educating and caring for students. Instruction costs were \$30,848,305 (65%) of total expenses. Support services costs were \$15,328,677 (33%) of total expenses and interest on debt totaled \$910,328 (2%) of total expenses.

For fiscal year 2017, total governmental activities expenses exceeded revenues decreasing net position for governmental activities by \$2,633,178 from the previous year.

**Revenues by Sources – Governmental Activities
For Fiscal Year 2017**



**Expenses by Use – Governmental Activities
For Fiscal Year 2017**



LEONIA BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

Total and Net Cost of Governmental Activities. The District's total cost of services was \$47,087,310. After applying program revenues, derived from operating grants and contributions of \$12,074,642 and charges for services of \$8,390,205, the net cost of services of the District is \$26,622,463 for the fiscal year ended June 30, 2017.

Total and Net Cost of Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Instruction				
Regular	\$ 21,369,913	\$ 18,037,432	\$ 8,224,922	\$ 7,260,157
Special Education	7,050,114	6,087,129	2,433,945	1,907,536
Other Instruction	1,151,573	765,954	732,604	522,531
School Sponsored Activities and Athletics	1,276,705	1,068,739	870,150	776,455
Support Services				
Student and Instruction Related Svcs.	5,084,897	4,402,031	4,923,851	4,024,265
General Administrative Services	1,038,399	1,027,863	1,038,399	971,955
School Administrative Services	3,551,790	2,746,612	2,930,869	2,292,888
Central Administrative Services	776,196	672,407	661,152	586,670
Plant Operations and Maintenance	3,647,477	3,377,650	3,354,271	3,129,075
Student Transportation	1,229,918	1,010,974	678,988	519,280
Interest on Long Term Debt	910,328	963,811	773,312	819,955
Total	\$ 47,087,310	\$ 40,160,602	\$ 26,622,463	\$ 22,810,767

Business-Type Activities – The District's total business-type activities revenues were \$671,029 for the fiscal year ended June 30, 2017. Charges for services of \$468,982 accounted for 70% of total revenues and operating grants and contributions of \$202,047 accounted for 30% of total revenues.

Total cost of all business-type activities programs and services was \$633,243 for the fiscal year ended June 30, 2017. Food service expenses of \$598,168 represented 94% of total expense and the enrichment program expenses of \$35,075 represented 6% of total expenses.

For fiscal year 2017, total business-type activities revenues exceeded expenses, increasing net position by \$37,786 or 18% over the previous year.

LEONIA BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

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 \$13,719,477 at June 30, 2017, an increase of \$3,773,047 from last year's fund balance of \$9,946,430. The District restricted fund balances increased \$4,287,991, the assigned fund balance decreased \$520,402 while the unassigned fund balance of the governmental funds increased \$5,458 at June 30, 2017. The increase to the restricted fund balance was mainly the result of capital lease proceeds received for the High School addition and renovation project which were unspent at year end.

Revenues for the District's governmental funds were \$38,048,506, while total expenditures were \$38,391,157 for the fiscal year ended June 30, 2017. Total financing sources of the District's governmental funds for the fiscal year ended June 30, 2017 were \$4,115,698 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, 2017</u>	Fiscal Year Ended <u>June 30, 2016</u>	Amount of Increase (Decrease)	Percent Change
Local Sources:				
Property Tax Levy	\$ 18,671,582	\$ 18,095,075	\$ 576,507	3%
Tuition	7,465,217	7,079,285	385,932	5%
Other	963,953	1,046,247	(82,294)	-8%
State Sources	7,536,451	6,929,290	607,161	9%
Federal Sources	<u>24,953</u>	<u>-</u>	<u>24,953</u>	100%
 Total General Fund Revenues	 <u>\$ 34,662,156</u>	 <u>\$ 33,149,897</u>	 <u>\$ 1,512,259</u>	 <u>5%</u>

For fiscal year 2017, total General Fund revenues increased \$1,512,259 or 5% from the previous year. Property taxes increased \$576,507 or 3% to support increases in operating costs. Tuition revenues increased \$385,932 or 5% due to an increase in enrollment from other school districts. As indicated, State aid increased \$607,161 or 9% mainly due to the increase of on-behalf TPAF pension 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, 2017</u>	Fiscal Year Ended <u>June 30, 2016</u>	Amount of Increase (Decrease)	Percent Change
Instruction	\$ 21,001,569	\$ 20,630,308	\$ 371,261	2%
Support Services	12,563,177	12,181,480	381,697	3%
Debt Service	115,907	96,856	19,051	20%
Capital Outlay	<u>346,604</u>	<u>301,570</u>	<u>45,034</u>	15%
 Total Expenditures	 <u>\$ 34,027,257</u>	 <u>\$ 33,210,214</u>	 <u>\$ 817,043</u>	 <u>2%</u>

LEONIA BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

GENERAL FUND (Continued)

For fiscal year 2017, total General Fund expenditures increased \$817,043 or 2% 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 2017 General Fund revenues exceeded expenditures and other financing uses by \$334,899. Therefore, the total fund balance of \$8,918,014 at June 30, 2016 increased to a fund balance of \$9,252,913 at June 30, 2017. After deducting restricted and assigned fund balances, the unassigned fund balance increased from \$128,003 at June 30, 2016 to \$133,461 at June 30, 2017. In addition, the District increased restricted fund balances by \$849,843 at June 30, 2017.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of fiscal year 2017, the District had \$29,553,333 invested in land, buildings, furniture, equipment and vehicles for governmental activities and \$33,088 for business type activity. The following is a comparison of the June 30, 2017 and 2016 balances:

**Capital Assets at June 30, 2017 and 2016
(Net of Accumulated Depreciation)**

	Governmental		Business-Type		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land and Land Improvements	\$ 127,096	\$ 128,456			\$ 127,096	\$ 128,456
Construction in Progress	463,605				463,605	-
Building and Building Improvements	28,543,820	32,623,771			28,543,820	32,623,771
Machinery and Equipment	<u>418,812</u>	<u>467,423</u>	<u>\$ 33,088</u>	<u>\$ 56,877</u>	<u>451,900</u>	<u>524,300</u>
Total Capital Assets	<u>\$ 29,553,333</u>	<u>\$ 33,219,650</u>	<u>\$ 33,088</u>	<u>\$ 56,877</u>	<u>\$ 29,586,421</u>	<u>\$ 33,276,527</u>

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

LONG TERM LIABILITIES

At June 30, 2017 the District had \$39,256,445 of total outstanding long term liabilities. Of this amount, \$23,497,982 is for serial bonds, \$4,245,163 is for capital leases, \$359,866 is for compensated absences, and \$11,153,434 is for net pension liability. For fiscal year 2016/2017 total outstanding long-term liabilities increased by \$4,194,261. The following is a comparison of the June 30, 2017 and 2016 balances:

**Outstanding Long-Term Liabilities
as of June 30, 2017 and 2016**

	Governmental Activities	
	<u>2017</u>	<u>2016</u>
Serial Bonds (including unamortized premium)	\$ 23,497,982	\$ 25,439,200
Capital Leases	4,245,163	231,901
Compensated Absences	359,866	405,454
Net Pension Liability	<u>11,153,434</u>	<u>8,985,629</u>
Total Long-Term Liabilities	<u>\$ 39,256,445</u>	<u>\$ 35,062,184</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, 2017

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 capital reserve during the current fiscal year to fund the preliminary costs of the High School addition and renovation project.

For fiscal year 2017 General Fund budgetary revenues exceeded budgetary expenditures and other financing uses increasing budgetary fund balance \$383,103. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance increased \$53,662 from an unassigned fund balance of \$623,006 at June 30, 2016 to \$676,668 at June 30, 2017. In addition, the District increased its capital reserve \$900,000 from \$3,065,000 at June 30, 2016 to \$3,965,000 at June 30, 2017.

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 2017-2018 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 2017-2018. Budgeted expenditures in the General Fund increased approximately 13% to \$37,311,817 for fiscal year 2017-2018. The majority of the increase represents a transfer to the Capital Projects Fund for the High School addition and renovation project which is funded from a withdrawal of capital reserve in the amount \$3,300,000.

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, 2017**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 10,416,200	\$ 229,023	\$ 10,645,223
Receivables, Net	854,118	11,166	865,284
Internal Receivable	(19,149)	19,149	-
Inventory		11,733	11,733
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	3,420,927		3,420,927
Capital Assets, Not Being Depreciated	572,973		572,973
Capital Assets, Being Depreciated, net	<u>28,980,360</u>	<u>33,088</u>	<u>29,013,448</u>
Total Assets	<u>44,225,429</u>	<u>304,159</u>	<u>44,529,588</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Amounts on Refunding on Debt	399,406		399,406
Deferred Amounts on Net Pension Liability	<u>3,026,753</u>	<u>-</u>	<u>3,026,753</u>
Total Deferred Outflow of Resources	<u>3,426,159</u>	<u>-</u>	<u>3,426,159</u>
Total Assets and Deferred Outflow of Resources	<u>47,651,588</u>	<u>304,159</u>	<u>47,955,747</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	879,194	32,038	911,232
Intergovernmental Payable	12,412		12,412
Accrued Interest on Bonds	378,033		378,033
Unearned Revenue	61,013	14,321	75,334
Noncurrent Liabilities			
Due Within One Year	2,826,081		2,826,081
Due Beyond One Year	<u>36,430,364</u>	<u>-</u>	<u>36,430,364</u>
Total Liabilities	<u>40,587,097</u>	<u>46,359</u>	<u>40,633,456</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	584,334		584,334
Deferred Commodities Revenue	<u>-</u>	<u>4,385</u>	<u>4,385</u>
Total Deferred Inflows of Resources	<u>584,334</u>	<u>4,385</u>	<u>588,719</u>
Total Liabilities and Deferred Inflows of Resources	<u>41,171,431</u>	<u>50,744</u>	<u>41,222,175</u>
NET POSITION			
Net Investment in Capital Assets	6,633,571	33,088	6,666,659
Restricted for:			
Capital Projects	4,007,447		4,007,447
Plant Maintenance	300,000		300,000
Other Purposes	140		140
Unrestricted (Deficit)	<u>(4,461,001)</u>	<u>220,327</u>	<u>(4,240,674)</u>
Total Net Position	<u>\$ 6,480,157</u>	<u>\$ 253,415</u>	<u>\$ 6,733,572</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, 2017**

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	\$ 21,369,913	\$ 5,863,200	\$ 7,281,791		\$ (8,224,922)		\$ (8,224,922)
Special Education	7,050,114	1,602,017	3,014,152		(2,433,945)		(2,433,945)
Other Instruction	1,151,573		418,969		(732,604)		(732,604)
School Sponsored Activities and Athletics	1,276,705		406,555		(870,150)		(870,150)
Support Services							
Student and Instruction Related Services	5,084,897	118,872	42,174		(4,923,851)		(4,923,851)
General Administrative Services	1,038,399				(1,038,399)		(1,038,399)
School Administrative Services	3,551,790		620,921		(2,930,869)		(2,930,869)
Central Administrative Services	776,196		115,044		(661,152)		(661,152)
Plant Operations and Maintenance	3,647,477	266,149	27,057		(3,354,271)		(3,354,271)
Student Transportation	1,229,918	539,967	10,963		(678,988)		(678,988)
Interest on Long-Term Debt	910,328	-	137,016	-	(773,312)	-	(773,312)
Total Governmental Activities	47,087,310	8,390,205	12,074,642	-	(26,622,463)	-	(26,622,463)
Business-Type Activities:							
Food Service	598,168	425,997	202,047			\$ 29,876	29,876
Enrichment Program	35,075	42,985	-	-	-	7,910	7,910
Total Business-Type Activities	633,243	468,982	202,047	-	-	37,786	37,786
Total Primary Government	\$ 47,720,553	\$ 8,859,187	\$ 12,276,689	\$ -	(26,622,463)	37,786	(26,584,677)

Continued

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

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Total Primary Government (Carried Forward)	\$ (26,622,463)	\$ 37,786	\$ (26,584,677)
General Revenues			
Taxes:			
Property Taxes, Levied for General Purposes, Net	18,671,582		18,671,582
Property Taxes Levied for Debt Service	2,317,874		2,317,874
State Aid - Unrestricted	2,672,428		2,672,428
State Aid for Debt Service Principal	286,683		286,683
Interest Earnings	19,899		19,899
Miscellaneous Income	20,819	-	20,819
Total General Revenues	23,989,285	-	23,989,285
Change in Net Position	(2,633,178)	37,786	(2,595,392)
Net Position Beginning of Year	9,113,335	215,629	9,328,964
Net Position End of Year	\$ 6,480,157	\$ 253,415	\$ 6,733,572

FUND FINANCIAL STATEMENTS

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
ASSETS					
Cash and Cash Equivalents	\$ 9,318,713	\$ 51,850	\$ 1,045,497	\$ 140	\$ 10,416,200
Receivables From Other Governments	808,281	33,466			841,747
Other Accounts Receivable	5,316	-	-	-	5,316
Due From Other Funds	7,055	-	-	-	7,055
Restricted Assets:					
Cash and Cash Equivalents with Fiscal Agent	-	-	3,420,927	-	3,420,927
 Total Assets	<u>\$ 10,139,365</u>	<u>\$ 85,316</u>	<u>\$ 4,466,424</u>	<u>\$ 140</u>	<u>\$ 14,691,245</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 249,510	\$ 37,768			\$ 287,278
Accrued Salaries and Wages	591,916				591,916
Due to Other Funds	19,149				19,149
Payable to Federal Government		7,505			7,505
Payable to State Governments		4,907			4,907
Unearned Revenue	25,877	35,136	-	-	61,013
 Total Liabilities	<u>886,452</u>	<u>85,316</u>	<u>-</u>	<u>-</u>	<u>971,768</u>
Fund Balances					
Restricted					
Capital Reserve	665,000				665,000
Capital Reserve - Designated for Subsequent Year's Expenditures	3,300,000				3,300,000
Maintenance Reserve - Designated for Subsequent Year's Expenditures	300,000				300,000
Emergency Reserve	100,000				100,000
Excess Surplus	2,238,899				2,238,899
Excess Surplus-Designated for Subsequent Year's Budget	2,429,636				2,429,636
Capital Projects Fund			\$ 4,466,424		4,466,424
Debt Service Fund				\$ 140	140
Assigned					
Year End Encumbrances	85,917				85,917
Unassigned	133,461	-	-	-	133,461
 Total Fund Balances	<u>9,252,913</u>	<u>-</u>	<u>4,466,424</u>	<u>140</u>	<u>13,719,477</u>
 Total Liabilities and Fund Balances	<u>\$ 10,139,365</u>	<u>\$ 85,316</u>	<u>\$ 4,466,424</u>	<u>\$ 140</u>	<u>\$ 14,691,245</u>

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

Total Fund Balance (Exhibit B-1) \$ 13,719,477

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 \$48,587,729 and the accumulated depreciation is \$19,034,396 29,553,333

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. 399,406

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	\$ 3,026,753	
Deferred Inflows of Resources	<u>(584,334)</u>	
		2,442,419

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is: (378,033)

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)	(23,497,982)	
Capital Leases Payable	(4,245,163)	
Compensated Absences	(359,866)	
Net Pension Liability	<u>(11,153,434)</u>	
		<u>(39,256,445)</u>

Total Net Assets of Governmental Activities (Exhibit A-1) \$ 6,480,157

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 18,671,582			\$ 2,317,874	\$ 20,989,456
Tuition	7,465,217				7,465,217
Transportation	539,967				539,967
Miscellaneous	423,986	\$ 3,802	\$ 1,753	-	429,541
Total - Local Sources	27,100,752	3,802	1,753	2,317,874	29,424,181
State Sources	7,536,451	7,965		423,699	7,968,115
Federal Sources	24,953	631,257	-	-	656,210
Total Revenues	34,662,156	643,024	1,753	2,741,573	38,048,506
EXPENDITURES					
Instruction					
Regular	14,448,429	215,419			14,663,848
Special Education	4,895,710	385,431			5,281,141
Other Instruction	760,353				760,353
School Sponsored Activities and Athletics	897,077				897,077
Support Services					
Student and Instruction Related Services	4,089,405	42,174			4,131,579
General Administrative Services	934,715				934,715
School Administrative Services	2,615,302				2,615,302
Central Administrative Services	614,669				614,669
Plant Operations and Maintenance	3,197,781				3,197,781
Student Transportation	1,111,305				1,111,305
Debt Service					
Principal	102,436			1,855,000	1,957,436
Interest	13,471			886,573	900,044
Capital Outlay	346,604	-	979,303	-	1,325,907
Total Expenditures	34,027,257	643,024	979,303	2,741,573	38,391,157
Excess (Deficiency) of Revenues Over (Under) Expenditures	634,899	-	(977,550)	-	(342,651)
OTHER FINANCING SOURCES (USES)					
Capital Lease Proceeds			4,115,698		4,115,698
Transfers In			300,000		300,000
Transfers Out	(300,000)	-	-	-	(300,000)
Total Other Financing Sources (Uses)	(300,000)	-	4,415,698	-	4,115,698
Net Change in Fund Balances	334,899	-	3,438,148	-	3,773,047
Fund Balance, Beginning of Year	8,918,014	-	1,028,276	140	9,946,430
Fund Balance, End of Year	\$ 9,252,913	\$ -	\$ 4,466,424	\$ 140	\$ 13,719,477

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, 2017**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) **\$ 3,773,047**

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 depreciation exceeds capital outlay in the current period.

Capital Outlays	\$ 1,325,907	
Depreciation Expense	<u>(4,992,224)</u>	(3,666,317)

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

Capital Lease Proceeds		(4,115,698)
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Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

Principal Repayments:

General Obligations Bonds	1,855,000	
Capital Lease Agreements	<u>102,436</u>	1,957,436

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	(107,645)	
Original Issue Premium	<u>86,218</u>	(21,427)

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.

Decrease in Compensated Absences	45,588	
Increase in Pension Expense	<u>(616,950)</u>	(571,362)

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>11,143</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) **\$ (2,633,178)**

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

	Business-Type Activities		
	Enterprise Fund		
	<u>Food Services</u>	<u>Non-Major Enrichment Program</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 190,952	\$ 38,071	\$ 229,023
Intergovernmental Receivable	11,166		11,166
Due From Other Funds	19,149		19,149
Inventories	11,733	-	11,733
Total Current Assets	<u>233,000</u>	<u>38,071</u>	<u>271,071</u>
Noncurrent Assets			
Capital Assets			
Furniture, Machinery and Equipment	340,304		340,304
Less: Accumulated Depreciation	<u>(307,216)</u>	<u>-</u>	<u>(307,216)</u>
Total Noncurrent Assets	<u>33,088</u>	<u>-</u>	<u>33,088</u>
Total Assets	<u>266,088</u>	<u>38,071</u>	<u>304,159</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	32,038		32,038
Unearned Revenue	10,481	3,840	14,321
Total Current Liabilities	<u>42,519</u>	<u>3,840</u>	<u>46,359</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Commodities Revenue	4,385	-	4,385
Total Liabilities and Deferred Inflow of Resources	<u>46,904</u>	<u>3,840</u>	<u>50,744</u>
NET POSITION			
Investment in Capital Assets	33,088		33,088
Unrestricted	186,096	34,231	220,327
Total Net Position	<u>\$ 219,184</u>	<u>\$ 34,231</u>	<u>\$ 253,415</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, 2017**

	Business-Type Activities		
	Enterprise Fund		
	Food Services	Non-Major Enrichment Program	Total
OPERATING REVENUES			
Charges for Services			
Daily Sales - Reimbursable Programs	\$ 237,776		\$ 237,776
Daily Sales - Non Reimbursable Programs	188,221		188,221
Program Fees	-	\$ 42,985	42,985
Total Operating Revenues	<u>425,997</u>	<u>42,985</u>	<u>468,982</u>
OPERATING EXPENSES			
Salaries and Employee Benefits	236,852	31,527	268,379
Cost of Sales - Reimbursable Programs	254,443		254,443
Cost of Sales - Non Reimbursable Programs	27,895		27,895
Other Purchased Services	16,518		16,518
Supplies and Materials	795	3,548	4,343
Management Fee	26,625		26,625
Miscellaneous	11,251		11,251
Depreciation Expense	23,789	-	23,789
Total Operating Expenses	<u>598,168</u>	<u>35,075</u>	<u>633,243</u>
Operating Income (Loss)	<u>(172,171)</u>	<u>7,910</u>	<u>(164,261)</u>
NONOPERATING REVENUES			
State Sources:			
State School Lunch Program	5,149		5,149
Federal Sources			
School Breakfast Program	15,372		15,372
National School Lunch Program	136,241		136,241
Food Distribution Program	45,285	-	45,285
Total Nonoperating Revenues	<u>202,047</u>	<u>-</u>	<u>202,047</u>
Change in Net Position	29,876	7,910	37,786
Net Position, Beginning of Year	<u>189,308</u>	<u>26,321</u>	<u>215,629</u>
Net Position, End of Year	<u>\$ 219,184</u>	<u>\$ 34,231</u>	<u>\$ 253,415</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, 2017**

	Business-Type Activities		
	Enterprise Fund		
	Major Food Services	Non-Major Enrichment Program	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 427,655	\$ 43,340	\$ 470,995
Cash Payments for Employees' Salaries and Benefits	(236,852)	(31,527)	(268,379)
Cash Payments to Suppliers for Goods and Services	(292,528)	(3,548)	(296,076)
Net Cash Provided (Used) By Operating Activities	(101,725)	8,265	(93,460)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received from State and Federal Subsidy Reimbursements	157,039		157,039
Cash Payments to Other Funds	(19,149)	-	(19,149)
Net Cash Provided by Noncapital and Related Activities	137,890	-	137,890
Net Increase in Cash and Cash Equivalents	36,165	8,265	44,430
Cash and Cash Equivalents, Beginning of Year	154,787	29,806	184,593
Cash and Cash Equivalents, End of Year	\$ 190,952	\$ 38,071	\$ 229,023
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (172,171)	\$ 7,910	\$ (164,261)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Depreciation	23,789		23,789
Non-Cash Commodities	45,285		45,285
Change in Assets, Liabilities and Deferred Inflows of Resources			
(Increase)/Decrease in Inventory	(811)		(811)
Increase/(Decrease) in Accounts Payable	2,115		2,115
Increase/(Decrease) in Unearned Revenue	1,658	355	2,013
Increase/(Decrease) in Deferred Commodities Revenue	(1,590)	-	(1,590)
Total Adjustments	70,446	355	70,801
Net Cash Provided (Used) By Operating Activities	\$ (101,725)	\$ 8,265	\$ (93,460)
Non- Cash Investing, Capital and Financing Activities:			
Value Received - Food Distribution Program	\$ 43,695		

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

	Stephanie O'Brien Scholarship Fund	Unemployment Compensation Trust Fund	Agency Funds
ASSETS			
Cash and Cash Equivalents	\$ 9,082	\$ 98,233	\$ 410,522
Total Assets	<u>9,082</u>	<u>98,233</u>	<u>\$ 410,522</u>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 210,087
Accrued Salaries and Wages			20,826
Reserve for Flex Spending			5,370
Due to State		8,663	
Due to Other Funds			7,055
Due to Student Groups	-	-	167,184
Total Liabilities	<u>-</u>	<u>8,663</u>	<u>\$ 410,522</u>
NET POSITION			
Held In Trust For Unemployment Claims and Other Purposes	<u>\$ 9,082</u>	<u>\$ 89,570</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, 2017**

	Stephanie O'Brien Scholarship Fund	Unemployment Compensation Trust Fund
ADDITIONS		
Donations	\$ 10,000	
Contributions		
District		\$ 66,774
Employees	-	39,724
	<hr/>	<hr/>
Total Additions	10,000	106,498
	<hr/>	<hr/>
DEDUCTIONS		
Scholarship Awards	10,000	
Unemployment Claims	-	18,279
	<hr/>	<hr/>
Total Deductions	10,000	18,279
	<hr/>	<hr/>
Change in Net Position	-	88,219
Net Position Beginning of Year	\$ 9,082	1,351
	<hr/>	<hr/>
Net Position, End of Year	\$ 9,082	\$ 89,570
	<hr/> <hr/>	<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, 2017**

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 from the Borough of Leonia and one appointed representative from the Edgewater Board of Education. The Board 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, after school and summer enrichment programs and student related activities of the District.

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

B. New Accounting Standards

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

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

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

C. Basis of Presentation - Financial Statements

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds, 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, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

The District reports the following major proprietary 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 high school.

Additionally, the government reports the following fund types:

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.

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. *Restricted Assets*

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and their use is limited by capital lease agreements for capital projects.

5. *Capital Assets*

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

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

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

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

6. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to 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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types 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 inventory at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

7. 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.

8. Pensions

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Long-Term Obligations*

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 with 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.

10. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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.)

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

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

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

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

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

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.

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. 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 2015-2016 and 2016-2017 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.

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.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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 2016/2017. Also, during 2016/2017 the Board increased the original budget by \$1,020,718. The increase was funded by the additional appropriation of restricted fund balance, grant awards and the reappropriation of prior year general fund encumbrances. On March 16, 2017 the Board authorized and approved the appropriation of capital reserve of \$300,000 from the general fund.

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.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve (Continued)

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

Balance, July 1, 2016	\$ 3,065,000
Increased by	
Deposits Approved by Board Resolution	<u>1,200,000</u>
	4,265,000
Withdrawals	
Approved by Board Resolution	<u>(300,000)</u>
Balance, June 30, 2017	<u>\$ 3,965,000</u>

Of the capital reserve balance at June 30, 2017, \$3,300,000 was designated and appropriated in the 2017/18 original budget certified for taxes. The withdrawals from capital reserve were for use in the High School Addition and Renovation project, which is consistent with the district's Long Range Facilities Plan.

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, 2017 is as follows:

Balance, July 1, 2016	<u>\$ 300,000</u>
Balance, June 30, 2017	<u>\$ 300,000</u>

The maintenance reserve balance at June 30, 2017 of \$300,000 was designated and appropriated in the 2017/18 original budget certified for taxes. The June 30, 2017 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$1,851,999.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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 or the withdrawal is included in the original budget certified for taxes to finance school security improvements to school facilities pursuant to 18A:7G-6(c)1. Pursuant to NJAC 6A:23A-14.4(A), the balance in the reserve cannot at any time exceed the greater of \$250,000 or one percent of the school district's General Fund budget as certified for taxes up to a maximum of \$1,000,000.

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

Balance, July 1, 2016	<u>\$ 100,000</u>
Balance, June 30, 2017	<u>\$ 100,000</u>

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, 2017 is \$4,668,535. Of this amount, \$2,429,636 was designated and appropriated in the 2017/2018 original budget certified for taxes and the remaining amount of \$2,238,899 will be appropriated in the 2018/2019 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2017, the book value of the Board's deposits were \$11,163,060 and bank and brokerage firm balances of the Board's deposits amounted to \$11,516,284. 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>11,516,284</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, 2017 none of the Board's bank balances were 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.

As of June 30, 2017, the Board had the following investments:

<u>Investment Type:</u>	<u>Fair Value</u>
U.S. Government Securities	\$ <u>3,420,927</u>

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, 2017, \$3,420,927 of the Board's investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department not in the Board's name	\$ <u>3,420,927</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

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.

The fair value of the above-listed investment was based on market prices provided by the Fiscal Agent. Certain interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

B. Receivables

Receivables as of June 30, 2017 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		\$ 33,466	\$ 10,789	\$ 44,255
State	\$ 49,519		377	49,896
Local	758,762	-	-	758,762
Accounts	<u>5,316</u>	<u>-</u>	<u>-</u>	<u>5,316</u>
Gross Receivables	813,597	33,466	11,166	858,229
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$813,597</u>	<u>\$ 33,466</u>	<u>\$ 11,166</u>	<u>\$858,229</u>

C. Unearned Revenue

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

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

	<u>Balance, July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2017</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 109,368			\$ 109,368
Construction in Progress	-	463,605	\$ -	463,605
Total Capital Assets, Not Being Depreciated	<u>109,368</u>	<u>463,605</u>	<u>-</u>	<u>572,973</u>
Capital Assets, Being Depreciated:				
Land Improvements	450,590			450,590
Buildings and Building Improvements	45,150,940	\$ 666,416		45,817,356
Machinery and Equipment	1,713,699	195,886	(162,775)	1,746,810
Total Capital Assets Being Depreciated	<u>47,315,229</u>	<u>862,302</u>	<u>(162,775)</u>	<u>48,014,756</u>
Less Accumulated Depreciation for:				
Land Improvements	(431,502)	(1,360)		(432,862)
Buildings and Building Improvements	(12,527,169)	(4,746,367)		(17,273,536)
Machinery and Equipment	(1,246,276)	(244,497)	162,775	(1,327,998)
Total Accumulated Depreciation	<u>(14,204,947)</u>	<u>(4,992,224)</u>	<u>162,775</u>	<u>(19,034,396)</u>
Total Capital Assets, Being Depreciated, Net	<u>33,110,282</u>	<u>(4,129,922)</u>	<u>-</u>	<u>28,980,360</u>
Governmental Activities Capital Assets, Net	<u>\$ 33,219,650</u>	<u>\$ (3,666,317)</u>	<u>\$ -</u>	<u>\$ 29,553,333</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2017</u>
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Machinery and Equipment	\$ 340,304	\$ -	\$ -	\$ 340,304
Total Capital Assets, Not Being Depreciated	<u>340,304</u>	<u>-</u>	<u>-</u>	<u>340,304</u>
Less Accumulated Depreciation for:				-
Machinery and Equipment	<u>(283,427)</u>	<u>(23,789)</u>	<u>-</u>	<u>(307,216)</u>
Total Accumulated Depreciation	<u>(283,427)</u>	<u>(23,789)</u>	<u>-</u>	<u>(307,216)</u>
Total Capital Assets, Being Depreciated, Net	<u>(283,427)</u>	<u>(23,789)</u>	<u>-</u>	<u>(307,216)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 56,877</u>	<u>\$ (23,789)</u>	<u>\$ -</u>	<u>\$ 33,088</u>

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

Governmental Activities:

Instruction		
Regular		\$ 2,258,598
Special Education		714,704
Other Instruction		129,090
School-Sponsored/Activities and Athletics		<u>125,265</u>
Total Instruction		<u>3,227,657</u>
Support Services		
Student and Instruction Related Services		720,011
General Administrative Services		78,309
School Administrative Services		460,712
Central Administrative Services		76,308
Plant Operations and Maintenance		339,642
Student Transportation		<u>89,585</u>
Total Support Services		<u>1,764,567</u>
Total Governmental Funds		<u>\$ 4,992,224</u>
Business-Type Activities:		
Food Service Fund		<u>\$ 23,789</u>
Total Depreciation Expense-Business-Type Activities		<u>\$ 23,789</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2017:

<u>Project</u>	<u>Remaining Commitment</u>
High School Addition and Renovation Project	\$ 5,430,000
Total	<u>\$ 5,430,000</u>

E. Interfund Receivables, Payables, and Transfers

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

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Payroll Agency Fund	\$ 7,055
Food Service	General Fund	<u>19,149</u>
Total		<u>\$ 26,204</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund.

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

Interfund Transfers

	<u>Transfer In</u>
	Capital <u>Projects Fund</u>
Transfer Out: General Fund	\$ <u>300,000</u>
Total	<u>\$ 300,000</u>

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Capital Leases

The District is leasing copiers totaling \$281,629 and building improvements totaling \$4,115,698 under capital leases. The leases are for terms of 5 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Construction in Progress	179,073
Building Improvements	515,698
Machinery and Equipment	<u>281,629</u>
 Total	 <u>\$ 976,400</u>

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

Fiscal Year Ending <u>June 30,</u>	<u>Governmental Activities</u>
2018	\$ 913,065
2019	913,065
2020	913,065
2021	849,295
2022	<u>849,295</u>
 Total minimum lease payments	 4,437,785
Less: amount representing interest	<u>(192,622)</u>
 Present value of minimum lease payments	 <u>\$ 4,245,163</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

General Obligation Bonds

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

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

\$17,350,000, 2010 School Improvement Bonds, due in annual installments of \$770,000 to \$1,380,000 through July 15, 2030, interest at 2.50% to 4.00%	\$14,680,000
\$11,685,000, 2011 School Refunding Bonds, due in annual installments of \$1,140,000 to \$1,305,000 through August 15, 2023, interest at 2.00% to 5.00%	<u>8,475,000</u>
Total	<u>\$23,155,000</u>

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>	
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	2,170,000	539,550	2,709,550
2023-2027	7,835,000	1,651,631	9,486,631
2028-2032	<u>5,165,000</u>	<u>424,900</u>	<u>5,589,900</u>
Total	<u>\$ 23,155,000</u>	<u>\$ 5,573,981</u>	<u>\$ 28,728,981</u>

Statutory Borrowing Power

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

4% of Equalized Valuation Basis (Municipal)	\$ 53,497,645
Less: Net Debt	<u>23,155,000</u>
Remaining Borrowing Power	<u>\$ 30,342,645</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

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

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 25,010,000		\$ 1,855,000	\$ 23,155,000	\$ 1,910,000
Add: Unamortized Premium	<u>429,200</u>	-	<u>86,218</u>	<u>342,982</u>	-
	25,439,200	-	1,941,218	23,497,982	1,910,000
Capital Leases	231,901	\$ 4,115,698	102,436	4,245,163	881,081
Compensated Absences	405,454	2,653	48,241	359,866	35,000
Net Pension Liability	<u>8,985,629</u>	<u>2,502,357</u>	<u>334,552</u>	<u>11,153,434</u>	-
Governmental Activity					
Long-Term Liabilities	<u>\$ 35,062,184</u>	<u>\$ 6,620,708</u>	<u>\$ 2,426,447</u>	<u>\$ 39,256,445</u>	<u>\$ 2,826,081</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 funds, to report claims on a timely basis, cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds 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, 2017**

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

Fiscal Year Ended June 30,	District Contributions	Employee Contributions	Amount Paid	Ending Balance
2017	\$ 66,774	\$ 39,724	\$ 18,279	\$ 89,570
2016	83,260	48,899	142,685	1,351
2015	10,602	7,998	48,830	11,877

B. Contingent Liabilities

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

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

C. Federal Arbitrage Regulations

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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

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

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

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

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

Other Pension Funds

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

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Basis of Accounting

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

Investment Valuation

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

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

Funding Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions

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

Annual Pension Costs (APC)

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

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

Fiscal Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2017	\$ 334,552	\$ 1,500,879	\$ 52,681
2016	344,139	1,070,985	36,774
2015	343,033	743,972	27,102

In addition for fiscal year 2016/2017 the District contributed \$522 for PERS and the State contributed \$3,401 for TPAF for Long Term Disability Insurance Premium (LTDI).

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,031,965 during the fiscal year ended June 30, 2017 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS)

At June 30, 2017, the District reported in the statement of net position (accrual basis) a liability of \$11,153,434 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2016, the District's proportionate share was .03766 percent, which was an decrease of .00237 percent from its proportionate share measured as of June 30, 2015 of .04003 percent.

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$951,502 for PERS. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 207,418	
Changes of Assumptions	2,310,377	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	425,287	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>83,671</u>	<u>\$ 584,334</u>
Total	<u>\$ 3,026,753</u>	<u>\$ 584,334</u>

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

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

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$7,906,505 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2017 the State's proportionate share of the net pension liability attributable to the District is \$105,229,126. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2016. At June 30, 2016, the state's share of the net pension liability attributable to the District was .13377 percent, which was a decrease of .00384 percent from its proportionate share measured as of June 30, 2015 of .13761 percent.

Actuarial Assumptions

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

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

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

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

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

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

Sensitivity of Net Pension Liability

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

	1% Decrease <u>(2.22%)</u>	Current Discount Rate <u>(3.22%)</u>	1% Increase <u>(4.22%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 125,667,093</u>	<u>\$ 105,229,126</u>	<u>\$ 88,538,889</u>

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

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

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

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

Significant Legislation

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

Investment Valuation

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

Funded Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

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

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2016, there were 110,512, retirees receiving post-retirement medical benefits and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2017, 2016 and 2015 were \$1,250,574, \$1,275,248 and \$1,181,056, 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.

F. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the municipality in which the school district is situated may have entered into tax abatement agreements, and that potential school tax revenue must be disclosed in these financial statements. If the municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For Leonia Board of Education, the District's share of abated taxes resulting from the municipality having entered into a tax abatement agreement is indeterminate.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

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

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 18,671,582		\$ 18,671,582	\$ 18,671,582	
Tuition	7,426,124		7,426,124	7,465,217	\$ 39,093
Transportation Fees from Other LEAs	449,148		449,148	539,967	90,819
Interest Earned	1,000		1,000	18,146	17,146
Miscellaneous Revenue	180,941	-	180,941	405,840	224,899
Total Local Sources	<u>26,728,795</u>	<u>-</u>	<u>26,728,795</u>	<u>27,100,752</u>	<u>371,957</u>
State Sources					
Equalization Aid	2,614,849		2,614,849	2,614,849	
Security Aid	27,544		27,544	27,544	
Transportation Aid	11,212		11,212	11,212	
Special Education Categorical Aid	896,489		896,489	896,489	
PARCC Readiness	14,050		14,050	14,050	
Per Pupil Growth Aid	14,050		14,050	14,050	
Professional Learning Community Aid	14,010		14,010	14,010	
Extraordinary Aid	139,773		139,773	205,632	65,859
TPAF Contribution (On-Behalf)					
Pension Contribution				1,448,400	1,448,400
Pension - NCGI Premium				52,479	52,479
Post Retirement Medical Benefits				1,250,574	1,250,574
Long Term Disability Insurance				3,401	3,401
TPAF Social Security Reimbursements (On-Behalf)	-	-	-	1,031,965	1,031,965
Total State Sources	<u>3,731,977</u>	<u>-</u>	<u>3,731,977</u>	<u>7,584,655</u>	<u>3,852,678</u>
Federal Source					
Semi	17,933	-	17,933	24,953	7,020
Total Federal Sources	<u>17,933</u>	<u>-</u>	<u>17,933</u>	<u>24,953</u>	<u>7,020</u>
Total Revenues	<u>30,478,705</u>	<u>-</u>	<u>30,478,705</u>	<u>34,710,360</u>	<u>4,231,655</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	113,735	\$ (1,266)	112,469	112,467	2
Kindergarten	408,138	2,108	410,246	339,346	70,900
Grades 1-5	2,380,125	(59,801)	2,320,324	2,303,162	17,162
Grades 6-8	2,168,805	(6,150)	2,162,655	2,162,619	36
Grades 9-12	3,725,481	77,391	3,802,872	3,672,371	130,501
Regular Programs - Home Instruction					
Salaries of Teachers	36,900	-	36,900	9,232	27,668
Purchased Professional Educational Services	12,000	-	12,000	4,791	7,209
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	392,922	(55,594)	337,328	321,303	16,025
Purchased Professional-Educational Services	5,000	10,000	15,000	6,250	8,750
Other Purchased Services	25,000	(10,000)	15,000	2,224	12,776
General Supplies	359,205	134,862	494,067	431,714	62,353
Textbooks	143,500	(25,643)	117,857	116,384	1,473
Other Objects	2,000	4,500	6,500	3,202	3,298
Total Regular Programs	<u>9,772,811</u>	<u>70,407</u>	<u>9,843,218</u>	<u>9,485,065</u>	<u>358,153</u>
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	219,994	2,626	222,620	217,450	5,170
Other Salaries for Instruction	46,747	2,547	49,294	49,283	11
General Supplies	2,775	-	2,775	1,875	900
Textbooks	2,000	-	2,000	1,985	15
Total Learning and/or Language Disabilities	<u>271,516</u>	<u>5,173</u>	<u>276,689</u>	<u>270,593</u>	<u>6,096</u>
Behavioral Disabilities					
Other Salaries for Instruction	22,497	-	22,497	3,445	19,052
General Supplies	300	-	300	-	300
Textbooks	500	-	500	-	500
Total Behavioral Disabilities	<u>23,297</u>	<u>-</u>	<u>23,297</u>	<u>3,445</u>	<u>19,852</u>

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

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)					
Multiple Disabilities					
Salaries of Teachers	\$ 519,014	\$ (5,633)	\$ 513,381	\$ 463,680	\$ 49,701
Other Salaries for Instruction	210,316	5,750	216,066	216,013	53
General Supplies	1,950	3,572	5,522	5,478	44
Textbooks	2,800	(1,599)	1,201	1,095	106
Total Multiple Disabilities	734,080	2,090	736,170	686,266	49,904
Resource Room/Resource Center					
Salaries of Teachers	828,213	6,430	834,643	834,628	15
Other Salaries for Instruction	187,077	7,876	194,953	194,896	57
General Supplies	650	1,450	2,100	1,172	928
Textbooks	2,100	731	2,831	2,278	553
Total Resource Room	1,018,040	16,487	1,034,527	1,032,974	1,553
Autistic Program					
Salaries of Teachers	347,410	5,373	352,783	330,638	22,145
Other Salaries of Instruction	437,969	(39,220)	398,749	367,378	31,371
Purchased Professional-Educational Services	25,000	6,985	31,985	25,102	6,883
General Supplies	7,100	-	7,100	4,753	2,347
Textbooks	800	-	800	580	220
Total Autistic Program	818,279	(26,862)	791,417	728,451	62,966
Preschool Disabilities - Part-Time					
Salaries of Teachers	110,048	(110,048)	-	-	-
General Supplies	1,000	-	1,000	-	1,000
Textbooks	1,000	-	1,000	-	1,000
Total Preschool Disabilities - Part-Time	112,048	(110,048)	2,000	-	2,000
Preschool Disabilities - Full-Time					
Salaries of Teachers	54,463	(270)	54,193	54,130	63
Other Salaries for Instruction	70,121	21,181	91,302	91,235	67
General Supplies	3,000	-	3,000	2,553	447
Textbooks	600	-	600	447	153
Total Preschool Disabilities - Full-Time	128,184	20,911	149,095	148,365	730
Home Instruction					
Salaries of Teachers	1,000	(1,000)	-	-	-
Total Home Instruction	1,000	(1,000)	-	-	-
Total Special Education	3,106,444	(93,249)	3,013,195	2,870,094	143,101
Basic Skills/Remedial					
Salaries of Teachers	137,053	81,714	218,767	218,767	-
General Supplies	1,000	616	1,616	1,479	137
Textbooks	2,500	(892)	1,608	-	1,608
Total Basic Skills/Remedial	140,553	81,438	221,991	220,246	1,745
Bilingual Education					
Salaries of Teachers	266,378	24,733	291,111	291,084	27
General Supplies	2,000	314	2,314	1,773	541
Textbooks	2,500	(1,100)	1,400	1,314	86
Total Bilingual Education	270,878	23,947	294,825	294,171	654
School Sponsored Co-Curricular Activities					
Salaries	237,000	(38,318)	198,682	188,123	10,559
General Supplies	5,500	9,000	14,500	8,000	6,500
Other Objects	2,500	2,000	4,500	2,417	2,083
Total School Sponsored Co-Curricular Activities	245,000	(27,318)	217,682	198,540	19,142
School Sponsored Athletics - Instruction					
Salaries	284,950	33,496	318,446	306,621	11,825
Purchased Services	4,500	(900)	3,600	2,219	1,381
Supplies & Materials	73,500	2,925	76,425	70,637	5,788
Other Objects	17,500	2,392	19,892	9,306	10,586
Transfers to Cover Deficit (Agency Funds)	112,000	(1,200)	110,800	52,500	58,300
Total School Sponsored Athletics - Instruction	492,450	36,713	529,163	441,283	87,880

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

	<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	\$ 4,920	-	\$ 4,920	-	\$ 4,920
Total Before/After School Programs	4,920	-	4,920	-	4,920
Total - Instruction	14,033,056	\$ 91,938	14,124,994	\$ 13,509,399	615,595
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs within the State-Special	381,839	(149,559)	232,280	109,981	122,299
Tuition to County Vocational School District-Reg.	436,590	-	436,590	309,128	127,462
Tuition to CSSD and Regular Day Schools	276,380	(147,161)	129,219	129,219	-
Tuition to Private Schools for the Disabled within State	660,938	(2,000)	658,938	466,726	192,212
Total Undistributed Expenditures - Instruction	1,755,747	(298,720)	1,457,027	1,015,054	441,973
Attendance and Social Work					
Salaries	120,776	-	120,776	117,945	2,831
Salary Drop Out Prevention Officer/Coordinators	62,475	613	63,088	12,466	50,622
Other Purchased Services	3,000	-	3,000	882	2,118
Total Attendance and Social Work	186,251	613	186,864	131,293	55,571
Health Services					
Salaries	283,940	240	284,180	264,526	19,654
Purchased Professional & Technical Services	80,000	12,973	92,973	80,521	12,452
Supplies and Materials	8,200	13,000	21,200	17,627	3,573
Total Health Services	372,140	26,213	398,353	362,674	35,679
Speech, OT, PT & Related Services					
Salaries	555,898	(29,691)	526,207	480,598	45,609
Purchased Professional/Educational Services	60,564	73,160	133,724	65,491	68,233
Supplies and Materials	6,400	5,000	11,400	6,448	4,952
Total Speech, OT, PT & Related Services	622,862	48,469	671,331	552,537	118,794
Extra Services					
Salaries	262,007	17,524	279,531	278,828	703
Purchased Professional-Educational Services	35,000	18,430	53,430	48,644	4,786
Total Extra Services	297,007	35,954	332,961	327,472	5,489
Guidance					
Salaries of Other Professional Staff	450,588	36,346	486,934	486,908	26
Salaries of Secretarial and Clerical Assistants	56,926	2,560	59,486	57,675	1,811
Other Purchased Prof. and Tech. Services	8,255	(308)	7,947	4,765	3,182
Other Purchased Services	10,600	(2,000)	8,600	-	8,600
Supplies and Materials	13,200	495	13,695	4,287	9,408
Other Objects	1,300	-	1,300	244	1,056
Total Guidance	540,869	37,093	577,962	553,879	24,083
Child Study Teams					
Salaries of Other Professional Staff	549,509	113,953	663,462	663,451	11
Salaries of Secretarial and Clerical Assistants	41,871	10,273	52,144	43,729	8,415
Purchased Professional-Educational Services	15,000	(7,866)	7,134	6,809	325
Other Purchased Prof. and Tech. Services	24,960	(1,833)	23,127	3,564	19,563
Misc. Purchased Services	7,000	-	7,000	2,100	4,900
Supplies and Materials	15,000	-	15,000	5,189	9,811
Total Child Study Teams	653,340	114,527	767,867	724,842	43,025

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

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)					
Improvement of Instruction Services/ Other Support Services-Instructional Staff					
Salaries of Other Professional Staff	\$ 115,558	\$ (15,333)	\$ 100,225	\$ 100,197	\$ 28
Purchased Professional-Educational Services	5,000	191	5,191	2,050	3,141
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	120,558	(15,142)	105,416	102,247	3,169
Educational Media Services/School Library					
Salaries	163,402	20,287	183,689	139,744	43,945
Salaries of Technology Coordinators	184,754	14,076	198,830	197,673	1,157
Supplies and Materials	29,570	497	30,067	23,931	6,136
Total Educational Media Services/School Library	377,726	34,860	412,586	361,348	51,238
Instructional Staff Training Services					
Purchased Professional-Educational Services	50,000	(3,158)	46,842	35,914	10,928
Other Purchased Services	-	4,000	4,000	123	3,877
Total Instructional Staff Training Services	50,000	842	50,842	36,037	14,805
Support Services General Administration					
Salaries	315,293	(979)	314,314	309,289	5,025
Legal Services	60,000	(176)	59,824	57,034	2,790
Audit Fees	30,000	13,226	43,226	39,869	3,357
Other Purchased Professional Services	65,000	(8,660)	56,340	53,435	2,905
Communications/Telephone	200,000	3,174	203,174	195,848	7,326
BOE Other Purchased Services	11,000	(5,000)	6,000	6,000	-
Misc. Purchased Services	117,500	(9,650)	107,850	104,765	3,085
Supplies and Materials	8,000	(4,010)	3,990	3,238	752
Miscellaneous Expenditures	18,000	3,700	21,700	21,172	528
BOE Membership Dues and Fees	16,000	(7,200)	8,800	4,143	4,657
Total Support Services General Administration	840,793	(15,575)	825,218	794,793	30,425
Support Services School Administration					
Salaries of Principals/Asst. Principals	748,332	7,289	755,621	755,610	11
Salaries of Other Professional Staff	587,293	151,536	738,829	738,828	1
Salaries of Secretarial and Clerical Assistants	327,208	(2,000)	325,208	325,181	27
Other Purchased Services	91,250	(436)	90,814	87,479	3,335
Supplies and Materials	79,725	(31,461)	48,264	38,023	10,241
Other Objects	23,350	16,205	39,555	28,282	11,273
Total Support Services School Administration	1,857,158	141,133	1,998,291	1,973,403	24,888
Central Services					
Salaries	305,837	(53,953)	251,884	246,162	5,722
Purchased Professional Services	68,000	75,000	143,000	134,637	8,363
Purchased Technical Services	18,000	(5,000)	13,000	11,500	1,500
Misc. Purchased Services	4,000	(2,300)	1,700	1,017	683
Supplies and Materials	12,000	-	12,000	11,752	248
Interest on Lease Purchase Agreements	4,000	300	4,300	4,276	24
Miscellaneous Expenditures	4,000	-	4,000	3,506	494
Total Central Services	415,837	14,047	429,884	412,850	17,034
Administration - Information Technology Services					
Salaries	54,586	692	55,278	55,223	55
Purchased Technical Services	-	4,000	4,000	3,674	326
Total Administration Information Technology Svcs.	54,586	4,692	59,278	58,897	381

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

Exhibit C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Required Maintenance for School Facilities					
Salaries	\$ 252,609	\$ 5,249	\$ 257,858	\$ 257,788	\$ 70
Cleaning, Repair and Maintenance Services	1,038,061	246,702	1,284,763	398,038	886,725
General Supplies	20,300	181	20,481	5,334	15,147
Other Objects	2,603	-	2,603	1,100	1,503
Total Required Maint. For School Facilities	1,313,573	252,132	1,565,705	662,260	903,445
Custodial Services					
Salaries	747,603	87,947	835,550	811,593	23,957
Salaries - Non-Instructional Aides	191,950	-	191,950	176,216	15,734
Purchased Professional and Technical Services	8,670	-	8,670	2,820	5,850
Cleaning, Repair and Maintenance Services	24,360	6,824	31,184	17,477	13,707
Rental of Land & Bldg - Other than Lease Purchase	4,000	104	4,104	4,104	-
Other Purchased Property Services	17,540	18,924	36,464	35,269	1,195
Insurance	210,000	-	210,000	203,311	6,689
Miscellaneous Purchased Services	2,500	30	2,530	2,260	270
General Supplies	151,755	2,660	154,415	105,792	48,623
Energy (Natural Gas)	246,000	(19,253)	226,747	129,652	97,095
Energy (Electricity)	585,989	(75,500)	510,489	442,613	67,876
Energy (Gasoline)	21,000	(12,294)	8,706	3,260	5,446
Other Objects	1,000	500	1,500	1,093	407
Total Custodial Services	2,212,367	9,942	2,222,309	1,935,460	286,849
Care and Upkeep of Grounds					
Salaries	55,463	(13,807)	41,656	38,998	2,658
Cleaning, Repair and Maintenance Svc.	30,000	82,040	112,040	111,765	275
General Supplies	5,000	(4,399)	601	-	601
Total Care and Upkeep of Grounds	90,463	63,834	154,297	150,763	3,534
Security					
Salaries	124,003	(67,100)	56,903	56,846	57
Total Security	124,003	(67,100)	56,903	56,846	57
Student Transportation Services					
Salaries for Pupil Trans (Bet. Home & Sch)-Regular	332,415	15,770	348,185	328,757	19,428
Salaries for Pupil Trans (Bet. Home & Sch)-Sp. Ed.	24,673	416	25,089	25,066	23
Cleaning, Repair and Maintenance Services	75,000	62,867	137,867	126,697	11,170
Contracted Services (Other Than Between Home & School) - Vendors	32,000	(12,859)	19,141	3,288	15,853
Contracted Services (Between Home & School)-Joint Agreements	75,000	(16,900)	58,100	49,433	8,667
Contracted Services (Special Education Students)-Vendors	55,000	(55,000)	-	-	-
Contracted Services (Special Education Students)- Joint Agreements	375,000	21,658	396,658	396,516	142
Contracted Services (Special Ed. Students)-ESCs and CTSAs	-	30,842	30,842	30,537	305
Misc. Purchased Services - Transportation	5,000	(5,000)	-	-	-
Transportation Supplies	63,000	6,148	69,148	25,562	43,586
Other Objects	2,000	-	2,000	1,847	153
Total Student Transportation Services	1,039,088	47,942	1,087,030	987,703	99,327
Unallocated Benefits - Employee Benefits					
Social Security Contributions	347,840	118,066	465,906	457,525	8,381
TPAF Contributions - ERIP	75,559	(75,500)	59	-	59
Other Retirement Contribution-Regular	27,000	36,296	63,296	52,681	10,615
Other Retirement Contribution-PERS	375,000	(12,000)	363,000	335,074	27,926
Unemployment Compensation	75,000	87,700	162,700	78,422	84,278
Worker's Compensation	210,000	(15,000)	195,000	195,000	-
Health Benefits	4,755,925	(722,338)	4,033,587	3,920,289	113,298
Tuition Reimbursement	20,000	1,100	21,100	21,095	5
Other Employee Benefits	46,125	30,730	76,855	73,292	3,563
Total Unallocated Benefits - Employee Benefits	5,932,449	(550,946)	5,381,503	5,133,378	248,125

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

	<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)					
TPAF Pension Contribution (Non Budgeted)					
Pension Contribution				\$ 1,448,400	\$ (1,448,400)
Pension - NCGI Premium				52,479	(52,479)
Post Retirement Medical Benefits				1,250,574	(1,250,574)
Long Term Disability Insurance				3,401	(3,401)
TPAF Social Security Reimbursements (Non Budgeted)	-	-	-	1,031,965	(1,031,965)
	-	-	-	3,786,819	(3,786,819)
Total Undistributed Expenditures	\$ 18,856,817	\$ (115,190)	\$ 18,741,627	20,120,555	(1,378,928)
Total Current Expenditures	32,889,873	(23,252)	32,866,621	33,629,954	(763,333)
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures					
Admin. Info. Tech.		210,040	210,040	150,718	59,322
School Buses-Regular		25,000	25,000	25,000	-
Security		181,060	181,060	140,401	40,659
Required Maintenance of School Facilities	70,000	(34,656)	35,344	30,485	4,859
Total Equipment	70,000	381,444	451,444	346,604	104,840
Facilities and Acquisitions					
Assessment for Debt Service on SDA Funding	44,993	-	44,993	44,993	-
Total Facilities and Acquisitions	44,993	-	44,993	44,993	-
Interest Capital Reserve	1,000	-	1,000	-	1,000
Total Capital Outlay	115,993	381,444	497,437	391,597	105,840
Transfer of Funds to Charter Schools	10,022	-	10,022	5,706	4,316
Total Expenditures - General Fund	33,015,888	358,192	33,374,080	34,027,257	(653,177)
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	(2,537,183)	(358,192)	(2,895,375)	683,103	3,578,478
Other Financing Sources (Uses)					
Transfer Out to Capital Projects	-	(300,000)	(300,000)	(300,000)	-
Total Other Financing Sources (Uses)	-	(300,000)	(300,000)	(300,000)	-
Excess (Deficiency) of Revenues Over (Under) Expenditures and Financing Sources	(2,537,183)	(658,192)	(3,195,375)	383,103	3,578,478
Fund Balances, Beginning of Year (Restated)	9,413,017	-	9,413,017	9,413,017	-
Fund Balances, End of Year	\$ 6,875,834	\$ (658,192)	\$ 6,217,642	\$ 9,796,120	\$ 3,578,478
Recapitulation of Fund Balance					
Restricted					
Capital Reserve				\$ 665,000	
Capital Reserve - Designated for Subsequent Year's Expenditures				3,300,000	
Maintenance Reserve - Designated for Subsequent Year's Expenditures				300,000	
Emergency Reserve				100,000	
Excess Surplus				2,238,899	
Excess Surplus - Designated for Subsequent Year's Expenditures				2,429,636	
Assigned					
Year End Encumbrances				85,917	
Unassigned					
				676,668	
Fund Balance Per State Budgetary Basis of Accounting				9,796,120	
Reconciliation to Governmental Funds Statements (GAAP)					
Less State Aid not Recognized on a GAAP Basis				(543,207)	
Fund Balance per Governmental Funds (GAAP)				\$ 9,252,913	

**LEONIA BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES					
Intergovernmental					
State		\$ 12,872	\$ 12,872	\$ 7,965	\$ (4,907)
Federal	\$ 344,242	316,505	660,747	631,257	(29,490)
Local Sources					
Miscellaneous	-	33,149	33,149	3,802	(29,347)
Total Revenues	344,242	362,526	706,768	643,024	(63,744)
EXPENDITURES					
Instruction					
Salaries of Teachers	85,453	21,115	106,568	102,000	4,568
Purchased Prof. Tech. Svc.		4,000	4,000	4,000	
Tuition	236,184	129,632	365,816	365,816	
Other Professional Service		19,615	19,615	19,615	
General Supplies		74,932	74,932	72,535	2,397
Textbooks		18,673	18,673	3,751	14,922
Other Objects	-	288	288	-	288
Total Instruction	321,637	268,255	589,892	567,717	22,175
Support Services					
Other Salaries	20,000	-	20,000	20,000	-
Purchased Professional-Education Services		8,000	8,000	5,868	2,132
Purchased Prof. Tech. Svc.		18,896	18,896	4,485	14,411
Other Purchased Services		17,714	17,714	4,072	13,642
Miscellaneous Purchased Services		3,510	3,510	3,198	312
Cleaning Repair and Maintenance Services		3,755	3,755	880	2,875
Travel		4,164	4,164	1,368	2,796
General Supplies	-	7,704	7,704	2,303	5,401
Total Support Services	20,000	63,743	83,743	42,174	41,569
Unallocated Benefits					
Personal Services - Employee Benefits	2,605	30,528	33,133	33,133	-
Total Unallocated Employee Benefits	2,605	30,528	33,133	33,133	-
Total Expenditures	344,242	362,526	706,768	643,024	63,744
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, 2017**

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

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related 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)	\$ 34,710,360	\$ 643,024
Difference - Budget to GAAP:		
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2016-17)	(543,207)	
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2015-16)	495,003	
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, Net of Cancellations		
Less Current Year Encumbrances	-	-
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 34,662,156</u>	<u>\$ 643,024</u>
Uses/Outflows of Resources		
Actual expenditure amounts (budgetary basis) (Exhibits C-1 and C-2)	\$ 34,027,257	\$ 643,024
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, Net of Cancellations		
Less Current Year Encumbrances	-	-
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 34,027,257</u>	<u>\$ 643,024</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 Four Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.03766%	0.04003%	0.04161%	0.04079%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 11,153,434	\$ 8,985,629	\$ 7,790,670	\$ 7,796,000
District's Covered-Employee Payroll	\$ 2,459,534	\$ 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	453.48%	368.36%	303.56%	303.76%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%

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

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

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

Public Employees Retirement System

Last Four Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 334,552	\$ 344,139	\$ 343,033	\$ 307,353
Contributions in Relation to the Contractually Required Contribution	<u>334,552</u>	<u>344,139</u>	<u>343,033</u>	<u>307,353</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 2,459,534	\$ 2,439,335	\$ 2,566,468	\$ 2,566,468
Contributions as a Percentage of Covered-Employee Payroll	13.60%	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 Four Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.00%	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>\$ 105,229,126</u>	<u>\$ 86,975,627</u>	<u>\$ 73,937,267</u>	<u>\$ 71,863,561</u>
Total	<u>\$ 105,229,126</u>	<u>\$ 86,975,627</u>	<u>\$ 73,937,267</u>	<u>\$ 71,863,561</u>
District's Covered-Employee Payroll	13,796,178	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%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	28.71%	33.64%	33.76

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

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

**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, 2017**

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 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, 2017**

	IDEA Basic	IDEA Preschool	Title I	Title II A	Title III	Title III Immigrant	Nonpublic Technology	Nonpublic Textbooks	Nonpublic Nursing	Nonpublic Security	Perkins Grant	Local Grants	Total
REVENUES													
Local												\$ 3,802	\$ 3,802
State							\$ 880	\$ 1,960	\$ 3,198	\$ 1,927			7,965
Federal	\$ 371,684	\$ 19,615	\$ 169,660	\$ 29,687	\$ 24,365	\$ 5,901	-	-	-	-	\$ 10,345	-	631,257
Total Revenues	\$ 371,684	\$ 19,615	\$ 169,660	\$ 29,687	\$ 24,365	\$ 5,901	\$ 880	\$ 1,960	\$ 3,198	\$ 1,927	\$ 10,345	\$ 3,802	\$ 643,024
EXPENDITURES													
Instruction													
Salaries of Teachers			\$ 90,000		\$ 12,000								\$ 102,000
Purchased Prof. and Technical Services										\$ 4,000			4,000
Tuition	\$ 365,816												365,816
Other Professional Services		\$ 19,615											19,615
General Supplies			49,749	888	7,517	\$ 5,901	\$ 880			\$ 1,927	4,717	\$ 956	72,535
Textbooks							\$ 1,960					1,791	3,751
Other Objects	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Instruction	365,816	19,615	139,749	888	19,517	5,901	880	1,960	-	1,927	8,717	2,747	567,717
Support Services													
Other Salaries				\$ 20,000									20,000
Personal Services - Employee Benefits			24,813	5,200	3,120								33,133
Purchased Professional and Technical Services			1,773	2,712									4,485
Purchased Professional-Educational Services	5,868												5,868
Other Purchased Services			3,325	487							260		4,072
Cleaning, Repair and Maintenance Services												880	880
Miscellaneous Purchased Services									\$ 3,198				3,198
Travel											1,368		1,368
Supplies and Materials	-	-	-	400	1,728	-	-	-	-	-	-	175	2,303
Total Support Services	5,868	-	29,911	28,799	4,848	-	-	-	3,198	-	1,628	1,055	75,307
Total Expenditures	\$ 371,684	\$ 19,615	\$ 169,660	\$ 29,687	\$ 24,365	\$ 5,901	\$ 880	\$ 1,960	\$ 3,198	\$ 1,927	\$ 10,345	\$ 3,802	\$ 643,024

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

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, 2017**

<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2017</u>
		<u>Prior Year</u>	<u>Current Year</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	17,383,264	16,380,214		1,003,050
High School Addition and Renovation Project	7,201,753		\$ 463,605	6,738,148
LED Lighting Upgrade Project	515,698	-	515,698	-
	<u>\$ 25,754,873</u>	<u>\$ 17,009,146</u>	<u>\$ 979,303</u>	<u>\$ 7,766,424</u>
Project Balances, June 30, 2017				\$ 7,766,424
Less: Unrealized Capital Reserve Transfer				<u>(3,300,000)</u>
Fund Balance, June 30, 2017 GAAP Basis				<u>\$ 4,466,424</u>
<u>Recapitulation of Fund Balance</u>				
Restricted For Capital Projects:				
Reserve for Encumbrances				\$ 5,440,000
Available for Capital Projects Expenditures				<u>(973,576)</u>
Total Fund Balance - Restricted for Capital Projects				<u>\$ 4,466,424</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, 2017**

REVENUES AND OTHER FINANCING SOURCES

Revenues	
Interest Income	\$ 1,753
Other Financing Sources	
Capital Lease Proceeds	4,115,698
Transfer from Capital Reserve Fund	<u>300,000</u>
 Total Revenues	 <u>4,417,451</u>

EXPENDITURES AND OTHER FINANCING USES

Legal Services	19,039
Architects/Engineers	420,097
Other Purchases Professional and Technical Services	3,448
Construction Services	515,698
Other Objects	<u>21,021</u>
 Total Expenditures and Other Financing Uses	 <u>979,303</u>

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	3,438,148
 Fund Balance, Beginning of Year	 <u>1,028,276</u>
 Fund Balance, End of Year	 <u>\$ 4,466,424</u>
 Reconciliation to GAAP	
Fund Balance, June 30, 2017 - Budgetary Basis	<u>\$ 4,466,424</u>
 Fund Balance, June 30, 2017 - GAAP Basis	 <u>\$ 4,466,424</u>

**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, 2017**

	<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>
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>
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, 2017**

	<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	13,237,610		13,237,610	14,595,541
General Supplies	52,615		52,615	33,264
Other Objects	107,421	-	107,421	496,959
	<u>16,380,214</u>	<u>-</u>	<u>16,380,214</u>	<u>17,383,264</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 1,003,050</u>	<u>\$ -</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		

**LEONIA BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
HIGH SCHOOL ADDITION AND RENOVATION PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Capital Lease Proceeds		\$ 3,600,000	\$ 3,600,000	\$ 3,600,000
Transfers from Capital Reserve Fund		300,000	300,000	3,600,000
Earnings on Investment	-	1,753	1,753	1,753
	-	3,901,753	3,901,753	7,201,753
Expenditures and Other Financing Uses				
Legal Services		19,039	19,039	20,000
Architectural/Engineering		420,097	420,097	640,000
Other Purchased Professional and Technical Services		3,448	3,448	20,000
Construction Services			-	6,500,000
Other Objects	-	21,021	21,021	21,753
	-	463,605	463,605	7,201,753
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 3,438,148	\$ 3,438,148	\$ -
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	\$	7,200,000		
Reduced Authorized Cost		1,753		
Revised Authorized Cost	\$	7,201,753		
Percentage Increase/Decrease from Original Authorized Cost	0.00%			
Percentage Completion	6%			
Original Target Completion Date	August 2018			
Revised Target Completion Date	August 2018			

**LEONIA BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
LED LIGHTING UPGRADE PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Capital Lease Proceeds	\$ -	\$ 515,698	\$ 515,698	\$ 515,698
Total Revenues	-	515,698	515,698	515,698
Expenditures and Other Financing Uses				
Construction Services	-	515,698	515,698	515,698
Total Expenditures and Other Financing Uses	-	515,698	515,698	515,698
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -
 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	\$ 515,698			
Reduced Authorized Cost	-			
Revised Authorized Cost	\$ 515,698			
 Percentage Increase/Decrease from Original Authorized				
Cost	0.00%			
Percentage Completion	100%			
Original Target Completion Date	May 2017			
Revised Target Completion Date	May 2017			

ENTERPRISE FUNDS

**LEONIA BOARD OF EDUCATION
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2017**

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, 2017**

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, 2017**

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

FIDUCIARY FUNDS

AGENCY FUNDS

**LEONIA BOARD OF EDUCATION
AGENCY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2017**

	<u>Student Activity</u>	<u>Agency Payroll</u>	<u>Total Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 167,184	\$ 243,338	\$ 410,522
Total Assets	<u>\$ 167,184</u>	<u>\$ 243,338</u>	<u>\$ 410,522</u>
LIABILITIES			
Due to Student Groups	\$ 167,184		\$ 167,184
Payroll Deductions and Withholdings		\$ 210,087	210,087
Accrued Salaries and Wages		20,826	20,826
Flexible Spending Deposits		5,370	5,370
Due to Other Funds	<u>-</u>	<u>7,055</u>	<u>7,055</u>
Total Liabilities	<u>\$ 167,184</u>	<u>\$ 243,338</u>	<u>\$ 410,522</u>

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

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, 2017**

	<u>Balance July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2017</u>
Anna C. Scott Elementary School	\$ 6,384	\$ 9,375	\$ 10,595	\$ 5,164
Leonia Middle School	20,086	74,588	71,773	22,901
Leonia Middle School Athletics	827	8,500	8,192	1,135
Leonia High School	134,447	346,026	343,349	137,124
Leonia High School Athletics	<u>2,039</u>	<u>45,722</u>	<u>46,901</u>	<u>860</u>
	<u>\$ 163,783</u>	<u>\$ 484,211</u>	<u>\$ 480,810</u>	<u>\$ 167,184</u>

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

	<u>Balance, July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2017</u>
Payroll Deductions and Withholdings	\$ 268,380	\$ 8,819,620	\$ 8,877,913	\$ 210,087
Accrued Salaries and Wages	20,701	12,062,325	12,062,200	20,826
Flexible Spending Deposits	5,762	5,125	5,517	5,370
Due to Other Funds	<u>-</u>	<u>1,024,785</u>	<u>1,017,730</u>	<u>7,055</u>
	<u>\$ 294,843</u>	<u>\$ 21,911,855</u>	<u>\$ 21,963,360</u>	<u>\$ 243,338</u>

LONG-TERM DEBT

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

<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, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2017</u>
School Refunding Bonds	2/15/2006	\$ 2,815,000				\$ 315,000		\$ 315,000	
School Improvement Bonds	7/15/2010	17,350,000	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	15,305,000		625,000	\$ 14,680,000
School Refunding Bonds	12/1/2011	\$ 11,685,000	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	9,390,000	-	915,000	8,475,000
						<u>\$ 25,010,000</u>	<u>\$ -</u>	<u>\$ 1,855,000</u>	<u>\$ 23,155,000</u>

**LEONIA BOARD OF EDUCATION
LONG TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Amount of Original Issue	Interest Rate	Balance, July 1, 2016	Issued	Retired	Balance, June 30, 2017
<u>Capital Leases</u>						
TD Leasing (Copiers)	\$ 148,743		\$ 1,124		\$ 1,124	
Copier Leases	281,629	5.00%	230,777		53,453	\$ 177,324
Leonia High School Addition and Renovations	3,600,000	1.8961%		\$ 3,600,000		3,600,000
LED Lighting Upgrade	515,698	1.798%	-	515,698	47,859	467,839
Total			<u>\$ 231,901</u>	<u>\$ 4,115,698</u>	<u>\$ 102,436</u>	<u>\$ 4,245,163</u>

**DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 2,317,874		\$ 2,317,874	\$ 2,317,874	\$ -
State Sources					
Debt Service Aid Type II	423,699	-	423,699	423,699	-
Total Revenues	<u>2,741,573</u>	<u>-</u>	<u>2,741,573</u>	<u>2,741,573</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	1,855,000		1,855,000	1,855,000	
Interest	886,573	-	886,573	886,573	-
Total Expenditures	<u>2,741,573</u>	<u>-</u>	<u>2,741,573</u>	<u>2,741,573</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning of Year	<u>140</u>	<u>-</u>	<u>140</u>	<u>140</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 140</u>	<u>\$ -</u>	<u>\$ 140</u>	<u>\$ 140</u>	<u>\$ -</u>

Recapitulation of Fund Balance

Restricted for Debt Service:

Available for Debt Service Expenditures \$ 140

Total Fund Balance - Restricted

For Debt Service \$ 140

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 6,633,571
Restricted	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	4,307,587
Unrestricted	<u>848,930</u>	<u>506,380</u>	<u>16,554,239</u>	<u>135,429</u>	<u>(395,027)</u>	<u>662,822</u>	<u>1,230,478</u>	<u>(6,255,467)</u>	<u>(3,410,681)</u>	<u>(4,461,001)</u>
Total Governmental Activities Net Position	<u>\$ 7,033,175</u>	<u>\$ 7,493,574</u>	<u>\$ 23,436,661</u>	<u>\$ 7,698,692</u>	<u>\$ 10,017,295</u>	<u>\$ 13,563,942</u>	<u>\$ 15,304,926</u>	<u>\$ 8,755,970</u>	<u>\$ 9,113,335</u>	<u>\$ 6,480,157</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 149,673	\$ 209,930	\$ 10,678	\$ 134,832	\$ 116,591	\$ 98,431	\$ 81,694	\$ 70,160	\$ 56,877	\$ 33,088
Unrestricted	<u>77,184</u>	<u>105,840</u>	<u>46,378</u>	<u>92,491</u>	<u>41,490</u>	<u>38,618</u>	<u>79,817</u>	<u>120,881</u>	<u>158,752</u>	<u>220,327</u>
Total Business-Type Activities Net Position	<u>\$ 226,857</u>	<u>\$ 315,770</u>	<u>\$ 57,056</u>	<u>\$ 227,323</u>	<u>\$ 158,081</u>	<u>\$ 137,049</u>	<u>\$ 161,511</u>	<u>\$ 191,041</u>	<u>\$ 215,629</u>	<u>\$ 253,415</u>
District-Wide										
Net Investment in Capital Assets	\$ 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	\$ 6,666,659
Restricted	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	4,307,587
Unrestricted	<u>926,114</u>	<u>612,220</u>	<u>16,600,617</u>	<u>227,920</u>	<u>(353,537)</u>	<u>701,440</u>	<u>1,310,295</u>	<u>(6,134,586)</u>	<u>(3,251,929)</u>	<u>(4,240,674)</u>
Total District Net Position	<u>\$ 7,260,032</u>	<u>\$ 7,809,344</u>	<u>\$ 23,493,717</u>	<u>\$ 7,926,015</u>	<u>\$ 10,175,376</u>	<u>\$ 13,700,991</u>	<u>\$ 15,466,437</u>	<u>\$ 8,947,011</u>	<u>\$ 9,328,964</u>	<u>\$ 6,733,572</u>

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

	Fiscal Year Ended June 30,							
	2010	2011	2012	2013	2014	2015	2016	2017
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	\$ 21,369,913
Special Education	2,325,658	3,882,016	4,069,473	4,354,889	4,067,369	4,343,963	6,087,129	7,050,114
Other Instruction	1,072,389	1,574,085	1,766,825	1,907,323	1,477,424	1,700,584	765,954	1,151,573
School Sponsored Activities and Athletics							1,068,739	1,276,705
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	5,084,897
General Administration	620,909	758,483	743,030	835,755	862,726	975,965	1,027,863	1,038,399
School Administrative Services	1,579,450	1,997,308	2,088,630	2,218,964	2,256,390	2,631,735	2,746,612	3,551,790
Central Services	475,810	524,700	501,602	517,856	532,921	534,720	672,407	776,196
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	3,647,477
Pupil Transportation	871,819	738,546	864,890	869,404	735,952	1,219,968	1,010,974	1,229,918
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	910,328
Unallocated Depreciation	-	612,497	612,347	609,110	613,111	1,245,092	-	-
Total Governmental Activities Expenses	30,954,356	29,231,127	29,924,256	31,735,852	32,725,230	37,352,017	40,160,602	47,087,310
Business-Type Activities								
Food Service	572,294	644,432	654,910	597,490	594,031	610,360	599,559	598,168
Enrichment Program	-	-	-	-	-	-	41,143	35,075
Total Business-Type Activities Expense	572,294	644,432	654,910	597,490	594,031	610,360	640,702	633,243
Total District Expenses	\$ 31,526,650	\$ 29,875,559	\$ 30,579,166	\$ 32,333,342	\$ 33,319,261	\$ 37,962,377	\$ 40,801,304	\$ 47,720,553
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	\$ 8,390,205
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	12,074,642
Capital Grants and Contributions	31,013	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	9,531,875	10,483,649	10,281,665	12,572,841	11,260,273	15,015,378	17,349,835	20,464,847
Business-Type Activities								
Charges For Services								
Food Service	327,607	474,755	434,217	391,202	402,676	404,103	407,154	425,997
Enrichment Program					32,885	50,190	57,750	42,985
Operating Grants And Contributions	129,298	197,157	151,451	185,256	182,932	185,976	200,385	202,047
Total Business Type Activities Program Revenues	456,905	671,912	585,668	576,458	618,493	640,269	665,289	671,029
Total District Program Revenues	\$ 9,988,780	\$ 11,155,561	\$ 10,867,333	\$ 13,149,299	\$ 11,878,766	\$ 15,655,647	\$ 18,015,124	\$ 21,135,876
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)	\$ (26,622,463)
Business-Type Activities								
	(115,389)	27,480	(69,242)	(21,032)	24,462	29,909	24,587	37,786
Total District-Wide Net Expenses	\$ (21,537,870)	\$ (18,719,998)	\$ (19,711,833)	\$ (19,184,043)	\$ (21,440,495)	\$ (22,306,730)	\$ (22,786,180)	\$ (26,584,677)

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

	Fiscal Year Ended June 30,							
	2010	2011	2012	2013	2014	2015	2016	2017
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	\$ 17,592,417	\$ 17,740,265	\$ 18,095,075	\$ 18,671,582
Taxes Levied For Debt Service		1,971,912	2,048,594	2,105,052	2,337,877	2,334,694	2,329,197	2,317,874
Federal and State Aid - Unrestricted		1,977,262	2,442,702	2,639,154	2,638,407	2,647,508	2,667,743	2,672,428
Federal and State Aid Restricted	2,258,831	32,390	366,712	337,697	399,928	411,785	271,843	286,683
Miscellaneous Income	1,264,697	290,813	386,138	576,366	437,312	449,432	45,936	40,718
Other Financing Sources	17,244,090							
Adjustments	(482,909)	-	-	-	-	-	-	-
Total Governmental Activities	<u>37,365,568</u>	<u>20,742,375</u>	<u>21,961,194</u>	<u>22,709,658</u>	<u>23,205,941</u>	<u>23,583,684</u>	<u>23,409,794</u>	<u>23,989,285</u>
Business-Type Activities								
Miscellaneous Income	386	393						
Transfers	(143,711)	-	-	-	-	-	-	-
Total Business-Type Activities	<u>(143,325)</u>	<u>393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total District-Wide	<u>\$ 37,222,243</u>	<u>\$ 20,742,768</u>	<u>\$ 21,961,194</u>	<u>\$ 22,709,658</u>	<u>\$ 23,205,941</u>	<u>\$ 23,583,684</u>	<u>\$ 23,409,794</u>	<u>\$ 23,989,285</u>
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	\$ (2,633,178)
Business-Type Activities	(258,714)	27,873	(69,242)	(21,032)	24,462	29,909	24,587	37,786
Total District	<u>\$ 15,684,373</u>	<u>\$ 2,022,770</u>	<u>\$ 2,249,361</u>	<u>\$ 3,525,615</u>	<u>\$ 1,765,446</u>	<u>\$ 1,276,954</u>	<u>\$ 623,614</u>	<u>\$ (2,595,392)</u>

Note: GASB requires ten (10) years of information to be presented. This District has only eight (8) years of information available. Each year the District will add the new year until ten years of information is presented.

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 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	\$ 9,033,535
Assigned				437,534	530,138	760,823	657,372	1,520,191	606,319	85,917
Unassigned				430,369	382,898	690,732	413,393	288,445	128,003	133,461
Unreserved	<u>349,633</u>	<u>150,102</u>	<u>182,761</u>	-	-	-	-	-	-	-
Total General Fund	<u>\$ 943,724</u>	<u>\$ 1,396,349</u>	<u>\$ 1,905,834</u>	<u>\$ 2,916,374</u>	<u>\$ 5,015,442</u>	<u>\$ 7,722,335</u>	<u>\$ 8,470,041</u>	<u>\$ 9,141,009</u>	<u>\$ 8,918,014</u>	<u>\$ 9,252,913</u>
All Other Governmental Funds										
Restricted				\$ 2,647,467	\$ 2,498,255	\$ 2,132,104	\$ 962,209	\$ 959,618	\$ 1,028,416	\$ 4,466,564
Committed				757,516	425,533		879,928	115,546		
Unreserved, reported in										
Capital Projects Fund	\$ 499,297	\$ 353,893	16,371,460							
Debt Service Fund	<u>270,629</u>	<u>2,385</u>	<u>1,717</u>	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 769,926</u>	<u>\$ 356,278</u>	<u>\$ 16,373,177</u>	<u>\$ 3,404,983</u>	<u>\$ 2,923,788</u>	<u>\$ 2,132,104</u>	<u>\$ 1,842,137</u>	<u>\$ 1,075,164</u>	<u>\$ 1,028,416</u>	<u>\$ 4,466,564</u>

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 SEVEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,						
	2011	2012	2013	2014	2015	2016	2017
Revenues							
Tax Levy	\$ 18,441,910	\$ 18,765,642	\$ 19,156,441	\$ 19,730,294	\$ 20,074,959	\$ 20,424,272	\$ 20,989,456
Tuition Charges	6,300,782	5,908,294	7,255,372	6,513,234	6,515,773	7,079,285	7,465,217
Transportation	504,840	472,442	598,244	546,141	557,067	482,141	539,967
Miscellaneous	310,943	410,492	622,312	499,934	496,979	575,702	429,541
State Sources	5,033,040	6,025,474	7,105,173	6,646,566	7,173,278	7,350,182	7,968,115
Federal Sources	634,510	660,516	533,549	530,046	546,460	608,387	656,210
Total Revenues	31,226,025	32,242,860	35,271,091	34,466,215	35,364,516	36,519,969	38,048,506
Expenditures							
Instruction							
Regular Instruction	11,556,447	11,841,778	12,849,252	9,354,753	9,460,612	14,496,750	14,663,848
Special Education Instruction	3,882,016	4,069,473	4,354,889	3,048,556	2,774,242	5,195,515	5,281,141
Other Instruction	1,570,466	1,766,825	1,907,323	1,040,983	1,028,180	603,795	760,353
School Sponsored Activities and Athletics						874,030	897,077
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	4,131,579
General Administrative Services	758,483	743,030	835,755	723,608	750,821	997,939	934,715
School Administrative Services	2,104,865	2,117,554	2,203,376	1,604,448	1,631,558	2,360,078	2,615,302
Central Administrative Services	524,700	501,602	517,856	387,404	313,598	595,405	614,669
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	3,197,781
Student Transportation Services	732,014	863,341	869,404	733,727	883,266	975,778	1,111,305
Unallocated Employee Benefits				7,274,017	7,890,539		
Capital Outlay	13,327,604	546,524	824,652	458,958	966,653	348,458	1,325,907
Debt Service							
Principal	845,000	1,172,655	1,528,664	1,685,000	1,740,000	1,876,647	1,957,436
Interest	1,044,405	2,139,381	1,120,872	1,060,742	1,006,478	964,967	900,044
Total Expenditures	42,892,421	31,936,553	33,355,881	34,008,476	35,460,520	36,627,036	38,391,157
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,666,396)	306,307	1,915,210	457,739	(96,004)	(107,067)	(342,651)
Other Financing Sources (Uses)							
Capital Leases (Non-Budgeted)	148,743					281,629	
Capital Lease Proceeds							4,115,698
Bond Proceeds	17,350,000	871,565	-	-	-	-	-
Total Other Financing Sources (Uses)	17,498,743	871,565	-	-	-	281,629	4,115,698
Net Change in Fund Balances	\$ 5,832,347	\$ 1,177,872	\$ 1,915,210	\$ 457,739	\$ (96,004)	\$ 174,562	\$ 3,773,047
Debt Service as a Percentage of Noncapital Expenditures	6.39%	10.55%	8.14%	8.18%	7.96%	7.83%	7.71%

* Noncapital expenditures are total expenditures less capital outlay.

Note: GASB requires ten (10) years of information to be presented. This District has only eight (8) years of information available. Each year the District will add the new year until ten years of information is presented.

**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>
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
2017	18,146	266,149			\$ 118,872	20,819	423,986

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
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
2017	6,798,300	1,057,674,500	74,877,100	22,654,500	62,789,800	1,224,794,200	809,114	1,225,603,314	1,378,384,722	1.730

^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	
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
2017	1.730	0.898	0.283	2.911

Source: County Abstract of Ratables

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

Taxpayer	2017		2008	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
DC-2 Christie Heights, LLC	\$ 10,200,000	0.83%		
Puck Leonia, LLC/ST Leonia, LLC	9,794,400	0.80%		
Leonia Associates			\$ 5,381,300	0.75%
Center Point Willow Tree, LLC	8,200,000	0.67%		
Kurtz, Anthony & Nora III, LLC	7,500,000	0.61%	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			3,372,700	0.47%
Leonia Manor Partners	5,250,000	0.43%	2,853,400	0.40%
CVS Pharmacy	4,250,000	0.35%		
Southwin Farms C/O Soigar Vitamins	3,740,000	0.31%	2,374,100	0.33%
Leonia Terrace Corp.	3,428,000	0.28%		
Kurtz, Anthony & Nora II, LLC			2,300,000	0.32%
First Realty			2,088,700	0.29%
	<u>\$ 66,869,400</u>	<u>4.87%</u>	<u>\$ 35,053,700</u>	<u>4.89%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 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
2017	20,989,456	20,989,456	100.00%	N/A

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases			
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	9,195	2,745
2017	23,155,000	4,245,163	27,400,163	9,195 *	2,980

Source: District records

* Estimated

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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
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%	2,720
2017	23,155,000		23,155,000	1.89%	2,518

Source: District records

**LEONIA BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2016
(Unaudited)**

Net Debt

Municipal Debt: (1)	
Leonia Board of Education (As of June 30, 2017)	\$ 23,155,000
Borough of Leonia	<u>8,556,433</u>
	<u>31,711,433</u>
 Overlapping Debt Apportioned to the Municipality:	
Bergen County	
County of Bergen (A)	9,705,388
Bergen County Utilities Authority (B)	<u>2,350,263</u>
	<u>12,055,651</u>
 Total Direct and Overlapping Debt	 <u><u>\$ 43,767,084</u></u>

Source:

(1) Borough of Leonia's 2016 Annual Debt Statement

(A) The debt for this entity was apportioned to Leonia by dividing the municipality's 2016 equalized value by the total 2016 equalized value for Bergen County.

(B) The debt was computed based upon usage.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	\$ 53,497,645
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	23,155,000
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	\$ 30,342,645
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%	43.28%

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized Valuation Basis

2016	\$ 1,371,440,476
2015	1,351,050,415
2014	<u>1,289,832,471</u>

\$ 4,012,323,362

3 Year Average \$ 1,337,441,121

4% of Avg. Equalized Valuation	\$ 53,497,645
Less Net Debt	<u>23,155,000</u>

Remaining Borrowing Power \$ 30,342,645

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>
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%		75,849	9,219
2016	3.3%	*	N/A	9,195
2017	3.3%	*	N/A	9,195 *

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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction										
Regular	245	236	235		120	145	147	145	145	146
Special Education	7	9	9		52	87	49	44	44	46
Other Instruction										
Support Services:										
General Administrative Services	8	9	7		5	9	10	10	10	10
School Administrative Services	9	9	9		12	31	17	12	12	12
Plant Operations and Maintenance	23	34	9	-	24	26	26	23	23	23
Total	<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>	<u>237</u>

Source: District Personnel Records

N/A - Not Available

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

Pupil/Teacher Ratio

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2008	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%
2017	18,122	34,207,770	1,888	-88.99%	181	9.46	10.51	10.36	1,822	1,739	0.11%	95.44%

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)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<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	680	639	639	639	639	639	639	641	649
<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	454	490	490	490	490	490	490	499	515
<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	619	616	616	616	616	616	616	675	659
<u>Other</u>										
Central Administration										
Square Feet	1800	1800	1800	1800	1800	1800	1800	1800	1800	1800

Number of Schools at June 30, 2017

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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>School Facilities</u>										
Anna C. Scott	\$ 467,600	\$ 175,979	\$ 107,299	\$ 845,111	\$ 111,088	\$ 179,600	\$ 287,314	\$ 256,955	\$ 240,027	\$ 249,715
Middle School	319,937	246,708	148,567	144,366	174,431	161,588	256,253	229,176	239,222	186,815
High School	<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>	<u>225,730</u>
Other Facilities	<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>	<u>662,260</u>
	-	-	-	-	-	-	-	-	-	-
Grand Total	<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>	<u>\$ 662,260</u>

**LEONIA BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2017
(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, 2017
(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

EXHIBIT K-1

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

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

**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 Education
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, 2017 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 November 7, 2017.

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 certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2017-001 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 2017-001.

We also 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 November 7, 2017.

Leonia Board of Education's Responses to Findings

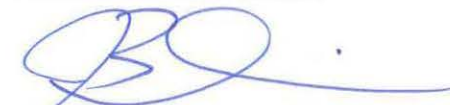
The Leonia Board of Education's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Leonia Board of Education's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, 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
November 7, 2017



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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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 Education
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, 2017. 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 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, 2017.

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.

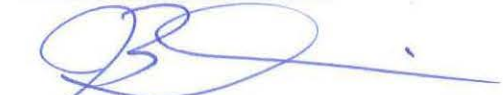
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable 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, 2017 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 7, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of 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
November 7, 2017

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

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2016		Carryover/ Deferred Revenue	Carryover/ (Accounts Receivable)	Cash Received	Budgetary Expenditures	Adjustments	June 30, 2017			Memo GAAP Receivable
						Unearned 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	171NJ304N1099	N/A	7/1/16-6/30/17	\$ 43,695					\$ 43,695	\$ 39,310			\$ 4,385		
Food Distribution Commodities Program	10.555	16161NJ304N1099	N/A	7/1/15-6/30/16	45,023	\$ 5,975					5,975					
National School Lunch Program	10.555	171NJ304N1099	N/A	7/1/16-6/30/17	136,241					126,454	136,241		\$ (9,787)		\$ (9,787)	
National School Lunch Program	10.555	16161NJ304N1099	N/A	7/1/15-6/30/16	131,744		\$ (8,849)			8,849						
National School Breakfast Program	10.553	171NJ304N1099	N/A	7/1/16-6/30/17	15,372					14,370	15,372		(1,002)		(1,002)	
National School Breakfast Program	10.553	16161NJ304N1099	N/A	7/1/15-6/30/16	22,415		(2,257)			2,257						
Total U.S. Department of Agriculture - Child Nutrition Program Cluster						5,975	(11,106)	-	-	195,625	196,898	-	(10,789)	4,385	-	(10,789)
U.S. Department of Education																
Passed-through State Department Special Revenue Fund																
NCLB																
Title I	84.010	S010A1600030	NCLB031345-17	7/1/16-6/30/17	150,772			\$ 37,849	\$ (37,849)	142,522	169,660		(46,099)	18,961	-	(27,138)
Title I	84.010	S010A1500030	NCLB031345-16	7/1/15-6/30/16	157,442	37,849	(58,892)	(37,849)	37,849	21,043	-	\$ 1,900	-	-	\$ 1,900	-
Total NCLB Title I						37,849	(58,892)	-	-	163,565	169,660	1,900	(46,099)	18,961	1,900	(27,138)
Title II, Part A	84.367A	S367A1600029	NCLB031345-17	7/1/16-6/30/17	32,204			1,333	(1,333)	33,537	29,687			3,850		
Title II, Part A	84.367A	S367A1500029	NCLB031345-16	7/1/15-6/30/16	34,899	1,333	(24,302)	(1,333)	1,333	22,969	-	888	-	-	888	-
Total NCLB Title II, Part A						1,333	(24,302)	-	-	56,506	29,687	888	-	3,850	888	-
Title III	84.365	S365A1600030	NCLB031345-17	7/1/16-6/30/17	18,574			8,705	(8,705)	18,517	24,365		(8,762)	2,914		(5,848)
Title III	84.365	S365A1500030	NCLB031345-16	7/1/15-6/30/16	28,095	8,705	(15,693)	(8,705)	8,705	6,988						
Title III Immigrant	84.365	S365A1600030	NCLB031345-17	7/1/16-6/30/17	5,977					5,705	5,901		(272)	76		(196)
Total NCLB Title III Cluster						8,705	(15,693)	-	-	31,210	30,266	-	(9,034)	2,990	-	(6,044)
I.D.E.I.A. Part B, Basic Regular	84.027	H027A160100	NCLB031345-17	7/1/16-6/30/17	370,603			3,213	(3,213)	371,684	371,684		(2,132)	2,132		
I.D.E.I.A. Part B, Basic Regular	84.027	H027A150100	NCLB031345-16	7/1/15-6/30/16	379,095	3,213	(12,357)	(3,213)	3,213	9,144						
I.D.E.I.A. Part B, Preschool	84.173	H173A160114	NCLB031345-17	7/1/16-6/30/17	10,649			8,966	(8,966)	19,615	19,615					
I.D.E.I.A. Part B, Preschool	84.173	H173A150114	NCLB031345-16	7/1/15-6/30/16	10,377	8,966	(9,913)	(8,966)	8,966	947						
Total Special Education Cluster IDEA						12,179	(22,270)	-	-	401,390	391,299	-	(2,132)	2,132	-	-
Perkins Secondary	84.048A	V048A160030	N/A	7/1/16-6/30/17	11,614					10,061	10,345		(1,553)	1,269		(284)
Perkins Secondary	84.048A	V048A150030	N/A	7/1/15-6/30/16	11,085	288	(5,375)	-	-	5,087	-	4,717	-	-	4,717	-
Total Special Education						288	(5,375)	-	-	15,148	10,345	4,717	(1,553)	1,269	4,717	(284)
Total Special Education						60,354	(126,532)	-	-	667,819	631,257	7,505	(58,818)	29,202	7,505	(33,466)
U.S. Department of Health and Human Services																
General Fund																
Medical Assistance Program (SEMI)	93.778	1705NJSMAP	N/A	7/1/16-6/30/17	24,953					24,953	24,953					
Total General Fund										24,953	24,953					
Total Federal Financial Awards						\$ 66,329	\$ (137,638)	\$ -	\$ -	\$ 888,397	\$ 853,108	\$ 7,505	\$ (69,607)	\$ 33,587	\$ 7,505	\$ (44,255)

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LEONIA BOARD OF EDUCATION
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2016				Refund of Prior Years' Balances	Balance, June 30, 2017			Memo		
				(Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures		(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
State Department of Education														
<i>General Fund</i>														
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	\$ 2,614,849			\$ 2,369,120	\$ 2,614,849		\$ (245,729)			\$ 2,614,849		
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	2,619,846	\$ (237,653)		237,653								
Special Education Categorical Aid	17-495-034-5120-089	7/1/16-6/30/17	896,489			812,242	896,489		(84,247)			896,489		
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	885,744	(80,348)		80,348								
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	27,544			24,956	27,544		(2,588)			27,544		
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	23,162	(2,101)		2,101								
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	14,050			12,730	14,050		(1,320)			14,050		
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	14,050	(1,275)		1,275								
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	14,050			12,730	14,050		(1,320)			14,050		
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	14,050	(1,274)		1,274								
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	14,010			12,693	14,010		(1,317)			14,010		
Total State Aid Public Cluster				(322,651)		3,567,122	3,580,992		(336,521)			3,580,992		
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	11,212			10,158	11,212		(1,054)			11,212		
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	8,871	(805)		805								
Extraordinary Aid	17-100-034-5120-473	7/1/16-6/30/17	203,632			205,632	203,632		(205,632)			203,632		
Extraordinary Aid	16-100-034-5120-473	7/1/15-6/30/16	171,547	(171,547)		171,547								
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/16-6/30/17	1,031,965			982,446	1,031,965		(49,519)			\$ 1,031,965		
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	1,020,749	(49,100)		49,100								
On Behalf TPAF Pension and OPEB Pension - NCGI Premium	17-495-034-5094-004	7/1/16-6/30/17	52,479			52,479	52,479					52,479		
Pension Benefit Contribution	17-495-034-5094-002	7/1/16-6/30/17	1,448,400			1,448,400	1,448,400					1,448,400		
Post Retirement Medical Benefit Contribution	17-495-034-5094-001	7/1/16-6/30/17	1,250,574			1,250,574	1,250,574					1,250,574		
Long Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17	3,401			3,401	3,401					3,401		
Total General Fund				(544,103)		7,536,032	7,584,655		(592,726)			(49,519)	7,584,655	
<i>Special Revenue Fund</i>														
Auxiliary Services Chpt 192														
Compensatory Education	16-100-034-5120-067	7/1/14-6/30/16	40,609		\$ 40,609		\$ 40,609							
English as a Second Language	17-100-034-5120-067	7/1/16-6/30/17	4,568			4,568				\$ 4,568				
English as a Second Language	16-100-034-5120-067	7/1/15-6/30/16	20,706		20,706		20,706							
Total Auxiliary Services (Chpt 192) Cluster					61,315		4,568							
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									
New Jersey Nonpublic Aid:														
Textbook	17-100-034-5120-064	7/1/16-6/30/17	1,960			1,960	1,960					1,960		
Textbook	16-100-034-5120-064	7/1/15-6/30/16	1,999		919			919						
Nursing Services	17-100-034-5120-070	7/1/16-6/30/17	3,510			3,510	3,198			312		3,198		
Nonpublic Technology Aid	17-100-034-5120-373	7/1/16-6/30/17	884			884	880			4		880		
Nonpublic Technology Aid	16-100-034-5120-373	7/1/15-6/30/16	910		217			217						
Nonpublic Security Aid	17-100-034-5120-509	7/1/16-6/30/17	1,950			1,950	1,927			23		1,927		
Nonpublic Security Aid	16-100-034-5120-509	7/1/15-6/30/16	950		950			950						
Total Special Revenue Fund					138,102		12,872		7,965		4,907		7,965	
Debt Service Fund														
Type II Debt Service Aid	17-495-034-5120-017	7/1/16-6/30/17	423,699			423,699	423,699						423,699	
State Department of Agriculture														
<i>Enterprise Fund</i>														
State School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	5,149			4,772	5,149		(377)			(377)	5,149	
State School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	5,084	(337)		337								
				(337)		5,109	5,149		(377)			(377)	5,149	
Total State Financial Assistance Subject to Single Audit Determination				(544,440)	138,102	7,977,712	8,021,468	138,102	(593,103)		4,907	(49,896)	8,021,468	
State Financial Assistance Not Subject to Single Audit Determination														
<i>General Fund</i>														
On-Behalf TPAF Pension-NCGI Premium	17-495-034-5094-004	7/1/16-6/30/17	52,479			(52,479)	(52,479)						(52,479)	
On-Behalf TPAF Pension System Contributions	17-495-034-5094-002	7/1/16-6/30/17	1,448,400			(1,448,400)	(1,448,400)						(1,448,400)	
On-Behalf TPAF Post-Retirement Medical Contribution	17-495-034-5094-001	7/1/16-6/30/17	1,250,574			(1,250,574)	(1,250,574)						(1,250,574)	
On-Behalf TPAF Long Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17	3,401			(3,401)	(3,401)						(3,401)	
Total State Financial Assistance Subject to Major Program Determination				\$ (544,440)	\$ 138,102	\$ 5,222,858	\$ 3,266,614	\$ 138,102	\$ (593,103)	\$ -	\$ 4,907	\$ (49,896)	\$ 5,266,614	

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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, 2017**

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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$48,204 for the general fund and zero 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	\$ 24,953	\$ 7,536,451	\$ 7,561,404
Special Revenue Fund	631,257	7,965	639,222
Debt Service Fund		423,699	423,699
Food Service Fund	196,898	5,149	202,047
	<hr/>	<hr/>	<hr/>
Total Awards and Financial Assistance	\$ 853,108	\$ 7,973,264	\$ 8,826,372

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

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$1,031,965 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2017. The amount reported as TPAF Pension System Contributions in the amount of \$1,500,879, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,250,574 and TPAF Long-Term Disability Insurance in the amount of \$3,401 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2017.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

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

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of 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>
<u>84.027</u>	<u>H027A150100</u>	<u>IDEA Part B Basic</u>
<u>84.173</u>	<u>H173A150114</u>	<u>IDEA Part B Preschool</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

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

Auditee qualified as low-risk auditee? X yes no

**LEONIA BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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?

 yes X no

Identification of major state programs:

GMIS Number(s)
<u>17-495-034-5120-078</u>
<u>17-495-034-5120-089</u>
<u>17-495-034-5120-084</u>
<u>17-495-034-5120-097</u>
<u>17-495-034-5120-098</u>
<u>17-495-034-5120-101</u>
<u>17-495-034-5094-003</u>

Name of State Program
<u>Equalization Aid</u>
<u>Special Education Aid</u>
<u>Security Aid</u>
<u>Per Pupil Growth Aid</u>
<u>PARCC Readiness Aid</u>
<u>Professional Learning Community Aid</u>
<u>TPAF Social Security Tax</u>

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

Part 2 – Schedule of Financial Statement Findings

This section identifies the 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 2017-001

We noted the financial transactions of a \$515,698 capital lease bank account with First Hope Bank for a LED lighting upgrade project was not recorded in the District's accounting records. In addition, the payments made by the bank (fiscal agent) to the vendor from this account were not included on the bills list and therefore not approved by the Board in the official minutes.

Criteria or specific requirement:

State Department of Education's GAAP Technical Accounting Manual

Condition:

The transactions relating to the LED lighting upgrade project capital lease bank account maintained by the Fiscal Agent was not reported on the District's accounting records or included in the Treasurer's report.

Context

The transactions related to the \$515,698 LED lighting upgrade project capital lease and bank accounts were not reflected in the District's records during the year and, therefore, were not included in the Treasurer's report.

Effect

Accounting records did not reflect all financial transactions of the District.

Cause

Unknown.

Recommendation

The District record the transactions of its capital lease bank accounts in their financial accounting records. In addition, payments to vendors be included on the bills list presented to the Board for their approval and be made part of the official minutes prior to payment by the Fiscal Agent.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and indicated it has revised its procedures to ensure corrective action is taken in the 2017-2018 school year.

**LEONIA BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major 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, 2017**

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

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

CURRENT YEAR STATE AWARDS

There were none.

**LEONIA BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315(a)(b)) and New Jersey OMB's Circular 15-08.

Finding 2016-001

Condition

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

Current Status

Corrective action was taken.

Finding 2016-002

Condition

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

Current Status

Corrective action was taken.