

LEONIA BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Leonia, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
Leonia Board of Education
Leonia, New Jersey
For The Fiscal Year Ended June 30, 2019**

**Prepared by
Business Office**

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INTRODUCTORY SECTION



LEONIA PUBLIC SCHOOLS

EDWARD A. BERTOLINI, Ed.D
Superintendent Of Schools

570 GRAND AVENUE
LEONIA, NJ 07605
(201) 302-5200 ext. 1200
FAX: 201-947-4782

December 18, 2019

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, 2019 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the 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.

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 2018-2019 with an average daily enrollment of 1938.6. 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>
2018/2019	1938.6	
2017/2018	1884.2	
2016/2017	1821.7	1.04
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

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, 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.

In addition to technology, in-service training has focused on reading, language and mathematics instruction to address the state 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, 2019.

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.

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.

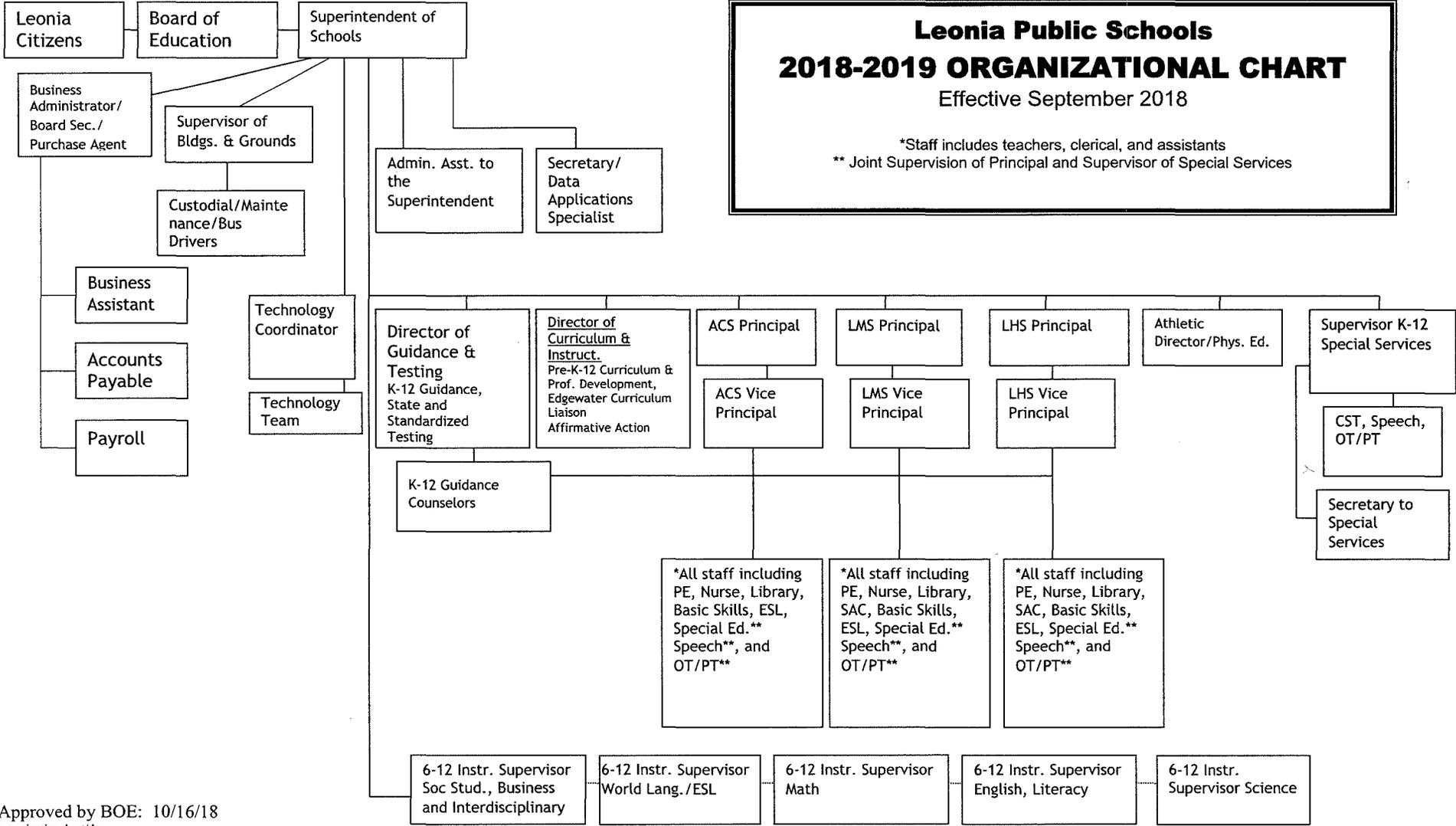
Respectfully submitted,



Edward A. Bertolini
Superintendent of Schools

Leonia Public Schools
2018-2019 ORGANIZATIONAL CHART
 Effective September 2018

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



Approved by BOE: 10/16/18
 organizationchart/dp

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

**ROSTER OF OFFICIALS
JUNE 30, 2019**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Bryce Robins, President	Jan. 2020
Noreen Wilds, Vice President	Jan. 2022
Mary Albanese	Jan. 2020
Anthony Cassano	Jan. 2021
Lisa Klein	Jan. 2021
Michael Phelan	Jan. 2022
Dr. Zinaida Schuller	Jan. 2020
Mariya Thompson	Jan. 2020
Roland Weimer	Jan. 2021
Sandy Klein – Edgewater Representative	Jan. 2021

Other Officials

Edward Bertolini, Superintendent
Beverly Vlietstra, Business Administrator (7/1/18-12/31/18)
Tina Palecek, Business Administrator (1/1/19-6/30/19)
Antoinette Kelly, Treasurer of School Funds

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

**Consultants and Advisors
June 30, 2019**

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

Provident Bank
322 Broad Avenue
Leonia, NJ 07605

NVE Bank
310 Broad Avenue
Leonia, NJ 07605

TD Bank
1400 Palisade Avenue
Fort Lee, NJ 07024

Bank of America
301 Fort Lee Road
Leonia, NJ 07605

JP Morgan Chase
50 Grand Avenue
Englewood, NJ 07631

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
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

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, 2019 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Leonia Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations 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 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 fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 18, 2019 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
December 18, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

LEONIA BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2019

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, 2019. 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 2018-2019 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 \$6,548,687. (Net Position)
- The District's total net position decreased by \$479,935 or 7%.
- Overall District revenues were \$44,485,261. General revenues accounted for \$24,839,165 or 56% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$19,646,096 or 44% of total revenues.
- The school district had \$44,293,996 in expenses for governmental activities; only \$18,931,141 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$24,836,840 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 \$4,253,794. Of this amount, \$3,672,118 is fund balance restricted for specific purposes, \$365,823 has been assigned to 2019/2020 expenditures and the remaining amount is the unassigned fund balance of \$215,853.
- The General Fund fund balance at June 30, 2019 was \$3,820,454 a decrease of \$1,964,533 from the previous year.
- The General Fund unassigned budgetary fund balance at June 30, 2019 was \$829,041, which represents a decrease of \$36,267 when compared to the ending unassigned budgetary fund balance at June 30, 2018 of \$865,308.
- The District's total outstanding long-term liabilities decreased by \$3,472,356 during the current fiscal year.

LEONIA BOARD OF EDUCATION

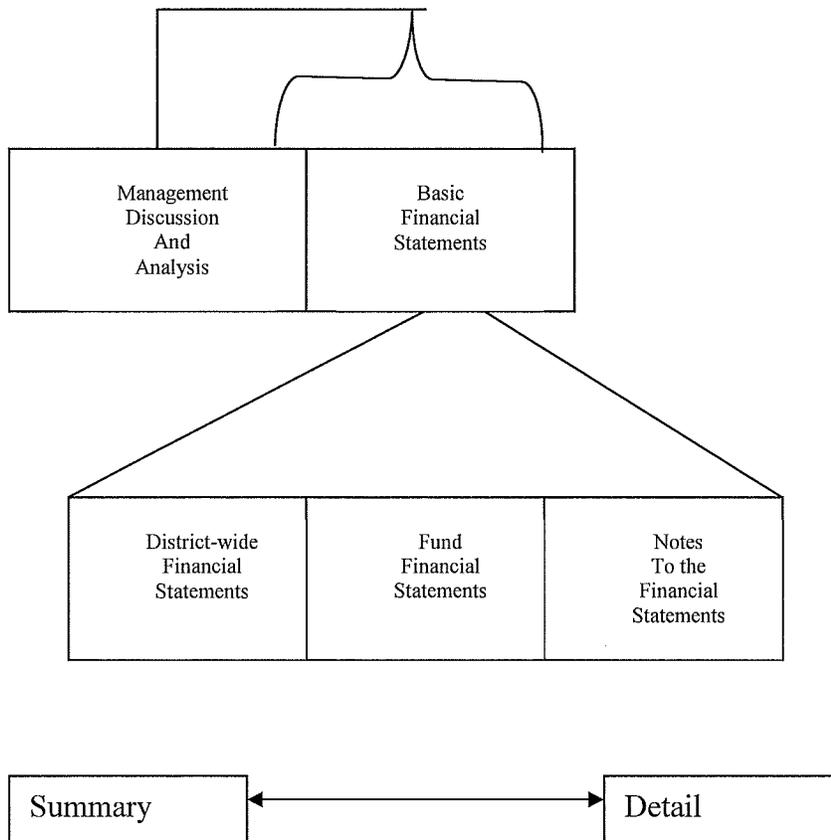
Management's Discussion and Analysis Fiscal Year Ended June 30, 2019

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, 2019

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, 2019

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, 2019

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's *combined* net position was \$6,548,687 and \$7,028,622 on June 30, 2019 and 2018, respectively as follows:

**Statement of Net Position
As of June 30, 2019 and 2018**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current Assets	\$ 4,545,549	\$ 9,661,763	\$ 338,447	\$ 288,831	\$ 4,883,996	\$ 9,950,594
Capital Assets	<u>33,700,352</u>	<u>32,395,936</u>	<u>82,977</u>	<u>40,822</u>	<u>33,783,329</u>	<u>32,436,758</u>
Total Assets	<u>38,245,901</u>	<u>42,057,699</u>	<u>421,424</u>	<u>329,653</u>	<u>38,667,325</u>	<u>42,387,352</u>
Deferred Outflows of Resources	<u>2,255,093</u>	<u>2,410,408</u>	<u>-</u>	<u>-</u>	<u>2,255,093</u>	<u>2,410,408</u>
Total Assets and Deferred Outflows of Resources	<u>40,500,994</u>	<u>44,468,107</u>	<u>421,424</u>	<u>329,653</u>	<u>40,922,418</u>	<u>44,797,760</u>
Liabilities						
Other Liabilities	644,155	1,377,129	108,201	62,479	752,356	1,439,608
Long-Term Liabilities	<u>30,647,365</u>	<u>34,119,721</u>	<u>-</u>	<u>-</u>	<u>30,647,365</u>	<u>34,119,721</u>
Total Liabilities	<u>31,291,520</u>	<u>35,496,850</u>	<u>108,201</u>	<u>62,479</u>	<u>31,399,721</u>	<u>35,559,329</u>
Deferred Inflows of Resources	<u>2,971,951</u>	<u>2,207,719</u>	<u>2,059</u>	<u>2,090</u>	<u>2,974,010</u>	<u>2,209,809</u>
Total Liabilities and Deferred Inflows of Resources	<u>34,263,471</u>	<u>37,704,569</u>	<u>110,260</u>	<u>64,569</u>	<u>34,373,731</u>	<u>37,769,138</u>
Net Position:						
Net Investment in Capital Assets	11,995,055	8,561,795	82,977	40,822	12,078,032	8,602,617
Restricted	983,807	3,093,100			983,807	3,093,100
Unrestricted	<u>(6,741,339)</u>	<u>(4,891,357)</u>	<u>228,187</u>	<u>224,262</u>	<u>(6,513,152)</u>	<u>(4,667,095)</u>
Total Net Position	<u>\$ 6,237,523</u>	<u>\$ 6,763,538</u>	<u>\$ 311,164</u>	<u>\$ 265,084</u>	<u>\$ 6,548,687</u>	<u>\$ 7,028,622</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.

The District's total net position of \$6,548,687 at June 30, 2019 represents a \$479,935 or 7% decrease from the prior year. The following presents the changes in net position for the fiscal years ended June 30, 2019 and 2018.

LEONIA BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2019

Changes in Net Position
For the Fiscal Years Ended June 30, 2019 and 2018

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Program Revenues						
Charges for Services	\$ 7,929,941	\$ 7,952,896	\$ 532,729	\$ 501,170	\$ 8,462,670	\$ 8,454,066
Operating Grants and Contributions	10,840,497	13,350,686	182,226	189,718	11,022,723	13,540,404
Capital Grants and Contributions	160,703				160,703	-
General Revenues						
Property Taxes	21,691,186	21,398,706			21,691,186	21,398,706
Unrestricted State Aid	2,950,116	3,005,440			2,950,116	3,005,440
Other	195,538	477,220	2,325	1,393	197,863	478,613
Total Revenues	<u>43,767,981</u>	<u>46,184,948</u>	<u>717,280</u>	<u>692,281</u>	<u>44,485,261</u>	<u>46,877,229</u>
Expenses						
Instruction						
Regular	19,137,844	20,668,300			19,137,844	20,668,300
Special Education	6,118,212	6,864,974			6,118,212	6,864,974
Other Instruction	1,148,647	1,178,530			1,148,647	1,178,530
School Sponsored Activities and Athletics	1,151,268	1,237,176			1,151,268	1,237,176
Support Services						
Student and Instruction Related Serv.	5,970,517	5,185,269			5,970,517	5,185,269
General Administrative Services	1,114,915	1,005,807			1,114,915	1,005,807
School Administrative Services	3,404,662	3,400,669			3,404,662	3,400,669
Central Services and Info. Technology	662,263	774,779			662,263	774,779
Plant Operations and Maintenance	3,555,113	3,567,740			3,555,113	3,567,740
Student Transportation	1,163,416	1,159,054			1,163,416	1,159,054
Interest on Long-Term Debt	867,139	859,269			867,139	859,269
Food Services			621,841	636,420	621,841	636,420
Enrichment Program	-	-	49,359	44,192	49,359	44,192
Total Expenses	<u>44,293,996</u>	<u>45,901,567</u>	<u>671,200</u>	<u>680,612</u>	<u>44,965,196</u>	<u>46,582,179</u>
Change in Net Position	(526,015)	283,381	46,080	11,669	(479,935)	295,050
Net Position Beginning of Year	<u>6,763,538</u>	<u>6,480,157</u>	<u>265,084</u>	<u>253,415</u>	<u>7,028,622</u>	<u>6,733,572</u>
Net Position, End of Year	<u>\$ 6,237,523</u>	<u>\$ 6,763,538</u>	<u>\$ 311,164</u>	<u>\$ 265,084</u>	<u>\$ 6,548,687</u>	<u>\$ 7,028,622</u>

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$43,767,981 for the fiscal year ended June 30, 2019, property taxes of \$21,691,186 represented 50% of revenues. Another significant portion of revenues came from grants and contributions and unrestricted state aid which totaled \$13,951,316 and represented 32% of revenues. In addition, charges for services from tuition, transportation

LEONIA BOARD OF EDUCATION

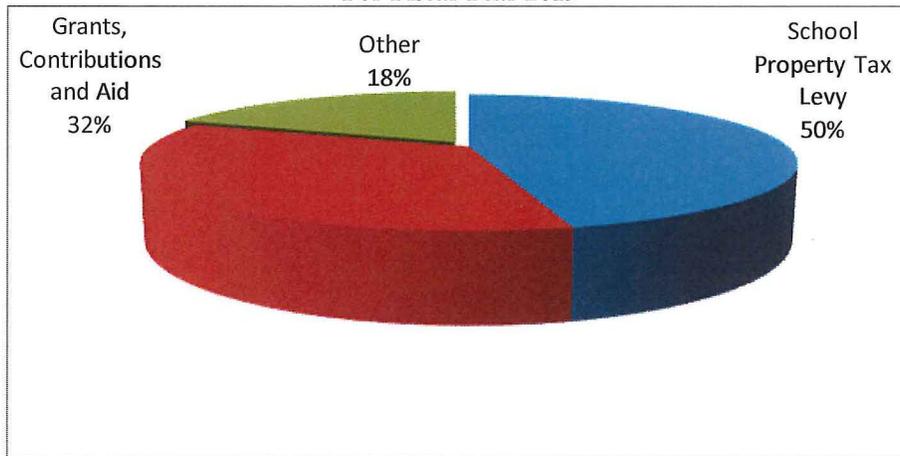
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2019

services, related service fees and facility rental represented 18% of revenues. Miscellaneous income such as interest, prior year refunds and other miscellaneous items represented less than 1% of revenues.

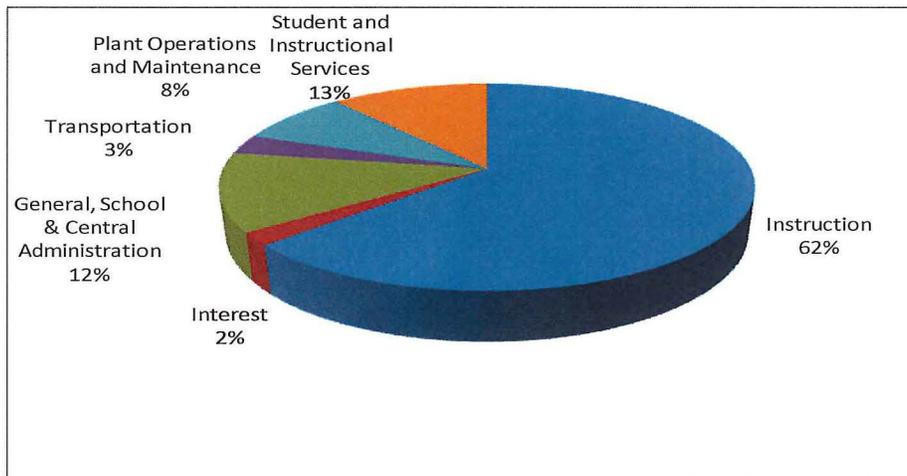
The total cost of all governmental activities programs and services was \$44,293,996 for the fiscal year ended June 30, 2019. The District's expenses are predominantly related to educating and caring for students. Instruction costs were \$27,555,971 (62%) of total expenses. Support services costs were \$15,870,886 (36%) of total expenses and interest on debt totaled \$867,139 (2%) of total expenses.

For fiscal year 2019, total governmental activities expenses exceeded revenues decreasing net position for governmental activities by \$526,015 from the previous year.

Revenues by Sources – Governmental Activities
For Fiscal Year 2019



Expenses by Use – Governmental Activities
For Fiscal Year 2019



LEONIA BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2019

Total and Net Cost of Governmental Activities. The District's total cost of services was \$44,293,996. After applying program revenues, derived from operating grants and contributions of \$10,840,497, capital grants and contributions of \$160,703 and charges for services of \$7,929,941, the net cost of services of the District is \$25,362,855 for the fiscal year ended June 30, 2019.

Total and Net Cost of Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Instruction				
Regular	\$ 19,137,844	\$ 20,668,300	\$ 8,571,227	\$ 7,835,251
Special Education	6,118,212	6,864,974	2,332,842	2,018,191
Other Instruction	1,148,647	1,178,530	824,132	733,761
School Sponsored Activities and Athletics	1,151,268	1,237,176	868,372	822,754
Support Services				
Student and Instruction Related Svcs.	5,970,517	5,185,269	4,274,124	4,470,446
General Administrative Services	1,114,915	1,005,807	976,168	961,579
School Administrative Services	3,404,662	3,400,669	2,524,106	2,646,225
Central Services and Info. Technology	662,263	774,779	562,428	629,533
Plant Operations and Maintenance	3,555,113	3,567,740	3,215,091	3,243,921
Student Transportation	1,163,416	1,159,054	472,900	509,355
Interest on Long Term Debt	867,139	859,269	741,465	726,969
Total	\$ 44,293,996	\$ 45,901,567	\$ 25,362,855	\$ 24,597,985

Business-Type Activities – The District's total business-type activities revenues were \$717,280 for the fiscal year ended June 30, 2019. Charges for services of \$532,729 accounted for 74% of total revenues and operating grants and contributions of \$182,226 accounted for 25% of total revenues and general revenues accounted for 1% of the total revenues.

Total cost of all business-type activities programs and services was \$671,200 for the fiscal year ended June 30, 2019. Food service expenses of \$621,841 represented 93% of total expense and the enrichment program expenses of \$49,359 represented 7% of total expenses.

For fiscal year 2019, total business-type activities revenues exceeded expenses, increasing net position by \$46,080 or 17% over the previous year.

LEONIA BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2019

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 \$4,253,794 at June 30, 2019, a decrease of \$4,390,259 from last year's fund balance of \$8,644,053. The District restricted fund balances decreased \$4,183,449; the assigned fund balances decreased \$194,430 while the unassigned fund balance of the governmental funds decreased \$12,380 at June 30, 2019. The decrease to the restricted fund balance was mainly the result of expenditures for the High School addition and renovation project which were funded by fund balances restricted for capital project as well as a decrease in excess surplus restricted for subsequent year's budget expenditures.

Revenues for the District's governmental funds were \$39,883,331, while total expenditures were \$44,663,590 for the fiscal year ended June 30, 2019. The District additionally had capital lease proceeds of \$390,000

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, 2019</u>	Fiscal Year Ended <u>June 30, 2018</u>	Amount of Increase <u>(Decrease)</u>	Percent Change
Local Sources:				
Property Tax Levy	\$ 19,761,016	\$ 19,373,545	\$ 387,471	2%
Tuition	7,019,357	7,075,917	(56,560)	-1%
Other	1,098,510	1,334,177	(235,667)	-18%
State Sources	8,983,973	8,301,573	682,400	8%
Federal Sources	<u>62,992</u>	<u>32,279</u>	<u>30,713</u>	95%
 Total General Fund Revenues	 <u>\$ 36,925,848</u>	 <u>\$ 36,117,491</u>	 <u>\$ 808,357</u>	 <u>2%</u>

For fiscal year 2019, total General Fund revenues increased \$808,357 or 2% from the previous year. Property taxes increased \$387,471 or 2% to support increases in budgeted operating costs. Tuition revenues decreased \$56,560 or 1% due to a decrease in enrollment from other school districts. As indicated, State aid increased \$682,400 or 8% 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, 2019</u>	Fiscal Year Ended <u>June 30, 2018</u>	Amount of Increase <u>(Decrease)</u>	Percent Change
Instruction	\$ 23,575,023	\$ 22,433,937	\$ 1,141,086	5%
Support Services	14,087,490	12,814,444	1,273,046	10%
Debt Service	924,497	913,065	11,432	1%
Capital Outlay	<u>700,766</u>	<u>123,971</u>	<u>576,795</u>	465%
 Total Expenditures	 <u>\$ 39,287,776</u>	 <u>\$ 36,285,417</u>	 <u>\$ 3,002,359</u>	 <u>8%</u>

LEONIA BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2019

GENERAL FUND (Continued)

For fiscal year 2019, total General Fund expenditures increased \$3,002,359 or 8% from the previous year. Increases in regular education instruction costs and student and instructional related support service costs, as well as, debt service were the major factors for the increase in the current fiscal year.

In fiscal year 2019 General Fund expenditures exceeded revenues and other financing sources by \$1,964,533. Therefore, the total fund balance of \$5,784,987 at June 30, 2018 decreased to a fund balance of \$3,820,454 at June 30, 2019. After deducting restricted and assigned fund balances, the unassigned fund balance decreased from \$228,233 at June 30, 2018 to \$215,853 at June 30, 2019. In addition, the District decreased restricted fund balances (capital reserve, maintenance reserve and excess surplus) by \$1,757,723 at June 30, 2019.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of fiscal year 2019, the District had \$33,700,352 invested in land, buildings, furniture, equipment and vehicles for governmental activities and \$82,977 for business type activity. The following is a comparison of the June 30, 2019 and 2018 balances:

**Capital Assets at June 30, 2019 and 2018
(Net of Accumulated Depreciation)**

	Governmental		Business-Type		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land and Land Improvements	\$ 124,511	\$ 125,736			\$ 124,511	\$ 125,736
Construction in Progress		5,108,325			-	5,108,325
Building and Building Improvements	32,319,521	27,004,027			32,319,521	27,004,027
Machinery and Equipment	<u>1,256,320</u>	<u>157,848</u>	\$ 82,977	\$ 40,822	<u>1,339,297</u>	<u>198,670</u>
Total Capital Assets	<u>\$ 33,700,352</u>	<u>\$ 32,395,936</u>	<u>\$ 82,977</u>	<u>\$ 40,822</u>	<u>\$ 33,783,329</u>	<u>\$ 32,436,758</u>

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

LONG TERM LIABILITIES

At June 30, 2019 the District had \$30,647,365 of total outstanding long term liabilities. Of this amount, \$19,498,420 is for serial bonds, \$2,798,296 is for capital leases, \$383,906 is for compensated absences, and \$7,966,743 is for net pension liability. For fiscal year 2018/2019 total outstanding long-term liabilities decreased by \$3,472,356. The following is a comparison of the June 30, 2019 and 2018 balances:

**Outstanding Long-Term Liabilities
as of June 30, 2019 and 2018**

	Governmental Activities	
	<u>2019</u>	<u>2018</u>
Serial Bonds (including unamortized premium)	\$ 19,498,420	\$ 21,512,304
Capital Leases	2,798,296	3,364,082
Compensated Absences	383,906	469,469
Net Pension Liability	<u>7,966,743</u>	<u>8,773,866</u>
Total Long-Term Liabilities	<u>\$ 30,647,365</u>	<u>\$ 34,119,721</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, 2019

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.

For fiscal year 2019 General Fund budgetary expenditures exceeded budgetary revenues and other financing sources decreasing budgetary fund balance \$1,988,420. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance decreased \$36,267 from an unassigned fund balance of \$865,308 at June 30, 2018 to \$829,041 at June 30, 2019. In addition, the District decreased its capital reserve \$60,000 from \$865,000 at June 30, 2018 to \$805,000 at June 30, 2019 and also decreased its excess surplus reserves \$1,597,623 from \$3,931,401 at June 30, 2018 to \$2,333,778 at June 30, 2019.

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 2019-2020 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 2019-2020. Budgeted expenditures in the General Fund increased approximately 6% to \$35,631,953 for fiscal year 2019-2020.

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, 2019**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,638,822	\$ 313,444	\$ 2,952,266
Receivables, Net	1,906,727	13,536	1,920,263
Inventory		11,467	11,467
Capital Assets, Not Being Depreciated	109,368		109,368
Capital Assets, Being Depreciated, net	<u>33,590,984</u>	<u>82,977</u>	<u>33,673,961</u>
Total Assets	<u>38,245,901</u>	<u>421,424</u>	<u>38,667,325</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Amounts on Refunding on Debt	236,886		236,886
Deferred Amounts on Net Pension Liability	<u>2,018,207</u>	-	<u>2,018,207</u>
Total Deferred Outflow of Resources	<u>2,255,093</u>	-	<u>2,255,093</u>
Total Assets and Deferred Outflow of Resources	<u>40,500,994</u>	<u>421,424</u>	<u>40,922,418</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	190,079	34,435	224,514
Intergovernmental Payable	24,130		24,130
Accrued Interest on Bonds	352,400		352,400
Unearned Revenue	77,546	73,766	151,312
Noncurrent Liabilities			
Due Within One Year	2,934,256		2,934,256
Due Beyond One Year	<u>27,713,109</u>	-	<u>27,713,109</u>
Total Liabilities	<u>31,291,520</u>	<u>108,201</u>	<u>31,399,721</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	2,971,951		2,971,951
Deferred Commodities Revenue	-	<u>2,059</u>	<u>2,059</u>
Total Deferred Inflows of Resources	<u>2,971,951</u>	<u>2,059</u>	<u>2,974,010</u>
Total Liabilities and Deferred Inflows of Resources	<u>34,263,471</u>	<u>110,260</u>	<u>34,373,731</u>
NET POSITION			
Net Investment in Capital Assets	11,995,055	82,977	12,078,032
Restricted for:			
Capital Projects	865,507		865,507
Plant Maintenance	100,000		100,000
Debt Service	18,300		18,300
Unrestricted (Deficit)	<u>(6,741,339)</u>	<u>228,187</u>	<u>(6,513,152)</u>
Total Net Position	<u>\$ 6,237,523</u>	<u>\$ 311,164</u>	<u>\$ 6,548,687</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, 2019**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Governmental Activities:							
Instruction							
Regular	\$ 19,137,844	\$ 5,680,581	\$ 4,855,596	\$ 30,440	\$ (8,571,227)		\$ (8,571,227)
Special Education	6,118,212	1,143,776	2,641,594		(2,332,842)		(2,332,842)
Other Instruction	1,148,647		324,515		(824,132)		(824,132)
School Sponsored Activities and Athletics	1,151,268		273,768	9,128	(868,372)		(868,372)
Support Services							
Student and Instruction Related Services	5,970,517	270,512	1,425,881		(4,274,124)		(4,274,124)
General Administrative Services	1,114,915		114,520	24,227	(976,168)		(976,168)
School Administrative Services	3,404,662		807,875	72,681	(2,524,106)		(2,524,106)
Central Services and Info. Technology	662,263		75,608	24,227	(562,428)		(562,428)
Plant Operations and Maintenance	3,555,113	184,578	155,444		(3,215,091)		(3,215,091)
Student Transportation	1,163,416	650,494	40,022		(472,900)		(472,900)
Interest on Long-Term Debt	867,139	-	125,674	-	(741,465)	-	(741,465)
 Total Governmental Activities	 <u>44,293,996</u>	 <u>7,929,941</u>	 <u>10,840,497</u>	 <u>160,703</u>	 <u>(25,362,855)</u>	 <u>-</u>	 <u>(25,362,855)</u>
Business-Type Activities:							
Food Service	621,841	469,379	182,226			\$ 29,764	29,764
Enrichment Program	49,359	63,350	-	-	-	13,991	13,991
 Total Business-Type Activities	 <u>671,200</u>	 <u>532,729</u>	 <u>182,226</u>	 <u>-</u>	 <u>-</u>	 <u>43,755</u>	 <u>43,755</u>
 Total Primary Government	 <u>\$ 44,965,196</u>	 <u>\$ 8,462,670</u>	 <u>\$ 11,022,723</u>	 <u>\$ 160,703</u>	 <u>(25,362,855)</u>	 <u>43,755</u>	 <u>(25,319,100)</u>

Continued

**LEONIA BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Total Primary Government (Carried Forward)	\$ (25,362,855)	\$ 43,755	\$ (25,319,100)
General Revenues			
Taxes:			
Property Taxes, Levied for General Purposes, Net	19,761,016		19,761,016
Property Taxes Levied for Debt Service	1,930,170		1,930,170
State Aid - Unrestricted	2,633,415		2,633,415
State Aid for Debt Service Principal	316,701		316,701
Interest Earnings	56,698	2,325	59,023
Miscellaneous Income	138,840	-	138,840
Total General Revenues	24,836,840	2,325	24,839,165
Change in Net Position	(526,015)	46,080	(479,935)
Net Position Beginning of Year	6,763,538	265,084	7,028,622
Net Position End of Year	\$ 6,237,523	\$ 311,164	\$ 6,548,687

FUND FINANCIAL STATEMENTS

**LEONIA BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2019**

	<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	\$ 2,205,482		\$ 415,040	\$ 18,300	\$ 2,638,822
Receivables From Other Governments	1,580,028	\$ 242,463			1,822,491
Other Accounts Receivable	53,719	14,201			67,920
Due From Other Funds	<u>150,842</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,842</u>
Total Assets	<u>\$ 3,990,071</u>	<u>\$ 256,664</u>	<u>\$ 415,040</u>	<u>\$ 18,300</u>	<u>\$ 4,680,075</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 134,867	\$ 55,212			\$ 190,079
Payable to Federal Government		21,091			21,091
Payable to State Governments		3,039			3,039
Due to Other Funds		134,526			134,526
Unearned Revenue	<u>34,750</u>	<u>42,796</u>	<u>-</u>	<u>-</u>	<u>77,546</u>
Total Liabilities	<u>169,617</u>	<u>256,664</u>	<u>-</u>	<u>-</u>	<u>426,281</u>
Fund Balances					
Restricted					
Capital Reserve	352,000				352,000
Capital Reserve - Designated for Subsequent Year's Expenditures	453,000				453,000
Maintenance Reserve	100,000				100,000
Excess Surplus	641,276				641,276
Excess Surplus-Designated for Subsequent Year's Budget	1,692,502				1,692,502
Capital Projects			\$ 415,040		415,040
Debt Service				\$ 18,300	18,300
Assigned					
Year End Encumbrances	175,923				175,923
Designated for Subsequent Year's Expenditures	189,900				189,900
Unassigned	<u>215,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>215,853</u>
Total Fund Balances	<u>3,820,454</u>	<u>-</u>	<u>415,040</u>	<u>18,300</u>	<u>4,253,794</u>
Total Liabilities and Fund Balances	<u>\$ 3,990,071</u>	<u>\$ 256,664</u>	<u>\$ 415,040</u>	<u>\$ 18,300</u>	<u>\$ 4,680,075</u>

**LEONIA BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2019**

Total Fund Balance (Exhibit B-1) \$ 4,253,794

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 \$56,044,776 and the accumulated depreciation is \$22,344,424.

33,700,352

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.

236,886

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	\$ 2,018,207	
Deferred Inflows of Resources	<u>(2,971,951)</u>	

(953,744)

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

(352,400)

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)	(19,498,420)	
Capital Leases Payable	(2,798,296)	
Compensated Absences	(383,906)	
Net Pension Liability	<u>(7,966,743)</u>	

(30,647,365)

Total Net Assets of Governmental Activities (Exhibit A-1) **\$ 6,237,523**

LEONIA BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<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	\$ 19,761,016			\$ 1,930,170	\$ 21,691,186
Tuition	7,019,357				7,019,357
Transportation	650,494				650,494
Miscellaneous	448,016	\$ 19,252	\$ 7,612	-	474,880
Total - Local Sources	27,878,883	19,252	7,612	1,930,170	29,835,917
State Sources	8,983,973	6,717		442,375	9,433,065
Federal Sources	62,992	551,357	-	-	614,349
Total Revenues	36,925,848	577,326	7,612	2,372,545	39,883,331
EXPENDITURES					
Instruction					
Regular	16,504,553	83,696			16,588,249
Special Education	5,089,712	359,556			5,449,268
Other Instruction	973,401	11,539			984,940
School Sponsored Activities and Athletics	1,007,357				1,007,357
Support Services					
Student and Instruction Related Services	5,109,179	122,535			5,231,714
General Administrative Services	1,030,327				1,030,327
School Administrative Services	2,939,240				2,939,240
Central Services and Info. Technology	599,517				599,517
Plant Operations and Maintenance	3,317,336				3,317,336
Student Transportation	1,091,891				1,091,891
Debt Service					
Principal	834,648			1,950,000	2,784,648
Interest	89,849			773,800	863,649
Capital Outlay	700,766	-	2,074,688	-	2,775,454
Total Expenditures	39,287,776	577,326	2,074,688	2,723,800	44,663,590
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,361,928)	-	(2,067,076)	(351,255)	(4,780,259)
OTHER FINANCING SOURCES (USES)					
Capital Lease Proceeds	390,000				390,000
Transfers In	7,395			351,115	358,510
Transfers Out	-	-	(358,510)	-	(358,510)
Total Other Financing Sources (Uses)	397,395	-	(358,510)	351,115	390,000
Net Change in Fund Balances	(1,964,533)	-	(2,425,586)	(140)	(4,390,259)
Fund Balance, Beginning of Year	5,784,987	-	2,840,626	18,440	8,644,053
Fund Balance, End of Year	\$ 3,820,454	\$ -	\$ 415,040	\$ 18,300	\$ 4,253,794

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, 2019**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) **\$ (4,390,259)**

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

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

Capital Outlays	\$ 2,775,454	
Depreciation Expense	<u>(1,510,603)</u>	1,264,851

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

Gain on Disposal of Capital Assets		121,138
Donated Capital Assets		<u>39,565</u>

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		(390,000)
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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	1,950,000	
Capital Lease Agreements	<u>834,648</u>	2,784,648

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	(74,393)	
Original Issue Premium	<u>63,884</u>	(10,509)

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	85,563	
Increase in Pension Expense	<u>(38,031)</u>	47,532

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>7,019</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) **\$ (526,015)**

**LEONIA BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2019**

	Business-Type Activities Enterprise Fund		
	<u>Food Services</u>	<u>Enrichment Program</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 198,089	\$ 115,355	\$ 313,444
Intergovernmental Receivable	9,591		9,591
Other Accounts Receivable	3,945		3,945
Inventories	11,467	-	11,467
Total Current Assets	<u>223,092</u>	<u>115,355</u>	<u>338,447</u>
Noncurrent Assets			
Capital Assets			
Furniture, Machinery and Equipment	416,152		416,152
Less: Accumulated Depreciation	(333,175)	-	(333,175)
Total Noncurrent Assets	<u>82,977</u>	<u>-</u>	<u>82,977</u>
Total Assets	<u>306,069</u>	<u>115,355</u>	<u>421,424</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	34,435		34,435
Unearned Revenue	16,477	57,289	73,766
Total Current Liabilities	<u>50,912</u>	<u>57,289</u>	<u>108,201</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Commodities Revenue	<u>2,059</u>	<u>-</u>	<u>2,059</u>
Total Liabilities and Deferred Inflow of Resources	<u>52,971</u>	<u>57,289</u>	<u>110,260</u>
NET POSITION			
Investment in Capital Assets	82,977		82,977
Unrestricted	170,121	58,066	228,187
Total Net Position	<u>\$ 253,098</u>	<u>\$ 58,066</u>	<u>\$ 311,164</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, 2019**

	Business-Type Activities Enterprise Fund		
	<u>Food Services</u>	<u>Enrichment Program</u>	<u>Total</u>
OPERATING REVENUES			
Charges for Services			
Daily Sales - Reimbursable Programs	\$ 264,058		\$ 264,058
Daily Sales - Non Reimbursable Programs	205,321		205,321
Program Fees	-	\$ 63,350	63,350
	<u>469,379</u>	<u>63,350</u>	<u>532,729</u>
OPERATING EXPENSES			
Salaries and Employee Benefits	246,217	38,861	285,078
Cost of Sales - Reimbursable Programs	202,330		202,330
Cost of Sales - Non Reimbursable Programs	100,015		100,015
Other Purchased Services	20,129		20,129
Supplies and Materials	3,618	10,498	14,116
Management Fee	26,891		26,891
Miscellaneous	9,308		9,308
Depreciation Expense	13,333	-	13,333
	<u>621,841</u>	<u>49,359</u>	<u>671,200</u>
Operating Income (Loss)	<u>(152,462)</u>	<u>13,991</u>	<u>(138,471)</u>
NONOPERATING REVENUES			
State Sources:			
State School Lunch Program	5,810		5,810
Federal Sources			
School Breakfast Program	8,382		8,382
National School Lunch Program	123,656		123,656
Food Distribution Program	44,378	-	44,378
Investment Interest			
Interest Income	2,208	117	2,325
	<u>184,434</u>	<u>117</u>	<u>184,551</u>
Change in Net Position	31,972	14,108	46,080
Net Position, Beginning of Year	221,126	43,958	265,084
Net Position, End of Year	<u>\$ 253,098</u>	<u>\$ 58,066</u>	<u>\$ 311,164</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, 2019**

	Business-Type Activities		
	Enterprise Fund		
	<u>Food Services</u>	<u>Enrichment Program</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 469,764	\$ 115,119	\$ 584,883
Cash Payments for Employees' Salaries and Benefits	(246,217)	(38,861)	(285,078)
Cash Payments to Suppliers for Goods and Services	(334,627)	(10,647)	(345,274)
Net Cash Provided (Used) By Operating Activities	(111,080)	65,611	(45,469)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received from State and Federal Subsidy Reimbursements	157,051		157,051
Payments to Other Funds	-	(39)	(39)
Net Cash Provided (Used) by Noncapital and Related Activities	157,051	(39)	157,012
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(49,174)	-	(49,174)
Net Cash (Used) by Capital and Financing Related Activities	(49,174)	-	(49,174)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Earnings Received	2,208	117	2,325
Net Cash Provided by Investing Activities	2,208	117	2,325
Net Increase (Decrease) in Cash and Cash Equivalents	(995)	65,689	64,694
Cash and Cash Equivalents, Beginning of Year	199,084	49,666	248,750
Cash and Cash Equivalents, End of Year	\$ 198,089	\$ 115,355	\$ 313,444
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (152,462)	\$ 13,991	\$ (138,471)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Depreciation	13,333		13,333
Non-Cash Commodities	44,378		44,378
Change in Assets, Liabilities and Deferred Inflows of Resources			
(Increase)/Decrease in Other Accounts Receivable	(3,945)		(3,945)
(Increase)/Decrease in Inventory	(141)		(141)
Increase/(Decrease) in Accounts Payable	(16,542)	(149)	(16,691)
Increase/(Decrease) in Unearned Revenue	4,330	51,769	56,099
Increase/(Decrease) in Deferred Commodities Revenue	(31)	-	(31)
Total Adjustments	41,382	51,620	93,002
Net Cash Provided (Used) By Operating Activities	\$ (111,080)	\$ 65,611	\$ (45,469)
Non- Cash Investing, Capital and Financing Activities:			
Value Received - Food Distribution Program	\$ 44,347		\$ 44,347
Purchase of Capital Assets on Account	6,314		6,314

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

**LEONIA BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2019**

	Stephanie O'Brien Scholarship Fund	Unemployment Compensation Trust Fund	<u>Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 19,524	\$ 227,559	\$ 914,110
Due from Other Funds	<u>-</u>	<u>-</u>	<u>8,874</u>
Total Assets	<u>19,524</u>	<u>227,559</u>	<u>922,984</u>
LIABILITIES			
Intergovernmental Payable - State		3,684	
Payroll Deductions and Withholdings			270,316
Summer Savings Plan			489,330
Flex Spending Deposits			16,112
Due to Other Funds		9,032	16,158
Due to Student Groups	<u>-</u>	<u>-</u>	<u>131,068</u>
Total Liabilities	<u>-</u>	<u>12,716</u>	<u>\$ 922,984</u>
NET POSITION			
Held In Trust For Unemployment Claims and Other Purposes	<u>\$ 19,524</u>	<u>\$ 214,843</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, 2019**

	Scholarship Fund	Unemployment Compensation Trust Fund
ADDITIONS		
Investment Earnings		
Interest	\$ 300	
Contributions		
Private Donations	22,237	
District Employees	-	\$ 1,212
	<u> </u>	<u>52,595</u>
Total Additions	<u>22,537</u>	<u>53,807</u>
DEDUCTIONS		
Scholarship Awards	3,000	
School Sponsored Athletic Equipment Donation	9,128	
Unemployment Claims	-	40,936
	<u> </u>	<u> </u>
Total Deductions	<u>12,128</u>	<u>40,936</u>
Change in Net Position	10,409	12,871
Net Position Beginning of Year	<u>9,115</u>	<u>201,972</u>
Net Position, End of Year	<u>\$ 19,524</u>	<u>\$ 214,843</u>

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, 2019**

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 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 2019, the District adopted the following GASB statement as required:

- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistency provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.

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

- 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.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- 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.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the fiscal year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

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.

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.

LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

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 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.

The District reports the following major proprietary funds which are 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 *enrichment program fund* accounts for the activities of the District's after school and summer programs which provides classroom instruction after school during the fall and spring and various programs during the summer recess.

Additionally, the government reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims and for private donations for scholarship awards. All resources of the funds, 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.

The *fiduciary agency funds* account for assets held by the District as an agent for student activities and for payroll deductions and withholdings. The funds for the student activities fund are solely for noninstructional student activities that are supported and controlled by student organizations and clubs for which school administration does not have management involvement. The payroll funds are held to remit employee withholdings to respective state, federal and other agencies.

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".

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

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.

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, facility rental 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.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 inventory at year-end is reported as deferred inflows of resources.

4. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at 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

LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. *Deferred Outflows/Inflows of Resources*

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types which arise only under the accrual basis of accounting that qualify for reporting in this category. One item that qualifies for reporting in this category are 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.

6. *Compensated Absences*

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

LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. *Pensions*

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

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

8. *Long-Term Obligations*

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

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

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Net Position/Fund Balance (Continued)

Governmental Fund Statements

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

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

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

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 2019/2020 District budget certified for taxes.

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

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2019 audited excess surplus that is required to be appropriated in the 2020/2021 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, 2018 audited excess surplus that was appropriated in the 2019/2020 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.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2019/2020 District budget certified for taxes.

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

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District has no committed fund balances at year end.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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, investment earnings and miscellaneous revenues.

2. Property Taxes

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

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

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 2017-2018 and 2018-2019 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 the enrichment program enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2018/2019. Also, during 2018/2019 the Board increased the original budget by \$694,807. The increase was funded by additional grant awards and the reappropriation of prior year general fund encumbrances.

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

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

B. Capital Reserve

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2019 is as follows:

Balance, July 1, 2018	\$ 865,000
Withdrawals	
Approved in District Budget	<u>60,000</u>
Balance, June 30, 2019	<u>\$ 805,000</u>

The withdrawals from the capital reserve were for use in a facilities project, consistent with the district’s Long Range Facilities Plan. \$453,000 of the capital reserve balance at June 30, 2019 was designated and appropriated for use in the 2019/2020 original budget certified for taxes.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve

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

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

The activity of the maintenance reserve for the fiscal year ended June 30, 2019 is as follows:

Balance, July 1, 2018	<u>\$ 100,000</u>
Balance, June 30, 2019	<u>\$ 100,000</u>

The June 30, 2019 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$1,933,257.

D. 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, 2019 is \$2,333,778. Of this amount, \$641,276 was designated and appropriated in the 2019/2020 original budget certified for taxes and the remaining amount of \$1,692,502 will be appropriated in the 2020/2021 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 and NCUSIF.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019, the book value of the Board's deposits were \$4,113,459 and bank and brokerage firm balances of the Board's deposits amounted to \$4,390,988. 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>4,390,988</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, 2019 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; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; 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; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2019, the Board had no outstanding investments.

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

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

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

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

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2019 for the district’s individual major funds in the aggregate, 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		\$242,463	\$ 9,190	\$ 251,653
State	\$ 52,664		401	53,065
Local	1,527,364			1,527,364
Accounts	<u>53,719</u>	<u>14,201</u>	<u>3,945</u>	<u>71,865</u>
Gross Receivables	1,633,747	256,664	13,536	1,903,947
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 1,633,747</u>	<u>\$ 256,664</u>	<u>\$ 13,536</u>	<u>\$ 1,903,947</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:

General Fund	
Prepaid Tuition Revenue	\$ 34,750
Special Revenue Fund	
Unencumbered Grant Draw Downs	<u>42,796</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 77,546</u>

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	<u>Balance, July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2019</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 109,368			\$ 109,368
Construction in Progress	<u>5,108,325</u>	<u>\$ 2,063,966</u>	<u>\$ (7,172,291)</u>	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>5,217,693</u>	<u>2,063,966</u>	<u>(7,172,291)</u>	<u>109,368</u>
Capital Assets, Being Depreciated:				
Land Improvements	450,590			450,590
Buildings and Building Improvements	45,150,940	7,259,521		52,410,461
Machinery and Equipment	<u>2,537,197</u>	<u>663,823</u>	<u>(126,663)</u>	<u>3,074,357</u>
Total Capital Assets Being Depreciated	<u>48,138,727</u>	<u>7,923,344</u>	<u>(126,663)</u>	<u>55,935,408</u>
Less Accumulated Depreciation for:				
Land Improvements	(434,222)	(1,225)		(435,447)
Buildings and Building Improvements	(18,813,329)	(1,277,611)		(20,090,940)
Machinery and Equipment	<u>(1,712,933)</u>	<u>(231,767)</u>	<u>126,663</u>	<u>(1,818,037)</u>
Total Accumulated Depreciation	<u>(20,960,484)</u>	<u>(1,510,603)</u>	<u>126,663</u>	<u>(22,344,424)</u>
Total Capital Assets, Being Depreciated, Net	<u>27,178,243</u>	<u>6,412,741</u>	<u>-</u>	<u>33,590,984</u>
Governmental Activities Capital Assets, Net	<u>\$ 32,395,936</u>	<u>\$ 8,476,707</u>	<u>\$ (7,172,291)</u>	<u>\$ 33,700,352</u>

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, July 1, 2018	Increases	Decreases	Balance, June 30, 2019
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Machinery and Equipment	\$ 360,664	\$ 55,488	-	\$ 416,152
Total Capital Assets, Not Being Depreciated	<u>360,664</u>	<u>55,488</u>	<u>-</u>	<u>416,152</u>
Less Accumulated Depreciation for:				-
Machinery and Equipment	(319,842)	(13,333)	-	(333,175)
Total Accumulated Depreciation	<u>(319,842)</u>	<u>(13,333)</u>	<u>-</u>	<u>(333,175)</u>
Total Capital Assets, Being Depreciated, Net	<u>(319,842)</u>	<u>(13,333)</u>	<u>-</u>	<u>(333,175)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 40,822</u>	<u>\$ 42,155</u>	<u>\$ -</u>	<u>\$ 82,977</u>

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

Governmental Activities:

Instruction	
Regular	\$ 672,959
Special Education	210,071
Other Instruction	41,878
School-Sponsored/Activities and Athletics	<u>37,343</u>
Total Instruction	<u>962,251</u>
Support Services	
Student and Instruction Related Services	218,568
General Administrative Services	24,865
School Administrative Services	136,287
Central Administrative Services	24,677
Plant Operations and Maintenance	113,151
Student Transportation	<u>30,804</u>
Total Support Services	<u>548,352</u>
Total Governmental Funds	<u>\$ 1,510,603</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 13,333</u>
Total Depreciation Expense-Business-Type Activities	<u>\$ 13,333</u>

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2019, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 134,526
General Fund	Payroll Agency Fund	16,158
General Fund	Unemployment Trust Fund	158
Payroll Agency Fund	Unemployment Trust Fund	<u>8,874</u>
Total		<u>\$ 159,716</u>

The above balances are the result of revenues earned or receipts deposited in one fund which are due to another fund or to cover cash balances which were in an overdraft position.

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

Interfund Transfers

	<u>Transfer In</u>		
	<u>General Fund</u>	<u>Debt Service</u>	<u>Total</u>
Transfer Out:			
Capital Projects Fund	<u>7,395</u>	<u>\$ 351,115</u>	<u>358,510</u>
Total	<u>\$ 7,395</u>	<u>\$ 351,115</u>	<u>\$ 358,510</u>

The above transfers are the result of revenues earned and funds available 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, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Capital Leases

The District is leasing copier totaling \$390,000 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>
Building Improvements	4,115,698
Machinery and Equipment	<u>390,000</u>
 Total	 <u>\$ 4,505,698</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 were as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Governmental Activities</u>
2020	\$ 949,566
2021	949,566
2022	949,566
2023	100,272
2024	<u>25,069</u>
 Total minimum lease payments	 2,974,039
 Less: amount representing interest	 <u>(175,743)</u>
 Present value of minimum lease payments	 <u>\$ 2,798,296</u>

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019 are comprised of the following issues:

\$17,350,000, 2010 School Improvement Bonds, due in annual installments of \$850,000 to \$1,380,000 through July 15, 2030, interest at 3.00% to 4.00%	\$13,100,000
\$11,685,000, 2011 School Refunding Bonds, due in annual installments of \$1,175,000 to \$1,305,000 through August 15, 2023, interest at 3.191% to 5.000%	<u>6,195,000</u>
Total	<u>\$19,295,000</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,	Serial Bonds		Total
	Principal	Interest	
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	2,225,000	456,372	2,681,372
2024	2,310,000	376,084	2,686,084
2025-2029	5,765,000	1,134,875	6,899,875
2030-2031	<u>2,700,000</u>	<u>109,200</u>	<u>2,809,200</u>
Total	<u>\$ 19,295,000</u>	<u>\$ 3,948,431</u>	<u>\$ 23,243,431</u>

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2019 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 56,002,943
Less: Net Debt	<u>19,295,000</u>
Remaining Borrowing Power	<u>\$ 36,707,943</u>

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2019, was as follows:

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2019</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable	\$ 21,245,000		\$ 1,950,000	\$ 19,295,000	\$ 2,025,000
Add: Unamortized Premium	<u>267,304</u>	<u>-</u>	<u>63,884</u>	<u>203,420</u>	<u>-</u>
	21,512,304	-	2,013,884	19,498,420	2,025,000
Capital Leases	3,364,082	\$ 390,000	955,786	2,798,296	870,865
Compensated Absences	469,469		85,563	383,906	38,391
Net Pension Liability	<u>8,773,866</u>	<u>-</u>	<u>807,123</u>	<u>7,966,743</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 34,119,721</u>	<u>\$ 390,000</u>	<u>\$ 3,862,356</u>	<u>\$ 30,647,365</u>	<u>\$ 2,934,256</u>

For the governmental activities, the liabilities for capital leases, compensated absences and net pension liability are generally liquidated by the general fund.

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION

A. Risk Management

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

The relationship between the Board and the Group 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 Group, to report claims on a timely basis, cooperate with the management of the Group, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the Group. Members have a contractual obligation to fund any deficit of the Group attributable to a membership year during which they were a member.

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 fund is 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:

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Paid</u>	<u>Ending Balance</u>
2019	\$ 1,212	\$ 52,595	\$ 40,936	\$ 214,843
2018	80,602	49,085	17,285	201,972
2017	66,774	39,724	18,279	89,570

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, 2019, 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.

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

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, 2019, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

Public Employees’ Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, 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. PERS is a cost sharing multiple employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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

The following represents the membership tiers for PERS:

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

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

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple- employer defined benefit pension plan with a special funding situation, which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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

The following represent the membership tiers for TPAF:

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

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

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 and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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 (“Division”), 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.

Plan Amendments

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

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.us/treasury/doinvest.

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2018 is \$19.7 billion and the plan fiduciary net position as a percentage of the total pension liability is 53.60%. The collective net pension liability of the State funded TPAF at June 30, 2018 is \$63.81 billion and the plan fiduciary net position as a percentage of total pension liability is 26.49%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2017 which were rolled forward to June 30, 2018.

Actuarial Methods and Assumptions

In the July 1, 2017 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

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 members 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 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2019.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

PERS employers' and TPAF State's nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2019 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was less than this actuarial determined amount. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer 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. All PERS and DCRP contributions made by the Board for fiscal years 2019, 2018 and 2017 were equal to the required contributions.

During the fiscal years ended June 30, 2019, 2018 and 2017 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2019	\$ 402,465	\$ 2,774,141	\$ 62,755
2018	349,167	2,062,771	61,318
2017	334,552	1,500,879	52,681

In addition for fiscal years 2019, 2018 and 2017 the District contributed \$518, \$1,264 and \$522, respectively for PERS and the State contributed \$3,376, \$3,513 and \$3,401, respectively 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 Statement No. 85, *Omnibus 2017* (GASB No. 85). 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 \$1,072,828 during the fiscal year ended June 30, 2019 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. 85.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2017 through June 30, 2018. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits (“Division”) administers one cost-sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2018 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2018.

At June 30, 2019, the District reported in the statement of net position (accrual basis) a liability of \$7,966,743 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportionate share of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the District’s proportionate share was .04046 percent, which was an increase of .00277 percent from its proportionate share measured as of June 30, 2017 of .03769 percent.

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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)

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$440,496 for PERS. The pension contribution made by the District during the current 2018/2019 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2019 with a measurement date of the prior fiscal year end of June 30, 2018. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2019 for contributions made subsequent to the measurement date. At June 30, 2019, 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	\$ 151,927	\$ 41,079
Changes of Assumptions	1,312,787	2,547,341
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		74,728
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>553,493</u>	<u>308,803</u>
Total	<u>\$ 2,018,207</u>	<u>\$ 2,971,951</u>

At June 30, 2019, 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:

<u>Year Ending June 30,</u>	<u>Total</u>
2020	\$ (25,269)
2021	(50,614)
2022	(455,024)
2023	(340,013)
2024	<u>(82,824)</u>
	<u>\$ (953,744)</u>

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.00%
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, 2017 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, 2019**

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

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2018 are summarized in the following table:

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

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2018	5.66%
2018	June 30, 2017	5.00%

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2046
Municipal Bond Rate *	From July 1, 2046 and Thereafter

* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 5.66%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.66 percent) or 1-percentage-point higher (6.66 percent) than the current rate:

	1% Decrease <u>4.66%</u>	Current Discount Rate <u>5.66%</u>	1% Increase <u>6.66%</u>
District's Proportionate Share of the PERS Net Pension Liability	\$ <u>10,017,261</u>	\$ <u>7,966,743</u>	\$ <u>6,246,489</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2018. A sensitivity analysis specific to the District's net pension liability at June 30, 2018 was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2018. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2018, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, 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, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$5,071,780 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2019 the State's proportionate share of the net pension liability attributable to the District is \$86,999,731. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2018. At June 30, 2018, the State's share of the net pension liability attributable to the District was .13675 percent, which was an increase of .00332 percent from its proportionate share measured as of June 30, 2017 of .13343 percent.

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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)

Actuarial Assumptions

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

	<u>TPAF</u>
Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55-4.55%
Thereafter	2.00-5.45%
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2006

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, 2017 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, 2019**

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

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2018 are summarized in the following table:

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

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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>Fiscal</u> <u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2018	4.86%
2018	June 30, 2017	4.25%

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, 2040
Municipal Bond Rate *	From July 1, 2040 and Thereafter

* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.86%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.86 percent) or 1-percentage-point higher (5.86 percent) than the current rate:

	1% Decrease (3.86%)	Current Discount Rate (4.86%)	1% Increase (5.86%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 102,832,030</u>	<u>\$ 86,999,731</u>	<u>\$ 73,875,141</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2018. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2018 was not provided by the pension system.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

State Health Benefit Program Fund – Local Education Retired Employees Plan (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) 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 employer 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.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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.

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2017:

Active Plan Members	217,131
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	145,050
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u> -</u>
Total	<u>362,181</u>

Measurement Focus and Basis of Accounting

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2018 is \$46.1 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2017 which were rolled forward to June 30, 2018.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2017 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.23 billion to the OPEB plan in fiscal year 2018.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution 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 using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2019, 2018 and 2017 were \$1,258,346, \$1,332,300 and \$1,250,574, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2017 through June 30, 2018. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 75 is zero percent and the State's proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$2,684,654. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2019 the State's proportionate share of the OPEB liability attributable to the District is \$51,540,796. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2018. At June 30, 2018, the state's share of the OPEB liability attributable to the District was .11178 percent, which was a decrease of .00030 percent from its proportionate share measured as of June 30, 2017 of .11208 percent.

Actuarial Assumptions

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

Inflation Rate	2.50%
Salary Increases *	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.55%
Rate Thereafter	2.00% to 5.45%
Mortality	Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disable Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.
Long-Term Rate of Return	1.00%

*Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her year of service for TPAF or his or her age for PERS.

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

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight years. For prescription drug benefits, the initial trend rate is 8.0 percent and decreases to a 5.0 percent long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2018.

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2018	3.87%
2018	June 30, 2017	3.58%

The discount rate represents the municipal bond return rate as chosen by the Division. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2019 (measurement date June 30, 2018) is as follows:

	<u>Total OPEB Liability (State Share 100%)</u>
Balance, June 30, 2017 Measurement Date	\$ 60,119,124
Changes Recognized for the Fiscal Year:	
Service Cost	2,513,156
Interest on the Total OPEB Liability	2,218,628
Differences Between Expected and Actual Experience	(6,064,997)
Changes of Assumptions	(5,914,564)
Gross Benefit Payments	(1,378,183)
Contributions from the Member	47,632
Net Changes	<u>\$ (8,578,328)</u>
Balance, June 30, 2018 Measurement Date	<u>\$ 51,540,796</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58 percent in 2017 to 3.87 percent in 2018.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2018 was not provided by the pension system.

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.87%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current rate:

	1% Decrease <u>(2.87%)</u>	Current Discount Rate <u>(3.87%)</u>	1% Increase <u>(4.87%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>60,931,713</u>	\$ <u>51,540,796</u>	\$ <u>44,075,987</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ <u>42,601,470</u>	\$ <u>51,540,796</u>	\$ <u>63,363,397</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018 were not provided by the pension system.

F. Subsequent Events

During the 2019 school year authorized the purchase of three (3) model year 2020 54 passenger school buses in the amount of \$333,076 to be financed through a lease purchase agreement to be issued in fiscal year 2020 along with the acquisition of the busses and the initial lease payment to be charged to the 2019/2020 school year budget.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

G. Tax Abatements

For the year ended December 31, 2018, the Borough provided property tax abatements through certain programs authorized under State statutes. These programs include the Long Term Tax Exemption Law (the “LTTE Law.

The Long Term Tax Exemption Law (NJSA 40A:20 et.seq.) is focused on broad areas of redevelopment. It allows for a longer abatement term to carry out a larger development plan through declaring an area as being “in need of redevelopment”. These long-term property abatements may last up to 30 years from completion of a project or 35 years from execution of the financial agreement. The process is initiated when the municipality passes a resolution calling for the municipal planning board to study the need for designating an area “in need of redevelopment”. Upon adopting the planning board’s recommendations and formalizing the redevelopment area designation, a municipality adopts a redevelopment plan, engages redevelopment entities to carry out the plan, and may authorize long-term tax abatements in the process. Developers submit abatement applications to the governing body for review. The financial agreement is approved through adoption of a local ordinance. The agreement exempts a project from taxation, but requires a payment in lieu of taxes (PILOTs) in an amount based generally on a percentage of project costs or revenue generated by the project, depending on the type of project. For the year ended December 31, 2018 the Borough abated property taxes totaling \$331,684 under the LTTE program of which \$197,592 represents the Districts share.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**LEONIA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Exhibit C-1

	<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	\$ 19,761,016		\$ 19,761,016	\$ 19,761,016	
Tuition from Individuals	216,799		216,799	239,905	\$ 23,106
Tuition from Other LEAs within the State	6,816,994		6,816,994	6,695,452	(121,542)
Tuition from Summer School	64,500		64,500	84,000	19,500
Transportation Fees from Other LEAs	300,693		300,693	650,494	349,801
Rents and Royalties	187,000		187,000	184,578	(2,422)
Interest Earned	350		350		(350)
Unrestricted Miscellaneous Revenue	204,576	-	204,576	263,438	58,862
Total Local Sources	<u>27,551,928</u>	<u>-</u>	<u>27,551,928</u>	<u>27,878,883</u>	<u>326,955</u>
State Sources					
Equalization Aid	2,614,849		2,614,849	2,614,849	-
Security Aid	57,644		57,644	36,798	(20,846)
Transportation Aid	76,432		76,432		(76,432)
Special Education Categorical Aid	896,489		896,489	896,489	-
Extraordinary Aid	150,000		150,000	303,259	153,259
TPAF Contribution (On-Behalf)					
Pension Contribution				2,717,262	2,717,262
Pension - NCGI Premium				56,879	56,879
Post Retirement Medical Benefits				1,258,346	1,258,346
Long Term Disability Insurance				3,376	3,376
TPAF Social Security Reimbursements (On-Behalf)	-	-	-	1,072,828	1,072,828
Total State Sources	<u>3,795,414</u>	<u>-</u>	<u>3,795,414</u>	<u>8,960,086</u>	<u>5,164,672</u>
Federal Source					
Medicaid Reimbursement	23,789	-	23,789	62,992	39,203
Total Federal Sources	<u>23,789</u>	<u>-</u>	<u>23,789</u>	<u>62,992</u>	<u>39,203</u>
Total Revenues	<u>31,371,131</u>	<u>-</u>	<u>31,371,131</u>	<u>36,901,961</u>	<u>5,530,830</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	217,495	\$ (106,835)	110,660	110,660	-
Kindergarten	309,420	(27,857)	281,563	281,563	-
Grades 1-5	2,409,584	41,017	2,450,601	2,432,601	18,000
Grades 6-8	2,359,173	(1,475)	2,357,698	2,357,698	-
Grades 9-12	3,926,643	(46,047)	3,880,596	3,880,596	-
Regular Programs - Home Instruction					
Other Salaries for Instruction	40,000	(6,493)	33,507	33,507	-
Purchased Professional Educational Services	20,000	(20,000)			-
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	311,082	99,488	410,570	410,570	-
Purchased Professional-Educational Services	5,500	2,228	7,728	7,728	-
Other Purchased Services	120,000	(114,489)	5,511	-	5,511
General Supplies	617,390	97,853	715,243	708,067	7,176
Textbooks	150,000	(24,059)	125,941	99,049	26,892
Other Objects	2,000	(2,000)	-	-	-
Total Regular Programs	<u>10,488,287</u>	<u>(108,669)</u>	<u>10,379,618</u>	<u>10,322,039</u>	<u>57,579</u>
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	173,894	62,113	236,007	229,405	6,602
Other Salaries for Instruction	49,237	36,814	86,051	79,283	6,768
General Supplies	3,700	(54)	3,646	2,949	697
Textbooks	3,120	(155)	2,965	2,850	115
Total Learning and/or Language Disabilities	<u>229,951</u>	<u>98,718</u>	<u>328,669</u>	<u>314,487</u>	<u>14,182</u>

**LEONIA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Exhibit C-1

EXPENDITURES	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CURRENT EXPENDITURES (Continued)					
Multiple Disabilities					
Salaries of Teachers	\$ 410,754	\$ 82,003	\$ 492,757	\$ 482,159	\$ 10,598
Other Salaries for Instruction	187,813	24,113	211,926	211,926	-
General Supplies	10,050	(4,872)	5,178	5,176	2
Textbooks	1,550	(23)	1,527	1,422	105
Total Multiple Disabilities	<u>610,167</u>	<u>101,221</u>	<u>711,388</u>	<u>700,683</u>	<u>10,705</u>
Resource Room/Resource Center					
Salaries of Teachers	872,511	(49,395)	823,116	822,236	880
Other Salaries for Instruction	205,447	(18,398)	187,049	187,049	-
General Supplies	1,450	703	2,153	1,995	158
Textbooks	1,895	(771)	1,124	1,114	10
Total Resource Room	<u>1,081,303</u>	<u>(67,861)</u>	<u>1,013,442</u>	<u>1,012,394</u>	<u>1,048</u>
Autistic Program					
Salaries of Teachers	346,790	5,701	352,491	352,491	-
Other Salaries of Instruction	385,234	(49,087)	336,147	336,147	-
Purchased Professional-Educational Services	50,040	(23,013)	27,027	12,312	14,715
General Supplies	3,600	-	3,600	3,443	157
Textbooks	1,700	-	1,700	1,089	611
Total Autistic Program	<u>787,364</u>	<u>(66,399)</u>	<u>720,965</u>	<u>705,482</u>	<u>15,483</u>
Preschool Disabilities - Full-Time					
Salaries of Teachers	57,310	-	57,310	57,310	-
Other Salaries for Instruction	97,543	5,752	103,295	103,295	-
General Supplies	2,900	-	2,900	2,420	480
Textbooks	-	-	-	-	-
Total Preschool Disabilities - Full-Time	<u>157,753</u>	<u>5,752</u>	<u>163,505</u>	<u>163,025</u>	<u>480</u>
Total Special Education	<u>2,866,538</u>	<u>71,431</u>	<u>2,937,969</u>	<u>2,896,071</u>	<u>41,898</u>
Basic Skills/Remedial					
Salaries of Teachers	269,097	1,428	270,525	270,525	-
General Supplies	1,000	(249)	751	750	1
Textbooks	2,500	(2,174)	326	326	-
Other Objects	1,000	(948)	52	52	-
Total basic Skills/Remedial	<u>273,597</u>	<u>(1,943)</u>	<u>271,654</u>	<u>271,653</u>	<u>1</u>
Bilingual Education					
Salaries of Teachers	327,552	(8,000)	319,552	319,552	-
General Supplies	2,000	(892)	1,108	1,107	1
Textbooks	2,500	(1,625)	875	874	1
Total Bilingual Education	<u>332,052</u>	<u>(10,517)</u>	<u>321,535</u>	<u>321,533</u>	<u>2</u>
School Sponsored Co-Curricular Activities					
Salaries	225,000	12,505	237,505	237,505	-
Supplies & Materials	5,000	8,649	13,649	13,505	144
Other Objects	2,500	-	2,500	-	2,500
Total School Sponsored Co-Curricular Activities	<u>232,500</u>	<u>21,154</u>	<u>253,654</u>	<u>251,010</u>	<u>2,644</u>
School Sponsored Athletics - Instruction					
Salaries	320,000	(26,416)	293,584	285,651	7,933
Purchased Services	3,500	641	4,141	1,908	2,233
Supplies & Materials	83,500	11,437	94,937	81,124	13,813
Other Objects	17,500	(5,925)	11,575	8,578	2,997
Transfers to Cover Deficit (Agency Funds)	58,000	-	58,000	46,500	11,500
Total School Sponsored Athletics - Instruction	<u>482,500</u>	<u>(20,263)</u>	<u>462,237</u>	<u>423,761</u>	<u>38,476</u>
Total - Instruction	<u>14,675,474</u>	<u>(48,807)</u>	<u>14,626,667</u>	<u>14,486,067</u>	<u>140,600</u>

**LEONIA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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)					
Undistributed Expenditures					
Instruction (Tuition)					
Tuition to Other LEAs within the State-Special		\$ 166,218	\$ 166,218	\$ 159,747	\$ 6,471
Tuition to County Vocational School District-Regular	\$ 381,546	(35,548)	345,998	342,990	3,008
Tuition to County Vocational School District- Special	40,500	(40,500)	-	-	-
Tuition to CSSD and Regular Day Schools	138,317	207,992	346,309	346,309	-
Tuition to APSSD within State	449,280	(131,674)	317,606	257,597	60,009
Tuition - State Facilities	-	33,536	33,536	33,536	-
Total Undistributed Expenditures - Instruction (Tuition)	<u>1,009,643</u>	<u>200,024</u>	<u>1,209,667</u>	<u>1,140,179</u>	<u>69,488</u>
Attendance and Social Work					
Salaries	122,780	530	123,310	123,310	-
Other Purchased Services	1,000	(338)	662	662	-
Total Attendance and Social Work	<u>123,780</u>	<u>192</u>	<u>123,972</u>	<u>123,972</u>	<u>-</u>
Health Services					
Salaries	292,206	6,409	298,615	298,615	-
Purchased Professional & Technical Services	40,000	53,675	93,675	83,066	10,609
Supplies and Materials	21,200	(15,310)	5,890	5,790	100
Total Health Services	<u>353,406</u>	<u>44,774</u>	<u>398,180</u>	<u>387,471</u>	<u>10,709</u>
Speech, OT, PT & Related Services					
Salaries	512,983	(1,270)	511,713	511,713	-
Purchased Professional/Educational Services	200,000	(27,883)	172,117	135,455	36,662
Supplies and Materials	6,600	(131)	6,469	6,469	-
Total Speech, OT, PT & Related Services	<u>719,583</u>	<u>(29,284)</u>	<u>690,299</u>	<u>653,637</u>	<u>36,662</u>
Extra Services					
Salaries	307,782	26,076	333,858	333,857	1
Purchased Professional-Educational Services	45,000	36,771	81,771	57,626	24,145
Total Extra Services	<u>352,782</u>	<u>62,847</u>	<u>415,629</u>	<u>391,483</u>	<u>24,146</u>
Guidance					
Salaries of Other Professional Staff	454,066	121,788	575,854	575,854	-
Salaries of Secretarial and Clerical Assistants	62,520	-	62,520	62,520	-
Other Purchased Prof. and Tech. Services	5,320	(325)	4,995	4,995	-
Other Purchased Services	1,000	(1,000)	-	-	-
Supplies and Materials	16,500	(6,976)	9,524	9,524	-
Other Objects	300	(46)	254	254	-
Total Guidance	<u>539,706</u>	<u>113,441</u>	<u>653,147</u>	<u>653,147</u>	<u>-</u>
Child Study Teams					
Salaries of Other Professional Staff	734,692	(152,833)	581,859	581,859	-
Salaries of Secretarial and Clerical Assistants	45,630	62,648	108,278	108,278	-
Purchased Professional-Educational Services	16,224	3,295	19,519	19,519	-
Other Purchased Prof. and Tech. Services	26,000	(26,000)	-	-	-
Misc. Purchased Services	2,043	(2,043)	-	-	-
Supplies and Materials	10,000	230	10,230	7,921	2,309
Other Objects	890	(725)	165	165	-
Total Child Study Teams	<u>835,479</u>	<u>(115,428)</u>	<u>720,051</u>	<u>717,742</u>	<u>2,309</u>

**LEONIA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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	\$ 123,316	-	\$ 123,316	\$ 123,316	-
Purchased Professional-Educational Services	5,000	(4,450)	550	550	-
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	<u>128,316</u>	<u>(4,450)</u>	<u>123,866</u>	<u>123,866</u>	<u>-</u>
Educational Media Services/School Library					
Salaries	170,565	(750)	169,815	169,815	-
Salaries of Technology Coordinators	206,227	34,982	241,209	241,209	-
Supplies and Materials	21,000	770	21,770	21,770	-
Total Educational Media Services/School Library	<u>397,792</u>	<u>35,002</u>	<u>432,794</u>	<u>432,794</u>	<u>-</u>
Instructional Staff Training Services					
Purchased Professional-Educational Services	40,000	(3,305)	36,695	35,231	\$ 1,464
Other Purchased Services	25,000	(23,686)	1,314	-	1,314
Total Instructional Staff Training Services	<u>65,000</u>	<u>(26,991)</u>	<u>38,009</u>	<u>35,231</u>	<u>2,778</u>
Support Services General Administration					
Salaries	335,621	81,896	417,517	416,542	975
Legal Services	55,000	(1,500)	53,500	39,545	13,955
Audit Fees	40,000	1,026	41,026	41,026	-
Other Purchased Professional Services	31,500	7,992	39,492	35,309	4,183
Purchased Technical Services	10,400	(10,400)	-	-	-
Communications/Telephone	149,000	13,619	162,619	125,834	36,785
BOE Other Purchased Services	12,500	(4,010)	8,490	8,473	17
Misc. Purchased Services	95,000	47,463	142,463	135,699	6,764
Supplies and Materials	3,000	(59)	2,941	1,385	1,556
Miscellaneous Expenditures	20,000	(1,306)	18,694	18,682	12
BOE Membership Dues and Fees	5,000	1,470	6,470	6,470	-
Total Support Services General Administration	<u>757,021</u>	<u>136,191</u>	<u>893,212</u>	<u>828,965</u>	<u>64,247</u>
Support Services School Administration					
Salaries of Principals/Asst. Principals	847,968	(116,123)	731,845	731,845	-
Salaries of Other Professional Staff	697,804	71,412	769,216	769,216	-
Salaries of Secretarial and Clerical Assistants	340,310	300	340,610	340,600	10
Other Purchased Services	72,000	9,740	81,740	75,959	5,781
Supplies and Materials	42,000	(2,911)	39,089	33,235	5,854
Other Objects	30,800	7,253	38,053	31,842	6,211
Total Support Services School Administration	<u>2,030,882</u>	<u>(30,329)</u>	<u>2,000,553</u>	<u>1,982,697</u>	<u>17,856</u>
Central Services					
Salaries	279,616	13,438	293,054	290,994	2,060
Purchased Professional Services	25,000	69,329	94,329	92,747	1,582
Purchased Technical Services	25,000	12,788	37,788	37,788	-
Misc. Purchased Services	1,600	(485)	1,115	1,115	-
Supplies and Materials	12,000	3,211	15,211	13,444	1,767
Interest on Lease Purchase Agreements	61,256	-	61,256	61,256	-
Miscellaneous Expenditures	4,000	3,658	7,658	7,558	100
Total Central Services	<u>408,472</u>	<u>101,939</u>	<u>510,411</u>	<u>504,902</u>	<u>5,509</u>
Administration - Information Technology Services					
Salaries	58,177	(29,183)	28,994	28,994	-
Purchased Technical Services	4,000	(4,000)	-	-	-
Total Administration Information Technology Svcs.	<u>62,177</u>	<u>(33,183)</u>	<u>28,994</u>	<u>28,994</u>	<u>-</u>

**LEONIA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Exhibit C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Required Maintenance for School Facilities					
Salaries	\$ 234,638	\$ 18,871	\$ 253,509	\$ 253,509	-
Cleaning, Repair and Maintenance Services	570,443	(312,452)	257,991	239,616	\$ 18,375
General Supplies	22,440	5,996	28,436	24,932	3,504
Other Objects	2,000	(1,690)	310	310	-
Total Required Maint. For School Facilities	829,521	(289,275)	540,246	518,367	21,879
Custodial Services					
Salaries	898,257	147,180	1,045,437	1,045,437	-
Salaries - Non-Instructional Aides	268,671	(18,066)	250,605	250,605	-
Purchased Professional and Technical Services	3,000	3,374	6,374	3,109	3,265
Cleaning, Repair and Maintenance Services	34,528	15,825	50,353	50,353	-
Rental of Land & Bldg - Other than Lease Purchase	4,000	(1,728)	2,272	2,272	-
Other Purchased Property Services	29,672	5,328	35,000	31,134	3,866
Insurance	207,000	9,207	216,207	216,207	-
Miscellaneous Purchased Services	1,000	(1,000)	-	-	-
General Supplies	154,500	(3,726)	150,774	145,784	4,990
Energy (Natural Gas)	160,000	(18,163)	141,837	141,837	-
Energy (Electricity)	463,000	(168,982)	294,018	289,026	4,992
Energy (Gasoline)	6,000	6,840	12,840	12,840	-
Other Objects	1,000	142	1,142	1,142	-
Total Custodial Services	2,230,628	(23,769)	2,206,859	2,189,746	17,113
Care and Upkeep of Grounds					
Salaries	107,059	(30,976)	76,083	76,083	-
Cleaning, Repair and Maintenance Svc.	40,000	(18,620)	21,380	17,053	4,327
General Supplies	2,000	6,159	8,159	8,159	-
Total Care and Upkeep of Grounds	149,059	(43,437)	105,622	101,295	4,327
Security					
Salaries	162,000	28,954	190,954	190,954	-
Total Security	162,000	28,954	190,954	190,954	-
Student Transportation Services					
Salaries for Pupil Trans (Bet. Home & Sch)-Regular	348,701	218,301	567,002	567,002	-
Salaries for Pupil Trans (Bet. Home & Sch)-Sp. Ed.	26,541	-	26,541	26,541	-
Cleaning, Repair and Maintenance Services	75,000	98,718	173,718	137,676	36,042
Contracted Services (Other Than Between Home & School) - Vendors	16,000	9,000	25,000	1,250	23,750
Contracted Services (Between Home & School)-Joint Agreements	50,000	(35,935)	14,065	13,065	1,000
Contracted Services (Special Education Students)- Joint Agreements	450,000	(237,081)	212,919	212,919	-
Transportation Supplies	20,000	26,277	46,277	25,863	20,414
Other Objects	2,000	1,543	3,543	3,543	-
Total Student Transportation Services	988,242	80,823	1,069,065	987,859	81,206
Unallocated Benefits - Employee Benefits					
Social Security Contributions	475,000	63,076	538,076	504,262	33,814
Other Retirement Contribution-PERS	360,000	42,983	402,983	402,983	-
Other Retirement Contribution-Regular	60,000	3,169	63,169	62,755	414
Unemployment Compensation	50,000	(48,760)	1,240	1,212	28
Worker's Compensation	212,000	1,239	213,239	213,239	-
Health Benefits	4,678,018	170,231	4,848,249	4,848,249	-
Tuition Reimbursement	20,000	2,790	22,790	15,904	6,886
Other Employee Benefits	160,000	(58,118)	101,882	101,456	426
Total Unallocated Benefits - Employee Benefits	6,015,018	176,610	6,191,628	6,150,060	41,568

**LEONIA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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)					
TPAF Pension Contribution (Non Budgeted)					
Pension Contribution				\$ 2,717,262	\$ (2,717,262)
Pension - NCGI Premium				56,879	(56,879)
Post Retirement Medical Benefits				1,258,346	(1,258,346)
Long Term Disability Insurance				3,376	(3,376)
TPAF Social Security Reimbursements (Non Budgeted)	-	-	-	1,072,828	(1,072,828)
	-	-	-	5,108,691	(5,108,691)
Total Undistributed Expenditures	\$ 18,158,507	\$ 384,651	\$ 18,543,158	23,252,052	(4,708,894)
Total Current Expenditures	32,833,981	335,844	33,169,825	37,738,119	(4,568,294)
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures					
Admin. Info. Tech		13,515	13,515	13,515	-
Student Transportation-Non-Instructional Equipment		195,652	195,652	195,652	-
Care and Upkeep of Grounds		15,409	15,409	15,409	-
Security	100,200	-	100,200	100,200	-
Total Equipment	100,200	224,576	324,776	324,776	-
Facilities and Acquisitions					
Lease Purchase Agreements - Principal	790,888	-	790,888	789,888	1,000
Assessment for Debt Service on SDA Funding	44,993	-	44,993	44,993	-
Total Facilities and Acquisitions	835,881	-	835,881	834,881	1,000
Assets Acquired under Capital Leases (Non Budget)	-	-	-	390,000	(390,000)
Total Capital Outlay	936,081	224,576	1,160,657	1,549,657	(389,000)
Total Expenditures - General Fund	33,770,062	560,420	34,330,482	39,287,776	(4,957,294)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,398,931)	(560,420)	(2,959,351)	(2,385,815)	573,536
Other Financing Sources (Uses)					
Capital Lease Proceeds (Non Budget)				390,000	390,000
Transfer In from Capital Projects	-	-	-	7,395	7,395
Total Other Financing Sources (Uses)	-	-	-	397,395	397,395
Excess (Deficiency) of Revenues Over (Under) Expenditures and Financing Sources	(2,398,931)	(560,420)	(2,959,351)	(1,988,420)	970,931
Fund Balances, Beginning of Year	6,422,062	-	6,422,062	6,422,062	-
Fund Balances, End of Year	\$ 4,023,131	\$ (560,420)	\$ 3,462,711	\$ 4,433,642	\$ 970,931
Recapitulation of Fund Balance					
Restricted					
Capital Reserve				\$ 352,000	
Capital Reserve - Designated for Subsequent Year's Expenditures				453,000	
Maintenance Reserve				100,000	
Excess Surplus (2020/2021 Budget)				641,276	
Excess Surplus - Designated for Subsequent Year's Expenditures				1,692,502	
Assigned					
Year End Encumbrances				175,923	
Designated for Subsequent Year's Expenditures				189,900	
Unassigned					
				829,041	
Fund Balance Per State Budgetary Basis of Accounting				4,433,642	
Reconciliation to Governmental Funds Statements (GAAP)					
Less State Aid not Recognized on a GAAP Basis				(613,188)	
Fund Balance per Governmental Funds (GAAP)				\$ 3,820,454	

**LEONIA BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES					
Intergovernmental					
State	\$ 12,872	\$ (5,291)	\$ 7,581	\$ 6,717	\$ (864)
Federal	498,300	108,087	606,387	551,357	(55,030)
Local Sources					
Miscellaneous	-	31,591	31,591	19,252	(12,339)
Total Revenues	<u>511,172</u>	<u>134,387</u>	<u>645,559</u>	<u>577,326</u>	<u>(68,233)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	4,400	3,600	8,000	8,000	-
Purchased Prof. Tech. Svc.	3,200	(823)	2,377	2,377	-
Tuition	293,446	77,033	370,479	359,556	10,923
General Supplies	27,774	15,444	43,218	31,943	11,275
Textbooks	15,980	538	16,518	16,335	183
Total Instruction	<u>344,800</u>	<u>95,792</u>	<u>440,592</u>	<u>418,211</u>	<u>22,381</u>
Support Services					
Other Salaries	88,000	22,000	110,000	110,000	-
Purchased Prof. Tech. Svc.	18,067	(11,258)	6,809	6,809	-
Other Purchased Services	30,596	(605)	29,991	4,580	25,411
Travel	3,837	535	4,372	4,370	2
General Supplies	-	13,372	13,372	3,585	9,787
Total Support Services	<u>140,500</u>	<u>24,044</u>	<u>164,544</u>	<u>122,535</u>	<u>42,009</u>
Unallocated Benefits					
Personal Services - Employee Benefits	25,872	10,708	36,580	36,580	-
Total Unallocated Employee Benefits	<u>25,872</u>	<u>10,708</u>	<u>36,580</u>	<u>36,580</u>	<u>-</u>
Facilities Acquisition and Construction					
Instructional Equipment	-	3,843	3,843	-	3,843
Total Facilities Acquisition & Construction	<u>-</u>	<u>3,843</u>	<u>3,843</u>	<u>-</u>	<u>3,843</u>
Total Expenditures	<u>511,172</u>	<u>134,387</u>	<u>645,559</u>	<u>577,326</u>	<u>68,233</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2019**

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.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual revenue amounts (budgetary basis) (Exhibits C-1 and C-2)	\$ 36,901,961	\$ 577,326
Difference - Budget to GAAP:		
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2018-19)	(613,188)	
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2017-18)	637,075	
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>\$ 36,925,848</u>	<u>\$ 577,326</u>
Uses/Outflows of Resources		
Actual expenditure amounts (budgetary basis) (Exhibits C-1 and C-2)	\$ 39,287,776	\$ 577,326
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>\$ 39,287,776</u>	<u>\$ 577,326</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

AND

OTHER POST-EMPLOYMENT BENEFITS 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 Six Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.04046%	0.03769%	0.03766%	0.04003%	0.04161%	0.04079%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 7,966,743	\$ 8,773,866	\$ 11,153,434	\$ 8,985,629	\$ 7,790,670	\$ 7,796,000
District's Covered Payroll	\$ 2,643,762	\$ 2,651,491	\$ 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 Payroll	301.34%	330.90%	453.48%	368.36%	303.56%	303.76%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	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 Six Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 402,465	\$ 349,167	\$ 334,552	\$ 344,139	\$ 343,033	\$ 307,353
Contributions in Relation to the Contractually Required Contribution	<u>402,465</u>	<u>349,167</u>	<u>334,552</u>	<u>344,139</u>	<u>343,033</u>	<u>307,353</u>
Contribution Deficiency (Excess)	<u>\$ -</u>					
District's Covered Payroll	\$ 2,643,762	\$ 2,651,491	\$ 2,459,534	\$ 2,439,335	\$ 2,566,468	\$ 2,566,468
Contributions as a Percentage of Covered Payroll	15.22%	13.17%	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 Six Fiscal Years*

	<u>2019</u>	<u>2018</u>	<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%	0.00%	0.00%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 86,999,731</u>	<u>\$ 89,966,565</u>	<u>\$ 105,229,126</u>	<u>\$ 86,975,627</u>	<u>\$ 73,937,267</u>	<u>\$ 71,863,561</u>
Total	<u>\$ 86,999,731</u>	<u>\$ 89,966,565</u>	<u>\$ 105,229,126</u>	<u>\$ 86,975,627</u>	<u>\$ 73,937,267</u>	<u>\$ 71,863,561</u>
District's Covered Payroll	14,759,297	14,418,312	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 Payroll	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.49%	25.41%	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, 2019**

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.

**LEONIA BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OPEB LIABILITY**

Postemployment Health Benefit Plan

Last Two Fiscal Years*

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 2,513,156	\$ 3,067,118
Interest on Total OPEB Liability	2,218,628	1,895,658
Changes of Benefit Terms		
Differences Between Expected and Actual Experience	(6,064,997)	
Changes of Assumptions	(5,914,564)	(7,942,606)
Gross Benefit Payments	(1,378,183)	(1,463,960)
Contribution from the Member	<u>47,632</u>	<u>53,907</u>
Net Change in Total OPEB Liability	(8,578,328)	(4,389,883)
Total OPEB Liability - Beginning	<u>60,119,124</u>	<u>64,509,007</u>
Total OPEB Liability - Ending	<u>\$ 51,540,796</u>	<u>\$ 60,119,124</u>
District's Proportionate Share of OPEB Liability	\$ -	\$ -
State's Proportionate Share of OPEB Liability	<u>51,540,796</u>	<u>60,119,124</u>
Total OPEB Liability - Ending	<u>\$ 51,540,796</u>	<u>\$ 60,119,124</u>
District's Covered Payroll	<u>\$ 17,403,059</u>	<u>\$ 17,069,803</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	0%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

*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. 75. 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 CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability are presented in Note 4E.

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, 2019**

	IDEA Basic	Title I	Title IIA	Title III	Title IV	Nonpublic Technology	Nonpublic Textbooks	Nonpublic Nursing	Nonpublic Security	Perkins Grant	Local Grants	Total
REVENUES												
Local											\$ 19,252	\$ 19,252
State												6,717
Federal	\$ 359,556	\$ 137,900	\$ 28,350	\$ 11,539	\$ 3,135	\$ 1,044	\$ 1,475	\$ 2,025	\$ 2,173	\$ 10,877	-	551,357
						-	-	-	-			
Total Revenues	\$ 359,556	\$ 137,900	\$ 28,350	\$ 11,539	\$ 3,135	\$ 1,044	\$ 1,475	\$ 2,025	\$ 2,173	\$ 10,877	\$ 19,252	\$ 577,326
EXPENDITURES												
Instruction												
Salaries of Teachers				\$ 8,000								\$ 8,000
Purchased Prof. and Technical Services										\$ 2,377		2,377
Tuition	\$ 359,556											359,556
General Supplies		\$ 20,000		1,059	\$ 3,135	\$ 1,044			\$ 2,173	3,725	\$ 807	31,943
Textbooks	-	-	-	-	-	-	\$ 1,475	-	-	-	14,860	16,335
Total Instruction	359,556	20,000	-	9,059	3,135	1,044	1,475	-	2,173	6,102	15,667	418,211
Support Services												
Other Salaries		90,000	\$ 20,000									110,000
Personal Services - Employee Benefits		27,900	6,200	2,480								36,580
Purchased Professional and Technical Services												-
Purchased Professional-Educational Services												-
Other Purchased Services			2,150					\$ 2,025		405		4,580
Cleaning, Repair and Maintenance Services												-
Miscellaneous Purchased Services												-
Travel										4,370		4,370
Supplies and Materials	-	-	-	-	-	-	-	-	-	-	3,585	3,585
Total Support Services	-	117,900	28,350	2,480	-	-	-	2,025	-	4,775	3,585	159,115
Total Expenditures	\$ 359,556	\$ 137,900	\$ 28,350	\$ 11,539	\$ 3,135	\$ 1,044	\$ 1,475	\$ 2,025	\$ 2,173	\$ 10,877	\$ 19,252	\$ 577,326

**LEONIA BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION PROGRAM AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019**

<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Transfer to Debt Service Fund</u>	<u>Balance, June 30, 2019</u>
		<u>Prior Year</u>	<u>Current Year</u>		
Lease Purchase Lighting & Security	\$ 654,467	\$ 628,932			\$ 25,535
2009 Referendum Projects - Solar, Roof Replacement, HVAC, Emergency Generators at Anna C. Scott Elementary, Leonia Middle School and Leonia High School	17,386,962	16,681,314		\$ 351,115	354,533
High School Addition and Renovation Project	<u>7,217,985</u>	<u>5,108,325</u>	<u>\$ 2,074,688</u>	<u>-</u>	<u>34,972</u>
	<u>\$ 25,259,414</u>	<u>\$ 22,418,571</u>	<u>\$ 2,074,688</u>	<u>\$ 351,115</u>	<u>\$ 415,040</u>
Project Balances, June 30, 2019					<u>\$ 415,040</u>
Fund Balance, June 30, 2019 GAAP Basis					<u>\$ 415,040</u>
<u>Recapitulation of Fund Balance</u>					
Restricted For Capital Projects: Available for Capital Projects Expenditures					<u>415,040</u>
Total Fund Balance - Restricted for Capital Projects					<u>\$ 415,040</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, 2019**

REVENUES AND OTHER FINANCING SOURCES

Revenues

Interest Income	\$ <u>7,612</u>
-----------------	-----------------

Total Revenues	<u>7,612</u>
----------------	--------------

EXPENDITURES AND OTHER FINANCING USES

Capital Outlay

Legal Services

Architects/Engineers	33,472
----------------------	--------

Other Purchases Professional and Technical Services	80,446
---	--------

Construction Services	1,887,858
-----------------------	-----------

Supplies and Materials	72,912
------------------------	--------

Transfer to General Fund	7,395
--------------------------	-------

Transfer to Debt Service Fund	<u>351,115</u>
-------------------------------	----------------

Total Expenditures and Other Financing Uses	<u>2,433,198</u>
---	------------------

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,425,586)
---	-------------

Fund Balance, Beginning of Year	<u>2,840,626</u>
---------------------------------	------------------

Fund Balance, End of Year	<u>\$ 415,040</u>
---------------------------	-------------------

Reconciliation to GAAP

Fund Balance, June 30, 2019 - Budgetary Basis	<u>\$ 415,040</u>
---	-------------------

Fund Balance, June 30, 2019 - GAAP Basis	<u>\$ 415,040</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, 2019**

	<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	<u>3,250</u>	\$ 217	<u>3,467</u>	<u>3,467</u>
Total Revenues	<u>654,250</u>	<u>217</u>	<u>654,467</u>	<u>654,467</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	599,030
Other Objects	<u>8,400</u>	<u>-</u>	<u>8,400</u>	<u>8,400</u>
Total Expenditures and Other Financing Uses	<u>628,932</u>	<u>-</u>	<u>628,932</u>	<u>654,467</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 25,318</u>	<u>\$ 217</u>	<u>\$ 25,535</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	<u>3,467</u>			
Revised Authorized Cost	<u>\$ 654,467</u>			
Percentage Increase over Original Authorized Cost	100%			
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
ANNA C. SCOTT ELEMENTARY, LEONIA MIDDLE SCHOOL & LEONIA HIGH SCHOOL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<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	<u>15,930</u>	\$ -	<u>15,930</u>	<u>15,930</u>
 Total Revenues	 <u>17,386,962</u>	 <u>-</u>	 <u>17,386,962</u>	 <u>17,386,962</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	14,599,239
General Supplies	52,615		52,615	33,264
Other Objects	107,421		107,421	496,959
Transfer To Debt Service Fund	<u>301,100</u>	<u>351,115</u>	<u>652,215</u>	<u>-</u>
 Total Expenditures and Other Financing Uses	 <u>16,681,314</u>	 <u>351,115</u>	 <u>17,032,429</u>	 <u>17,386,962</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ 705,648</u>	 <u>\$ (351,115)</u>	 <u>\$ 354,533</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>(2,913,038)</u>			
Revised Authorized Cost	<u>\$ 17,386,962</u>			
 Percentage Decrease from Original Authorized				
Cost	-14.00%			
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, 2019**

	<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	3,600,000		3,600,000	3,600,000
Earnings on Investment	17,985	-	17,985	17,985
	<u>7,217,985</u>	<u>-</u>	<u>7,217,985</u>	<u>7,217,985</u>
Expenditures and Other Financing Uses				
Legal Services	19,424		19,424	20,000
Architectural/Engineering	630,405	33,472	663,877	800,000
Other Purchased Professional and Technical Services	149,533	80,446	229,979	150,000
Construction Services	4,167,252	1,887,858	6,055,110	6,026,232
Supplies and Materials	120,690	72,912	193,602	200,000
Other Objects	21,021	-	21,021	21,753
	<u>5,108,325</u>	<u>2,074,688</u>	<u>7,183,013</u>	<u>7,217,985</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 2,109,660</u>	<u>\$ (2,074,688)</u>	<u>\$ 34,972</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	\$ 7,200,000			
Additional Authorized Cost	17,985			
Revised Authorized Cost	<u>\$ 7,217,985</u>			
Percentage Increase from Original Authorized Cost	0.25%			
Percentage Completion	29%			
Original Target Completion Date	August 2018			
Revised Target Completion Date	August 2018			

ENTERPRISE FUNDS

**LEONIA BOARD OF EDUCATION
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2019**

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, 2019**

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, 2019**

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, 2019**

	<u>Student Activity</u>	<u>Agency Payroll</u>	<u>Total Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 131,068	\$ 783,042	\$ 914,110
Due from Other Funds	-	8,874	8,874
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 131,068</u>	<u>\$ 791,916</u>	<u>\$ 922,984</u>
LIABILITIES			
Due to Student Groups	\$ 131,068		\$ 131,068
Payroll Deductions and Withholdings		\$ 270,316	270,316
Summer Savings Plan		489,330	489,330
Flexible Spending Deposits		16,112	16,112
Due to Other Funds	-	16,158	16,158
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 131,068</u>	<u>\$ 791,916</u>	<u>\$ 922,984</u>

**FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019**

	<u>Balance</u> <u>July 1, 2018</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance,</u> <u>June 30, 2019</u>
Anna C. Scott Elementary School	\$ 4,398	\$ 13,702	\$ 16,425	\$ 1,675
Leonia Middle School	20,045	91,499	85,136	26,408
Leonia Middle School Athletics	1,910	6,582	7,918	574
Leonia High School	119,407	314,646	332,255	101,798
Leonia High School Athletics	<u>3,615</u>	<u>41,238</u>	<u>44,240</u>	<u>613</u>
	<u>\$ 149,375</u>	<u>\$ 467,667</u>	<u>\$ 485,974</u>	<u>\$ 131,068</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Balance,</u> <u>July 1, 2018</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance,</u> <u>June 30, 2019</u>
Due from Other Funds	\$ (10,954)	\$ 2,135	\$ 55	\$ (8,874)
Payroll Deductions and Withholdings	242,037	9,970,584	9,942,305	270,316
Accrued Salaries and Wages	20,720	13,549,511	13,570,231	-
Summer Savings Plan	390,693	489,649	391,012	489,330
Flexible Spending Deposits	4,300	19,042	7,230	16,112
Due to Other Funds	<u>7,447</u>	<u>36,205</u>	<u>27,494</u>	<u>16,158</u>
	<u>\$ 654,243</u>	<u>\$ 24,067,126</u>	<u>\$ 23,938,327</u>	<u>\$ 783,042</u>

LONG-TERM DEBT

**LEONIA BOARD OF EDUCATION
LONG TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<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, 2018</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2019</u>
			<u>Date</u>	<u>Amount</u>					
School Improvement Bonds	7/15/2010	\$ 17,350,000	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				
School Refunding Bonds	12/1/2011	\$ 11,685,000	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				
					<u>\$ 21,245,000</u>	<u>\$ -</u>	<u>\$ 1,950,000</u>	<u>\$ 19,295,000</u>	

**LEONIA BOARD OF EDUCATION
LONG TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Amount of Original <u>Issue</u>	Interest Rate	Balance, <u>July 1, 2018</u>	<u>Issued</u>	<u>Retired</u>	Balance, <u>June 30, 2019</u>
<u>Capital Leases</u>						
Copier Leases	\$ 390,000	10.36%		\$ 390,000	\$ 46,477	\$ 343,523
Copier Leases	281,629	5.00%	\$ 121,138		121,138	-
Leonia High School Addition and Renovations	3,600,000	1.8961%	2,868,628		697,079	2,171,549
LED Lighting Upgrade	515,698	1.798%	<u>374,316</u>	<u>-</u>	<u>91,092</u>	<u>283,224</u>
Total			<u>\$ 3,364,082</u>	<u>\$ 390,000</u>	<u>\$ 955,786</u>	<u>\$ 2,798,296</u>
				Paid by Budget Appropriation	\$ 834,648	
				Cancelled	<u>121,138</u>	
					<u>\$ 955,786</u>	

**DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources					
Property Tax Levy	\$ 1,930,170		\$ 1,930,170	\$ 1,930,170	\$ -
State Sources					
Debt Service Aid Type II	442,375	-	442,375	442,375	-
Total Revenues	<u>2,372,545</u>	<u>-</u>	<u>2,372,545</u>	<u>2,372,545</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	1,950,000		1,950,000	1,950,000	
Interest	773,800	-	773,800	773,800	-
Total Expenditures	<u>2,723,800</u>	<u>-</u>	<u>2,723,800</u>	<u>2,723,800</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(351,255)	-	(351,255)	(351,255)	-
Other Financing Sources (Uses)					
Transfer In	351,115	-	351,115	351,115	-
Total Other Financing Sources (Uses)	<u>351,115</u>	<u>-</u>	<u>351,115</u>	<u>351,115</u>	<u>-</u>
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expendit	(140)	-	(140)	(140)	-
Fund Balance, Beginning of Year	18,440	-	18,440	18,440	-
Fund Balance, End of Year	<u>\$ 18,300</u>	<u>\$ -</u>	<u>\$ 18,300</u>	<u>\$ 18,300</u>	<u>\$ -</u>
Recapitulation of Fund Balance					
Restricted for Debt Service:					
Available for Debt Service Expenditures				\$ 18,300	
Total Fund Balance - Restricted For Debt Service				<u>\$ 18,300</u>	

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. J-16 to J-20

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

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net Investment in Capital Assets	\$ 5,157,650	\$ 1,843,529	\$ 3,567,769	\$ 4,506,173	\$ 5,712,963	\$ 7,133,247	\$ 9,058,650	\$ 6,633,571	\$ 8,561,795	\$ 11,995,055
Restricted	1,724,772	5,719,734	6,844,553	8,394,947	8,361,485	7,878,190	3,465,366	4,307,587	3,093,100	983,807
Unrestricted	16,554,239	135,429	(395,027)	662,822	1,230,478	(6,255,467)	(3,410,681)	(4,461,001)	(4,891,357)	(6,741,339)
Total Governmental Activities Net Position	\$ 23,436,661	\$ 7,698,692	\$ 10,017,295	\$ 13,563,942	\$ 15,304,926	\$ 8,755,970	\$ 9,113,335	\$ 6,480,157	\$ 6,763,538	\$ 6,237,523
Business-Type Activities										
Net Investment in Capital Assets	\$ 10,678	\$ 134,832	\$ 116,591	\$ 98,431	\$ 81,694	\$ 70,160	\$ 56,877	\$ 33,088	\$ 40,822	\$ 82,977
Unrestricted	46,378	92,491	41,490	38,618	79,817	120,881	158,752	220,327	224,262	228,187
Total Business-Type Activities Net Position	\$ 57,056	\$ 227,323	\$ 158,081	\$ 137,049	\$ 161,511	\$ 191,041	\$ 215,629	\$ 253,415	\$ 265,084	\$ 311,164
District-Wide										
Net Investment in Capital Assets	\$ 5,168,328	\$ 1,978,361	\$ 3,684,360	\$ 4,604,604	\$ 5,794,657	\$ 7,203,407	\$ 9,115,527	\$ 6,666,659	\$ 8,602,617	\$ 12,078,032
Restricted	1,724,772	5,719,734	6,844,553	8,394,947	8,361,485	7,878,190	3,465,366	4,307,587	3,093,100	983,807
Unrestricted	16,600,617	227,920	(353,537)	701,440	1,310,295	(6,134,586)	(3,251,929)	(4,240,674)	(4,667,095)	(6,513,152)
Total District Net Position	\$ 23,493,717	\$ 7,926,015	\$ 10,175,376	\$ 13,700,991	\$ 15,466,437	\$ 8,947,011	\$ 9,328,964	\$ 6,733,572	\$ 7,028,622	\$ 6,548,687

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	\$ 20,668,300	\$ 19,137,844
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	6,864,974	6,118,212
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	1,178,530	1,148,647
School Sponsored Activities and Athletics							1,068,739	1,276,705	1,237,176	1,151,268
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	5,185,269	5,970,517
General Administration	620,909	758,483	743,030	835,755	862,726	975,965	1,027,863	1,038,399	1,005,807	1,114,915
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	3,400,669	3,404,662
Central Services and Info. Technology	475,810	524,700	501,602	517,856	532,921	534,720	672,407	776,196	774,779	662,263
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	3,567,740	3,555,113
Pupil Transportation	871,819	738,546	864,890	869,404	735,952	1,219,968	1,010,974	1,229,918	1,159,054	1,163,416
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	859,269	867,139
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	45,901,567	44,293,996
Business-Type Activities										
Food Service	572,294	644,432	654,910	597,490	594,031	610,360	599,559	598,168	636,420	621,841
Enrichment Program	-	-	-	-	-	-	41,143	35,075	44,192	49,359
Total Business-Type Activities Expense	572,294	644,432	654,910	597,490	594,031	610,360	640,702	633,243	680,612	671,200
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	\$ 46,582,179	\$ 44,965,196
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	\$ 7,952,896	\$ 7,929,941
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	13,350,686	10,840,497
Capital Grants and Contributions	31,013	-	-	-	-	-	-	-	-	160,703
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	21,303,582	18,931,141
Business-Type Activities										
Charges For Services										
Food Service	327,607	474,755	434,217	391,202	402,676	404,103	407,154	425,997	447,251	469,379
Enrichment Program					32,885	50,190	57,750	42,985	53,919	63,350
Operating Grants And Contributions	129,298	197,157	151,451	185,256	182,932	185,976	200,385	202,047	189,718	182,226
Total Business Type Activities Program Revenues	456,905	671,912	585,668	576,458	618,493	640,269	665,289	671,029	690,888	714,955
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	\$ 21,994,470	\$ 19,646,096
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)	\$ (24,597,985)	\$ (25,362,855)
Business-Type Activities	(115,389)	27,480	(69,242)	(21,032)	24,462	29,909	24,587	37,786	10,276	43,755
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)	\$ (24,587,709)	\$ (25,319,100)

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Assets										
Governmental Activities										
Property Taxes Levied For General Purposes, Net	\$ 17,080,859	\$ 16,469,998	\$ 16,717,048	\$ 17,051,389	\$ 17,392,417	\$ 17,740,265	\$ 18,095,075	\$ 18,671,582	\$ 19,373,545	\$ 19,761,016
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	2,025,161	1,930,170
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	2,702,251	2,633,415
Federal and State Aid Restricted	2,258,831	32,390	366,712	337,697	399,928	411,785	271,843	286,683	303,189	316,701
Miscellaneous Income	1,264,697	290,813	386,138	576,366	437,312	449,432	45,936	40,718	477,220	195,538
Other Financing Sources	17,244,090									
Adjustments	(482,909)	-	-	-	-	-	-	-	-	-
Total Governmental Activities	37,365,568	20,742,375	21,961,194	22,709,658	23,205,941	23,583,684	23,409,794	23,989,285	24,881,366	24,836,840
Business-Type Activities										
Miscellaneous Income	386	393							1,393	2,325
Transfers	(143,711)	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	(143,325)	393	-	-	-	-	-	-	1,393	2,325
Total District-Wide	\$ 37,222,243	\$ 20,742,768	\$ 21,961,194	\$ 22,709,658	\$ 23,205,941	\$ 23,583,684	\$ 23,409,794	\$ 23,989,285	\$ 24,882,759	\$ 24,839,165
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)	\$ 283,381	\$ (526,015)
Business-Type Activities	(258,714)	27,873	(69,242)	(21,032)	24,462	29,909	24,587	37,786	11,669	46,080
Total District	\$ 15,684,373	\$ 2,022,770	\$ 2,249,361	\$ 3,525,615	\$ 1,765,446	\$ 1,276,954	\$ 623,614	\$ (2,595,392)	\$ 295,050	\$ (479,935)

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 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	\$ 4,996,501	\$ 3,238,778
Assigned		437,534	530,138	760,823	657,372	1,520,191	606,319	85,917	560,253	365,823
Unassigned		430,369	382,898	690,732	413,393	288,445	128,003	133,461	228,233	215,853
Unreserved	<u>182,761</u>	-	-	-	-	-	-	-	-	-
Total General Fund	<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>	<u>\$ 5,784,987</u>	<u>\$ 3,820,454</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	\$ 2,859,066	\$ 433,340
Committed		757,516	425,533		879,928	115,546				
Unreserved, reported in										
Capital Projects Fund	16,371,460									
Debt Service Fund	<u>1,717</u>	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	<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>	<u>\$ 2,859,066</u>	<u>\$ 433,340</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 NINE FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues									
Tax Levy	\$ 18,441,910	\$ 18,765,642	\$ 19,156,441	\$ 19,730,294	\$ 20,074,959	\$ 20,424,272	\$ 20,989,456	\$ 21,398,706	\$ 21,691,186
Tuition Charges	6,300,782	5,908,294	7,255,372	6,513,234	6,515,773	7,079,285	7,465,217	7,075,917	7,019,357
Transportation	504,840	472,442	598,244	546,141	557,067	482,141	539,967	586,457	650,494
Miscellaneous	310,943	410,492	622,312	499,934	496,979	575,702	429,541	795,821	474,880
State Sources	5,033,040	6,025,474	7,105,173	6,646,566	7,173,278	7,350,182	7,968,115	8,744,904	9,433,065
Federal Sources	634,510	660,516	533,549	530,046	546,460	608,387	656,210	597,568	614,349
Total Revenues	31,226,025	32,242,860	35,271,091	34,466,215	35,364,516	36,519,969	38,048,506	39,199,373	39,883,331
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	15,574,159	16,588,249
Special Education Instruction	3,882,016	4,069,473	4,354,889	3,048,556	2,774,242	5,195,515	5,281,141	5,495,539	5,449,268
Other Instruction	1,570,466	1,766,825	1,907,323	1,040,983	1,028,180	603,795	760,353	878,046	984,940
School Sponsored Activities and Athletics						874,030	897,077	951,417	1,007,357
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	4,427,404	5,231,714
General Administrative Services	758,483	743,030	835,755	723,608	750,821	997,939	934,715	920,643	1,030,327
School Administrative Services	2,104,865	2,117,554	2,203,376	1,604,448	1,631,558	2,360,078	2,615,302	2,709,609	2,939,240
Central Administrative Services	524,700	501,602	517,856	387,404	313,598	595,405	614,669	641,536	599,517
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	3,194,917	3,317,336
Student Transportation Services	732,014	863,341	869,404	733,727	883,266	975,778	1,111,305	1,056,321	1,091,891
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	4,768,691	2,775,454
Debt Service									
Principal	845,000	1,172,655	1,528,664	1,685,000	1,740,000	1,876,647	1,957,436	2,791,081	2,784,648
Interest	1,044,405	2,139,381	1,120,872	1,060,742	1,006,478	964,967	900,044	865,434	863,649
Total Expenditures	42,892,421	31,936,553	33,355,881	34,008,476	35,460,520	36,627,036	38,391,157	44,274,797	44,663,590
Excess (Deficiency) of Revenues									
Over (Under) Expenditures	(11,666,396)	306,307	1,915,210	457,739	(96,004)	(107,067)	(342,651)	(5,075,424)	(4,780,259)
Other Financing Sources (Uses)									
Capital Lease Proceeds	148,743					281,629	4,115,698		390,000
Bond Proceeds	17,350,000	871,565	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-	358,510
Transfers Out	-	-	-	-	-	-	-	-	(358,510)
Total Other Financing Sources (Uses)	17,498,743	871,565	-	-	-	281,629	4,115,698	-	390,000
Net Change in Fund Balances	\$ 5,832,347	\$ 1,177,872	\$ 1,915,210	\$ 457,739	\$ (96,004)	\$ 174,562	\$ 3,773,047	\$ (5,075,424)	\$ (4,390,259)
Debt Service as a Percentage of Noncapital Expenditures	6.39%	10.55%	8.14%	8.18%	7.96%	7.83%	7.71%	9.26%	8.71%

* 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</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Rental</u> <u>of</u> <u>Facilities</u>	<u>Refunds</u>	<u>Related</u> <u>Service</u> <u>Fees</u>	<u>Sale of</u> <u>SRECS</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2018	63,765	109,711	5,706	180,811	\$ 359,841	27,886	747,720
2019	49,086	184,578	241	\$ 75,512	\$ 97,835	40,764	448,016

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
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
2018	6,899,700	1,059,436,700	75,357,100	22,654,500	62,789,800	1,227,137,800	797,016	1,227,934,816	1,408,651,881	1.755
2019	5,360,900	1,062,463,000	75,307,100	22,654,500	70,884,800	1,236,670,300	791,103	1,237,461,403	1,443,730,820	1.768

^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	Overlapping Rates			Total Direct and Overlapping Tax Rate
	School	Municipality	County	
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
2018	1.755	0.910	0.281	2.946
2019	1.768	0.929	0.285	2.982

Source: County Abstract of Ratables

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

Taxpayer	2019		2010	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Ambrose DC Assets, LLC	\$ 10,200,000	0.82%	\$ 11,384,000	0.84%
Puck Leonia, LLC/ST Leonia, LLC	9,794,400	0.79%	9,700,000	0.72%
313 Woodlance Place, LLC	\$ 8,200,000	0.66%	\$ 1,702,700	0.13%
Kurtz, Anthony & Nora III, LLC	7,974,900	0.64%	8,578,800	0.63%
400 Willow Tree, LLC	7,300,000	0.59%	8,475,000	0.63%
Fairlawn Co c/o Garret Management	7,207,000	0.58%	8,003,300	0.59%
Leonia Manor Associates, LLC	5,250,000	0.42%	5,356,000	0.40%
CVS Pharmacy	4,250,000	0.34%	4,884,900	0.36%
Southwind Farms c/o Solgar Vitamins	3,740,000	0.30%	4,400,000	0.33%
Leonia Terrace Corp.	3,428,000	0.28%	3,726,000	0.28%
	<u>\$ 67,344,300</u>	<u>5.44%</u>	<u>\$ 66,210,700</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	Total Collections to Date	
		Amount	Percentage of Levy		Amount Collected	Percentage of Levy
2010	\$ 17,080,859	\$ 17,080,859	100.00%		\$ 17,080,859	100.00%
2011	18,441,910	18,441,910	100.00%		18,441,910	100.00%
2012	18,765,642	18,765,642	100.00%		18,765,642	100.00%
2013	19,156,441	19,156,441	100.00%		19,156,441	100.00%
2014	19,730,294	19,730,294	100.00%		19,730,294	100.00%
2015	20,074,959	20,074,959	100.00%		20,074,959	100.00%
2016	20,424,272	20,424,272	100.00%		20,424,272	100.00%
2017	20,989,456	20,989,456	100.00%		20,989,456	100.00%
2018	21,398,706	19,676,235	91.95%	\$ 1,722,471	21,398,706	100.00%
2019	21,691,186	21,691,186	100.00%		21,691,186	100.00%

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
	General Obligation Bonds	Capital Leases			
2010	\$ 16,350,000		\$ 16,350,000	8,955	\$ 1,826
2011	31,730,000		31,730,000	9,010	3,522
2012	31,730,000	\$ 121,088	31,851,088	9,039	3,524
2013	30,230,000	92,424	30,322,424	9,061	3,346
2014	28,545,000	62,714	28,607,714	9,074	3,153
2015	26,805,000	31,919	26,836,919	9,103	2,948
2016	25,010,000	231,901	25,241,901	9,094	2,776
2017	23,155,000	4,245,163	27,400,163	9,116	3,006
2018	21,245,000	3,364,082	24,609,082	9,110	2,701
2019	19,295,000	2,798,296	22,093,296	9,110 *	2,425

Source: District records

* Estimated

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2010	\$ 31,730,000		\$ 31,730,000	2.34%	\$ 3,543
2011	32,855,000		32,855,000	2.44%	3,647
2012	31,730,000		31,730,000	2.36%	3,510
2013	28,545,000		28,545,000	2.14%	3,150
2014	28,545,000		28,545,000	2.33%	3,146
2015	26,805,000		26,805,000	2.19%	2,945
2016	25,010,000		25,010,000	2.05%	2,750
2017	23,155,000		23,155,000	1.89%	2,540
2018	21,245,000		21,245,000	1.73%	2,332
2019	19,295,000	18,300	19,276,700	1.56%	2,116

Source: District records

**LEONIA BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2018
(Unaudited)**

	<u>Net Debt</u>
Municipal Debt: (1)	
Leonia Board of Education (As of June 30, 2019)	\$ 19,295,000
Borough of Leonia	<u>13,909,719</u>
	<u>33,204,719</u>
Overlapping Debt Apportioned to the Municipality:	
Bergen County	
County of Bergen (A)	11,398,919
Bergen County Utilities Authority (B)	<u>2,084,920</u>
	<u>13,483,839</u>
 Total Direct and Overlapping Debt	 <u>\$ 46,688,558</u>

Source:

(1) Borough of Leonia's 2018 Annual Debt Statement

(A) The debt for this entity was apportioned to Leonia by dividing the municipality's 2018 equalized value by the total 2018 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)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 54,157,225	\$ 60,241,970	\$ 57,207,730	\$ 54,808,802	\$ 52,799,741	\$ 51,530,502	\$ 52,355,102	\$ 53,497,645	\$ 54,980,489	\$ 56,009,943
Total Net Debt Applicable to Limit	<u>9,384,659</u>	<u>16,350,000</u>	<u>31,730,000</u>	<u>31,730,000</u>	<u>30,230,000</u>	<u>26,805,000</u>	<u>25,010,000</u>	<u>23,155,000</u>	<u>21,245,000</u>	<u>19,295,000</u>
Legal Debt Margin	<u>\$ 44,772,566</u>	<u>\$ 43,891,970</u>	<u>\$ 25,477,730</u>	<u>\$ 23,078,802</u>	<u>\$ 22,569,741</u>	<u>\$ 24,725,502</u>	<u>\$ 27,345,102</u>	<u>\$ 30,342,645</u>	<u>\$ 33,735,489</u>	<u>\$ 36,714,943</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	17.33%	27.14%	55.46%	57.89%	57.25%	52.02%	47.77%	43.28%	38.64%	34.45%

Legal Debt Margin Calculation for Fiscal Year 2018

Equalized Valuation Basis	
2018	\$ 1,427,734,497
2017	1,401,045,756
2016	<u>1,371,440,476</u>
	<u>\$ 4,200,220,729</u>
3 Year Average	<u>\$ 1,400,073,576</u>
4% of Avg. Equalized Valuation	\$ 56,002,943
Less Net Debt	<u>19,295,000</u>
Remaining Borrowing Power	<u>\$ 36,707,943</u>

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>
2010	6.1%	\$ 67,308	8,960
2011	6.0%	64,280	8,955
2012	8.1%	65,992	9,010
2013	5.1%	68,865	9,039
2014	4.5%	71,789	9,061
2015	3.7%	71,100	9,074
2016	3.3%	73,637	9,103
2017	3.1%	76,821	9,094
2018	2.9%	77,901	9,116
2019	2.9% *	81,203	9,110 *

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Instruction										
Regular	235		120	145	147	145	145	146	147	180
Special Education	9		52	87	49	44	44	46	46	26
Other Instruction										
Support Services:										
General Administrative Services	7		5	9	10	10	10	10	10	6
School Administrative Services	9		12	31	17	12	12	12	12	11
Plant Operations and Maintenance	9	-	24	26	26	23	23	23	23	30
Total	<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>	<u>238</u>	<u>253</u>

Source: District Personnel Records

N/A - Not Available

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Pupil/Teacher Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School	Senior High School				
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	5.50%	166	3.68	3.01	4.13	1,820	1,760	-0.22%	96.70%
2017	1,812	34,207,770	18,878	1.29%	181	9.46	10.51	10.36	1,822	1,739	0.11%	95.44%
2018	1,878	35,849,591	19,089	1.12%	181	3.66	2.95	3.78	1,884	1,792	3.40%	95.12%
2019	1,959	38,239,839	19,520	2.26%	N/A	N/A	N/A	N/A	1,939	1,841	2.92%	94.95%

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.

N/A - Information not available

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

	<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>2018</u>	<u>2019</u>
<u>District Building</u>										
<u>Elementary</u>										
Anna C. Scott										
Square Feet	82,346	82,346	82,346	82,346	82,346	82,346	82,346	82,346	82,346	82,346
Capacity (students)	720	720	720	720	720	720	720	720	720	720
Enrollment	639	639	639	639	639	639	641	649	673	686
<u>Middle School</u>										
Leonida Middle School										
Square Feet	115,540	115,540	115,540	115,540	115,540	115,540	115,540	115,540	115,540	115,540
Capacity (students)	550	550	550	550	550	550	550	550	550	550
Enrollment	490	490	490	490	490	490	499	515	533	534
<u>High School</u>										
Leonida High School										
Square Feet	120,790	120,790	120,790	120,790	120,790	120,790	120,790	120,790	120,790	120,790
Capacity (students)	700	700	700	700	700	700	700	700	700	700
Enrollment	616	616	616	616	616	616	675	659	687	739
<u>Other</u>										
Central Administration										
Square Feet	1800	1800	1800	1800	1800	1800	1800	1800	1800	1800
Number of Schools at June 30, 2019										
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 BOARD OF EDUCATION
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST TEN FISCAL YEARS
 (Unaudited)

	<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>2018</u>	<u>2019</u>
<u>School Facilities</u>										
Anna C. Scott	\$ 107,299	\$ 845,111	\$ 111,088	\$ 179,600	\$ 287,314	\$ 256,955	\$ 240,027	\$ 249,715	\$ 187,057	\$ 219,120
Middle School	148,567	144,366	174,431	161,588	256,253	229,176	239,222	186,815	134,033	157,007
High School	<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>	<u>121,426</u>	<u>142,240</u>
Other Facilities	412,687	1,120,801	464,599	488,709	776,524	694,473	788,364	662,260	442,516	518,367
	-	-	-	-	-	-	-	-	-	-
Grand Total	<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>	<u>\$ 442,516</u>	<u>\$ 518,367</u>

**LEONIA BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2019
(Unaudited)**

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
School Alliance Insurance Fund:		
Commercial Package Policy		
Property - Blanket Building and Contents	\$ 92,198,962	\$ 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, 2019
(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 - Chubb		
Per Claim	1,000,000	
Legal Defense Expense Limit	25,000,000	
SIR: Per Pollution Condition		10,000
Public Official Bond - Selective Insurance Co.		
Tina Palecek	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
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ROBERT W. HAAG, CPA, PSA
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RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees or 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, 2019 and the related notes to the financial statements, which collectively comprise the Leonia Board of Education's basic financial statements and have issued our report thereon dated December 18, 2019.

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 questioned costs as items 2019-001 and 2019-002 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 instances of noncompliance or other matters that are 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 are described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002.

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 December 18, 2018.

Leonia Board of Education’s Responses to Findings

The Leonia Board of Education’s responses to the findings identified in our audit are described in the schedule of findings and questioned costs. The Leonia Board of Education’s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

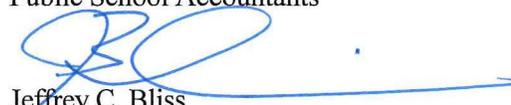
Purpose of this Report

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.

Fair Lawn, New Jersey
December 18, 2019

LERCH, VINCI & HIGGINS, LLP

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


Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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CHRIS SOHN, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND 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**

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 Leonia Board of Education's major federal and state programs for the fiscal year ended June 30, 2019. 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, 2019.

Other Matters {if there are no findings, this section would be omitted}

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08 and which are described in the accompanying schedule of findings and questioned costs as items 2019-003 and 2019-004. Our opinion on each major federal and state program is not modified with respect to these matters.

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

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-003 that we consider to be a significant deficiency.

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

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 U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedules 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 Leonia Board of Education, as of and for the fiscal year ended June 30, 2019 and have issued our report thereon dated December 18, 2019, which contained unmodified opinions or modified opinion(s) on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
December 18, 2019

LEONIA BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2018			Carryover/ Deferred Revenue	Carryover/ (Accounts Receivable)	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Adjustment		June 30, 2019			Memo GAAP Receivable	
						(Accounts Receivable)	Unearned Revenue	Due to Grantor						Accounts Rec	Def Revenue	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	191NJ304N1099	N/A	7/1/18-6/30/19	\$ 44,347					\$ 44,347	\$ 42,288						\$ 2,059			
Food Distribution Commodities Program	10.555	181NJ304N1099	N/A	7/1/17-6/30/18	43,519		\$ 2,090				2,090									
National School Lunch Program	10.555	191NJ304N1099	N/A	7/1/18-6/30/19	123,656					115,148	123,656					\$ (8,508)			\$ (8,508)	
National School Lunch Program	10.555	181NJ304N1099	N/A	7/1/17-6/30/18	127,799	\$ (25,697)				25,697									(682)	
National School Breakfast Program	10.553	191NJ304N1099	N/A	7/1/18-6/30/19	8,382					7,700	8,382						(682)		(682)	
National School Breakfast Program	10.553	181NJ304N1099	N/A	7/1/17-6/30/18	10,358	(1,944)				1,944										
Total U.S. Department of Agriculture - Child Nutrition Program Cluster						(27,641)	2,090	-	-	-	194,836	176,416	-	-	-	-	(9,190)	2,059	-	(9,190)
U.S. Department of Education Passed-through State Department Special Revenue Fund																				
ESEA																				
Title I	84.010	S010A1800030	NCLB031345-19	7/1/18-6/30/19	151,683			\$ 22,638	\$ (22,638)	38,000	137,900						(136,321)	36,421		(99,900)
Title I	84.010	S010A1700030	NCLB031345-18	7/1/17-6/30/18	150,924	(68,885)	24,483	-	(22,638)	22,638	44,359			\$ 1,888	\$ (1,845)					
Total ESEA Title I						(68,885)	24,483	-	-	-	82,359	137,900	-	1,888	(1,845)	-	(136,321)	36,421	-	(99,900)
Title II, Part A	84.367A	S367A1800029	NCLB031345-19	7/1/18-6/30/19	33,950			8,964	(8,964)	1,400	28,350						(41,514)	14,564		(26,950)
Title II, Part A	84.367A	S367A1700029	NCLB031345-18	7/1/17-6/30/18	34,671	(18,888)	8,966	-	(8,964)	8,964	9,924									
Total ESEA Title II, Part A						(18,888)	8,966	-	-	-	11,324	28,350	-	-	-	(2)	(41,514)	14,564	-	(26,950)
Title III	84.365	S365A1800030	NCLB031345-19	7/1/18-6/30/19	17,279			4,117	(4,117)	1,600	11,539						(19,796)	9,857		(9,939)
Title III	84.365	S365A1700030	NCLB031345-18	7/1/17-6/30/18	9,364	(6,209)	4,117	-	(4,117)	4,117	2,092									
Title III Immigrant	84.365	S365A1800030	NCLB031345-19	7/1/18-6/30/19	-				3,637	(3,637)								(3,637)	3,637	
Title III Immigrant	84.365	S365A1700030	NCLB031345-18	7/1/17-6/30/18	4,850	(3,637)	3,637	-	(3,637)	3,637										
Total ESEA Title III Cluster						(9,846)	7,754	-	-	-	3,692	11,539	-	-	-	-	(23,433)	13,494	-	(9,939)
ESEA Title IV																				
ESEA Title IV	84.424	S424A180031	NLB031345-19	7/1/18-6/30/19	10,000						3,135						(10,000)	6,865		(3,135)
I.D.E.L.A. Part B, Basic Regular	84.027	H027A180100	NCLB031345-19	7/1/18-6/30/19	367,556					257,678	359,556						(109,878)	8,000		(101,878)
I.D.E.L.A. Part B, Basic Regular	84.027	H027A170100	NCLB031345-18	7/1/17-6/30/18	362,165	(59,977)	10,672			59,977					10,419				\$ 21,091	
I.D.E.L.A. Part B, Preschool	84.173	H173A180114	NCLB031345-19	7/1/18-6/30/19	10,923													(10,923)	10,923	
Total Special Education Cluster IDEA						(59,977)	10,672	-	-	-	317,655	359,556	-	-	10,419	-	(120,801)	18,923	21,091	(101,878)
Perkins Secondary	84.048A	V048A180030	N/A	7/1/18-6/30/19	10,879					10,500	10,877						(379)	2		(377)
Perkins Secondary	84.048A	V048A170030	N/A	7/1/17-6/30/18	12,458	(3,656)				3,657					(1)					
Perkins Secondary	84.048A	V048A160030	N/A	7/1/16-6/30/17	11,614	(284)												(284)		(284)
Total Special Revenue Fund						(3,940)	-	-	-	-	14,157	10,877	-	(1)	-	(662)	2	-	-	(661)
Total Special Revenue Fund						(161,536)	51,875	-	-	-	429,187	551,357	-	1,887	8,572	(332,732)	90,269	21,091	-	(242,463)
U.S. Department of Health and Human Services General Fund																				
Medical Assistance Program (SEMI)	93.778	1805NJSMAP	N/A	7/1/18-6/30/19	62,992					62,992	62,992									
Total General Fund						-	-	-	-	-	62,992	62,992	-	-	-	-	-	-	-	-
Total Federal Financial Awards						\$ (189,177)	\$ 53,965	\$ -	\$ -	\$ -	\$ 687,015	\$ 790,765	\$ -	\$ 1,887	\$ 8,572	\$ (341,922)	\$ 92,328	\$ 21,091	\$ -	\$ (251,653)

LEONIA BOARD OF EDUCATION
 SCHEDULE OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

911

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2018				Refund of Prior Years' Balances	Balance, June 30, 2019			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	19-495-034-5120-078	7/1/18-6/30/19	\$ 2,614,849			\$ 2,386,442	\$ 2,614,849		\$ (228,407)				\$ 2,614,849	
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	2,614,849	\$ (243,059)		243,059								
Special Education Categorical Aid	19-495-034-5120-089	7/1/18-6/30/19	896,489			818,181	896,489		(78,308)				896,489	
Special Education Categorical Aid	18-495-034-5120-089	7/1/18-6/30/18	896,489	(83,332)		83,332								
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	36,798			33,584	36,798		(3,214)				36,798	
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	27,544	(2,560)		2,560								
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	14,050	(1,306)		1,306								
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	14,050	(1,306)		1,306								
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	14,010	(1,302)		1,302								
Total State Aid Public Cluster				(332,865)		3,571,072	3,548,136		(309,929)				3,548,136	
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	11,212	(1,042)		1,042								
Extraordinary Aid	19-495-034-5120-044	7/1/18-6/30/19	303,259				303,259		(303,259)				303,259	
Extraordinary Aid	18-495-034-5120-044	7/1/17-6/30/18	303,168	(303,168)			303,168							
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18-6/30/19	1,072,828			1,020,164	1,072,828		(52,664)			\$ (52,664)	1,072,828	
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17-6/30/18	1,091,185	(51,510)		51,510								
On Behalf TPAF Pension and OPEB Pension Benefit Contribution	19-495-034-5094-002	7/1/18-6/30/19	2,717,262			2,717,262	2,717,262						2,717,262	
Pension - NCGI Premium	19-495-034-5094-004	7/1/18-6/30/19	56,879			56,879	56,879						56,879	
Post Retirement Medical Benefit Contribution	19-495-034-5094-001	7/1/18-6/30/19	1,258,346			1,258,346	1,258,346						1,258,346	
Long Term Disability Insurance	19-495-034-5094-004	7/1/18-6/30/19	3,376			3,376	3,376						3,376	
Total General Fund				(688,585)		8,982,819	8,960,086		(665,852)				(52,664)	8,960,086
<i>Special Revenue Fund</i>														
New Jersey Nonpublic Aid:														
Textbook	19-100-034-5120-064	7/1/18-6/30/19	1,549			1,549	1,475				\$ 74		1,475	
Textbook	18-100-034-5120-064	7/1/17-6/30/18	1,808		\$ 1			\$ 1						
Nursing Services	19-100-034-5120-070	7/1/18-6/30/19	2,813			2,813	2,025				788		2,025	
Nonpublic Technology Aid	19-100-034-5120-373	7/1/18-6/30/19	1,044			1,044	1,044						1,044	
Nonpublic Technology Aid	18-100-034-5120-373	7/1/17-6/30/18	1,221		337			337						
Nonpublic Security Aid	19-100-034-5120-509	7/1/18-6/30/19	4,350			4,350	2,173				2,177		2,173	
Nonpublic Security Aid	18-100-034-5120-509	7/1/17-6/30/18	2,475		525			525						
Total Special Revenue Fund					863		9,756	6,717		863			3,039	6,717
Debt Service Fund														
Type II Debt Service Aid	18-495-034-5120-017	7/1/17-6/30/18	442,375			442,375	442,375						442,375	
State Department of Agriculture														
<i>Enterprise Fund</i>														
State School Lunch Program	19-100-010-3350-023	7/1/18-6/30/19	5,810			5,409	5,810		(401)				(401)	5,810
State School Lunch Program	18-100-010-3350-023	7/1/17-6/30/18	5,747	(1,153)		1,153								
				(1,153)		6,562	5,810		(401)				(401)	5,810
Total State Financial Assistance Subject to Single Audit Determination				(689,738)	863	9,441,512	9,414,988	863	(666,253)		3,039	(53,065)	9,414,988	
State Financial Assistance Not Subject to Single Audit Determination														
<i>General Fund</i>														
On-Behalf TPAF Pension System Contributions	19-495-034-5094-002	7/1/18-6/30/19	2,717,262			(2,717,262)	(2,717,262)						(2,717,262)	
On-Behalf TPAF Pension-NCGI Premium	19-495-034-5094-004	7/1/18-6/30/19	56,879			(56,879)	(56,879)						(56,879)	
On-Behalf TPAF Post-Retirement Medical Contribution	19-495-034-5094-001	7/1/18-6/30/19	1,258,346			(1,258,346)	(1,258,346)						(1,258,346)	
On-Behalf TPAF Long Term Disability Insurance	19-495-034-5094-004	7/1/18-6/30/19	3,376			(3,376)	(3,376)						(3,376)	
Total State Financial Assistance Subject to Major Program Determination				\$ (689,738)	\$ 863	\$ 5,405,649	\$ 5,379,125	\$ 863	\$ (666,253)	\$ -	\$ 3,039	\$ (53,065)	\$ 5,379,125	

**LEONIA BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 an increase of \$23,887 for the general 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	\$ 62,992	\$ 8,983,973	\$ 9,046,965
Special Revenue Fund	551,357	6,717	558,074
Debt Service Fund		442,375	442,375
Food Service Fund	<u>176,416</u>	<u>5,810</u>	<u>182,226</u>
Total Awards and Financial Assistance	<u>\$ 790,765</u>	<u>\$ 9,438,875</u>	<u>\$ 10,229,640</u>

**LEONIA BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 \$1,072,828 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, 2019. The amount reported as TPAF Pension System Contributions in the amount of \$2,774,141, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,258,346 and TPAF Long-Term Disability Insurance in the amount of \$3,376 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2019.

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 payments are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

**LEONIA BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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? yes x 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? x yes 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? x yes no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>FAIN</u>	<u>Name of Federal Program or Cluster</u>
84.027	H027A180100	IDEA Part B Basic
84.173	H173A180114	IDEA Part B Preschool

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, 2019**

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?

 x yes no

Internal Control over major programs:

(1) Material weakness(es) identified?

 yes x no

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

 yes x none reported

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

Unmodified

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

 x yes no

Identification of major state programs:

GMIS Number(s)	Name of State Program
19-495-034-5120-078	Equalization Aid
19-495-034-5120-089	Special Education Aid
19-495-034-5120-084	Security Aid
19-495-034-5120-044	Extraordinary Aid

**LEONIA BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Finding 2019-001

Our audit of outstanding purchase orders revealed the following:

- Certain purchase orders were not properly classified as accounts payable or reserved for encumbrances in the General Fund.
- Unrecorded liabilities totaling \$45,180 were not recorded as accounts payable in the Special Revenue Fund.
- An unrecorded contract balance was not encumbered for approximately \$30,000 in the General Fund.
- There are several encumbrances in the General and Special Revenue Funds that appear to be accounts payable or invalid at year end.

Criteria or specific requirement:

Internal controls over year end closing procedures.

Condition

Certain encumbrances and accounts payable were not recorded correctly at year end or appear to be invalid.

Context

See Finding 2019-001

Effect

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

Cause

Unknown.

Recommendation

Purchase orders be reviewed at year end to determine the appropriate amount outstanding, be properly classified as an accounts payable or reserved for encumbrances, or otherwise be cancelled prior to year end. Additionally, greater care be taken to ensure all liabilities and encumbrances are recorded at year end.

View of Responsible Officials and Planned Corrective Action

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

**LEONIA BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Finding 2019-002:

Our audit noted that the final expenditure reports for all of the Federal ESEA grant programs were not in agreement with the District records.

Criteria or specific requirement:

Grant Program Reporting Requirements

Condition:

Expenditures reported on the District's financial records were not in agreement with amounts reported on the respective grant programs final expenditure reports for the 2018/2019 grant period.

Context:

The District's 2018/19 ESEA final expenditure report reflected total expenditures of \$220,852. The District's financial records for the grant period reflected expenditures of \$163,004 which was revised by audit adjustments to \$181,004.

Effect:

The District's financial records are not in agreement with amounts reported to the grantor agencies.

Cause:

Final grant expenditure reports were not compared to internal accounting records.

Recommendation:

Final expenditure reports for the Federal ESEA grant programs be reconciled to and in agreement with the District's accounting records prior to their submission.

View of Responsible Officials and Planned Corrective Action:

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

**LEONIA BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

Finding 2019-003

Our audit noted that the final expenditure report for the Federal IDEA Part B Basic grant program was not in agreement with the District records.

Federal Program Information:

IDEA Part B Basic 84.027

Criteria or Specific Requirement

Uniform Guidance; Federal Grant Compliance Supplement; Grant Program Reporting Requirements

Condition

Expenditures reported on the District's financial records were not in agreement with amount reported on the respective grant program final expenditure report for the 2018/19 grant period.

Questioned Costs:

Unknown.

Context

The District's 2018/19 IDEA Part B Basic final expenditure report reflected total expenditures of \$367,556. The District's financial records for the grant period reflected expenditures of \$321,874 which was revised by audit adjustments to \$359,556.

Effect:

The District's financial records are not in agreement with amounts reported to the grantor agency.

Cause

Final grant expenditure reports were not compared to internal accounting records.

**LEONIA BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, as amended.

CURRENT YEAR FEDERAL AWARDS (Continued)

Finding 2018-003 (Continued)

Recommendation

Final expenditure report for the Federal IDEA grant program be reconciled to and in agreement with the District's accounting records prior to their submission.

View of Responsible Officials and Planned Corrective Action Plan

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

**LEONIA BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

CURRENT YEAR STATE AWARDS

Finding 2019-004

Our audit of the A.S.S.A. indicated the following:

- A net variance of nine (9) students was noted when comparing the number of on-roll students reported on the ASSA with the supporting district workpapers.
- Four (4) students reported as Private School for Disabled on the District workpapers were not reported on the ASSA.
- A net variance of sixty four (64) students was noted when comparing the number of low income students reported on the ASSA with the supporting district workpapers.
- A net variance of six (6) students was noted when comparing the number of LEP-Low Income students reported on the ASSA with the supporting district workpapers.

State program information:

Equalization Aid	495-034-5120-078
Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084

Criteria or specific requirement:

State Grant Compliance Supplement – State Aid Public - Eligibility

Condition:

Student counts reported in the On-Roll, Low-Income and LEP Not Low Income categories were not in agreement with supporting workpapers.

Questioned Costs:

Unknown.

Context:

The District reported 1,939 students as on roll on the ASSA. Supporting workpapers reflected 1,930 for a net variance of 9.

The District workpapers reported 8 students as attending Private School for Disabled. The ASSA reflected 4 for a net variance of 4.

The District reported 159 students as low income on the ASSA. Supporting workpapers reflected 223, for a net variance of 64.

The District reported 52 students as LEP Low Income. Supporting workpapers reflected 46 for a net variance of 6.

**LEONIA BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

CURRENT YEAR STATE AWARDS

Finding 2019-004 (Continued)

Effect:

Noncompliance with State Aid Public Compliance Requirements.

Cause:

Unknown.

Recommendation:

Procedures over the preparation of the Application for State School Aid (A.S.S.A.) be reviewed and enhanced to ensure amounts reported agree with District workpapers and supporting documentation.

Views of Responsible Officials and Planned Corrective Action Plan:

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

**LEONIA BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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. Uniform Guidance and New Jersey OMB's Circular 15-08.

Finding 2018-001

Condition

Certain encumbrances and accounts payable were deemed either invalid or were not recorded correctly at year end.

Current Status

See Finding 2019-001.

Finding 2018-002

Condition

Purchases of technology equipment supplies and services which exceeded the bid threshold in the aggregate were not procured by publicly advertising for bids in accordance with the procedures specified in the Public School Contracts Law.

Current Status

Corrective action was taken.