

LEONIA BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Leonia, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Leonia Board of Education

Leonia, New Jersey

For The Fiscal Year Ended June 30, 2020

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 22, 2020

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, 2020 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 2019-2020 with an average daily enrollment of 2021.3. 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>
2019/2020	2021.3	4.26
2108/2019	1938.6	2.88
2017/2018	1884.2	3.43
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

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.

The major initiatives for the 2020-2021 school year include the repurposing of both the middle and high school media centers into classroom space based on the increased enrollment projections, the joint effort with the Borough of Leonia to turf the athletic fields at the high school, and the development of the 7th academy program at Leonia High School, the Academy for Trades and Vocations.

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, 2020.

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.

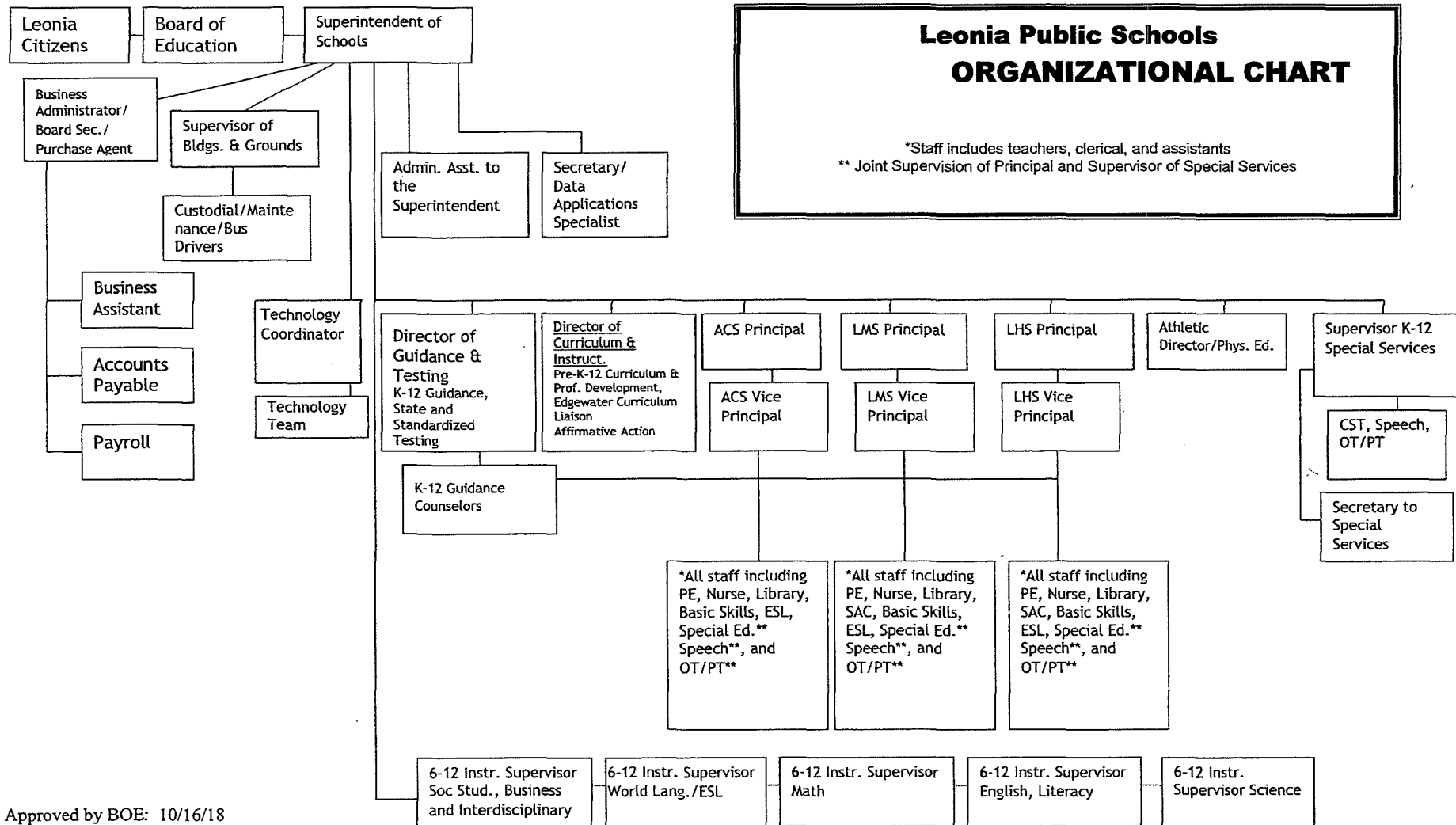
12) ACKNOWLEDGMENTS:

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



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

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

**ROSTER OF OFFICIALS
JUNE 30, 2020**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Bryce Robins, President	Jan. 2023
Lisa Klein, Vice President	Jan. 2021
Mary Albanese	Jan. 2023
Anthony Cassano	Jan. 2021
Isaac S Park	Jan. 2023
Michael Phelan	Jan. 2022
Mariya Thompson	Jan. 2022
Roland Weimer	Jan. 2021
Noreen Wilds	Jan. 2022
Sandy Klein – Edgewater Representative	Jan. 2021

Other Officials

Edward Bertolini, Superintendent

Tina Palecek, Business Administrator

Antoinette Kelly, Treasurer of School Funds

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

**Consultants and Advisors
June 30, 2020**

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

Visions Federal Credit Union
24 McKinley Avenue
Endicott, NY 13760

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
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
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, 2020 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, 2020, 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 and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Leonia Board of Education.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 21, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 21, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

LEONIA BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2020

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, 2020. 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 discussion and analysis.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2019-2020 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 \$7,038,286. (Net Position)
- The District's total net position increased by \$489,599 or 7%.
- Overall District revenues were \$44,568,446. General revenues accounted for \$25,109,944 or 56% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$19,458,502 or 44% of total revenues.
- The school district had \$43,390,795 in expenses for governmental activities; only \$18,832,097 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$25,107,949 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 \$2,783,368. Of this amount, \$2,667,690 is fund balance restricted for specific purposes, \$35,250 has been assigned to 2020/2021 expenditures and the remaining amount is the unassigned fund balance of \$80,428.
- The General Fund fund balance at June 30, 2020 was \$2,722,861 a decrease of \$1,097,593 from the previous year.
- The General Fund unassigned budgetary fund balance at June 30, 2020 was \$707,530, which represents a decrease of \$121,511 when compared to the ending unassigned budgetary fund balance at June 30, 2019 of \$829,041.
- The District's total outstanding long-term liabilities decreased by \$3,354,629 during the current fiscal year.

LEONIA BOARD OF EDUCATION

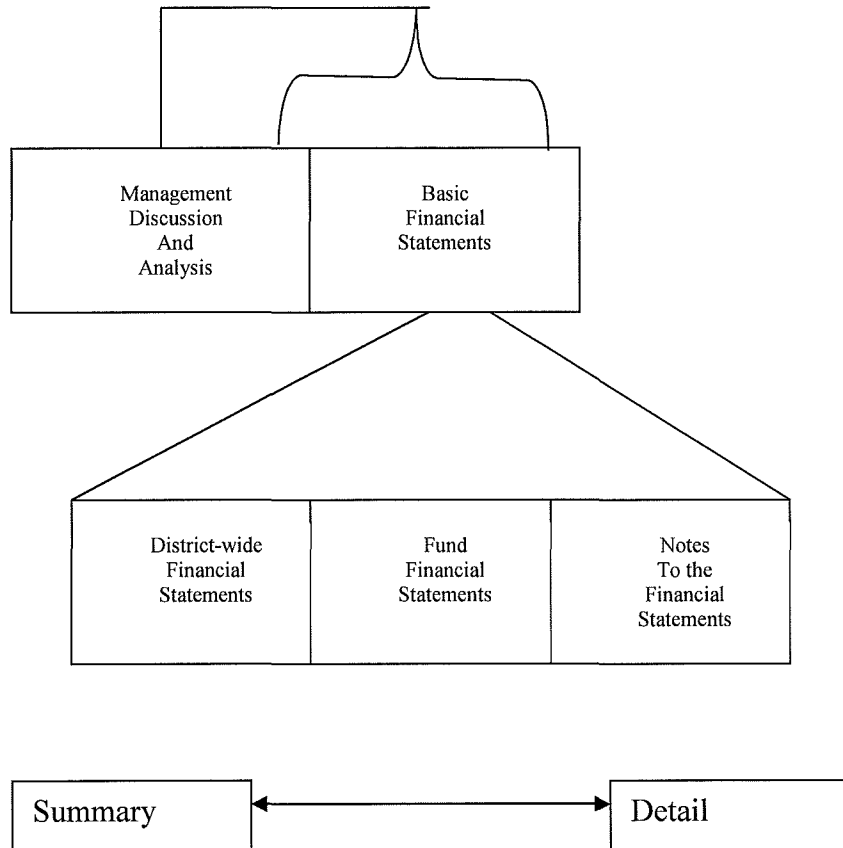
Management’s Discussion and Analysis
Fiscal Year Ended June 30, 2020

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, 2020

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, 2020

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, 2020

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's *combined* net position was \$7,038,286 and \$6,548,687 on June 30, 2020 and 2019, respectively as follows:

Statement of Net Position
As of June 30, 2020 and 2019

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current Assets	\$ 3,789,285	\$ 4,545,549	\$ 284,849	\$ 338,447	\$ 4,074,134	\$ 4,883,996
Capital Assets	<u>33,070,324</u>	<u>33,700,352</u>	<u>85,030</u>	<u>82,977</u>	<u>33,155,354</u>	<u>33,783,329</u>
Total Assets	<u>36,859,609</u>	<u>38,245,901</u>	<u>369,879</u>	<u>421,424</u>	<u>37,229,488</u>	<u>38,667,325</u>
Deferred Outflows of Resources	<u>1,439,954</u>	<u>2,255,093</u>	<u>-</u>	<u>-</u>	<u>1,439,954</u>	<u>2,255,093</u>
Total Assets and Deferred Outflows of Resources	<u>38,299,563</u>	<u>40,500,994</u>	<u>369,879</u>	<u>421,424</u>	<u>38,669,442</u>	<u>40,922,418</u>
Liabilities						
Other Liabilities	1,328,023	644,155	117,220	108,201	1,445,243	752,356
Long-Term Liabilities	<u>27,292,736</u>	<u>30,647,365</u>	<u>-</u>	<u>-</u>	<u>27,292,736</u>	<u>30,647,365</u>
Total Liabilities	<u>28,620,759</u>	<u>31,291,520</u>	<u>117,220</u>	<u>108,201</u>	<u>28,737,979</u>	<u>31,399,721</u>
Deferred Inflows of Resources	<u>2,892,030</u>	<u>2,971,951</u>	<u>1,147</u>	<u>2,059</u>	<u>2,893,177</u>	<u>2,974,010</u>
Total Liabilities and Deferred Inflows of Resources	<u>31,512,789</u>	<u>34,263,471</u>	<u>118,367</u>	<u>110,260</u>	<u>31,631,156</u>	<u>34,373,731</u>
Net Position:						
Net Investment in Capital Assets	13,693,257	11,995,055	85,030	82,977	13,778,287	12,078,032
Restricted	1,325,907	983,807	-	-	1,325,907	983,807
Unrestricted	<u>(8,232,390)</u>	<u>(6,741,339)</u>	<u>166,482</u>	<u>228,187</u>	<u>(8,065,908)</u>	<u>(6,513,152)</u>
Total Net Position	<u>\$ 6,786,774</u>	<u>\$ 6,237,523</u>	<u>\$ 251,512</u>	<u>\$ 311,164</u>	<u>\$ 7,038,286</u>	<u>\$ 6,548,687</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 \$7,038,286 at June 30, 2020 represents a \$489,599 or 7% increase from the prior year. The following presents the changes in net position for the fiscal years ended June 30, 2020 and 2019.

LEONIA BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020

Changes in Net Position

For the Fiscal Years Ended June 30, 2020 and 2019

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues						
Charges for Services	\$ 9,093,029	\$ 7,929,941	\$ 440,541	\$ 532,729	\$ 9,533,570	\$ 8,462,670
Operating Grants and Contributions	9,727,628	10,840,497	185,864	182,226	9,913,492	11,022,723
Capital Grants and Contributions	11,440	160,703			11,440	160,703
General Revenues						
Property Taxes	22,063,881	21,691,186			22,063,881	21,691,186
Unrestricted State Aid	2,905,868	2,950,116			2,905,868	2,950,116
Other	138,200	195,538	1,995	2,325	140,195	197,863
Total Revenues	<u>43,940,046</u>	<u>43,767,981</u>	<u>628,400</u>	<u>717,280</u>	<u>44,568,446</u>	<u>44,485,261</u>
Expenses						
Instruction						
Regular	17,595,069	19,137,844			17,595,069	19,137,844
Special Education	6,745,698	6,118,212			6,745,698	6,118,212
Other Instruction	1,058,401	1,148,647			1,058,401	1,148,647
School Sponsored Activities and Athletics	1,279,518	1,151,268			1,279,518	1,151,268
Support Services						
Student and Instruction Related Serv.	5,887,388	5,970,517			5,887,388	5,970,517
General Administrative Services	923,605	1,114,915			923,605	1,114,915
School Administrative Services	3,392,760	3,404,662			3,392,760	3,404,662
Central Services and Info. Technology	647,616	662,263			647,616	662,263
Plant Operations and Maintenance	4,064,800	3,555,113			4,064,800	3,555,113
Student Transportation	1,032,284	1,163,416			1,032,284	1,163,416
Interest on Long-Term Debt	763,656	867,139			763,656	867,139
Food Services			541,572	621,841	541,572	621,841
Enrichment Program	-	-	146,480	49,359	146,480	49,359
Total Expenses	<u>43,390,795</u>	<u>44,293,996</u>	<u>688,052</u>	<u>671,200</u>	<u>44,078,847</u>	<u>44,965,196</u>
Change in Net Position	549,251	(526,015)	(59,652)	46,080	489,599	(479,935)
Net Position Beginning 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>
Net Position, End of Year	<u>\$ 6,786,774</u>	<u>\$ 6,237,523</u>	<u>\$ 251,512</u>	<u>\$ 311,164</u>	<u>\$ 7,038,286</u>	<u>\$ 6,548,687</u>

LEONIA BOARD OF EDUCATION

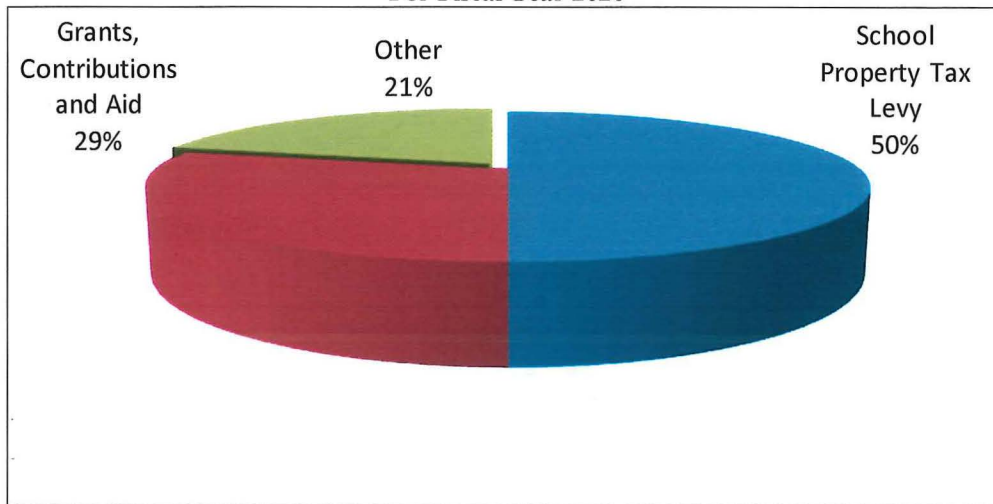
Management's Discussion and Analysis Fiscal Year Ended June 30, 2020

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$43,940,046 for the fiscal year ended June 30, 2020, property taxes of \$22,063,881 represented 50% of revenues. Another significant portion of revenues came from grants and contributions and unrestricted state aid which totaled \$12,644,936 and represented 29% of revenues. In addition, charges for services from tuition, transportation services, related service fees and facility rental represented 21% of revenues. Miscellaneous income such as interest, prior year refunds and other miscellaneous items represented less than 1% of revenues.

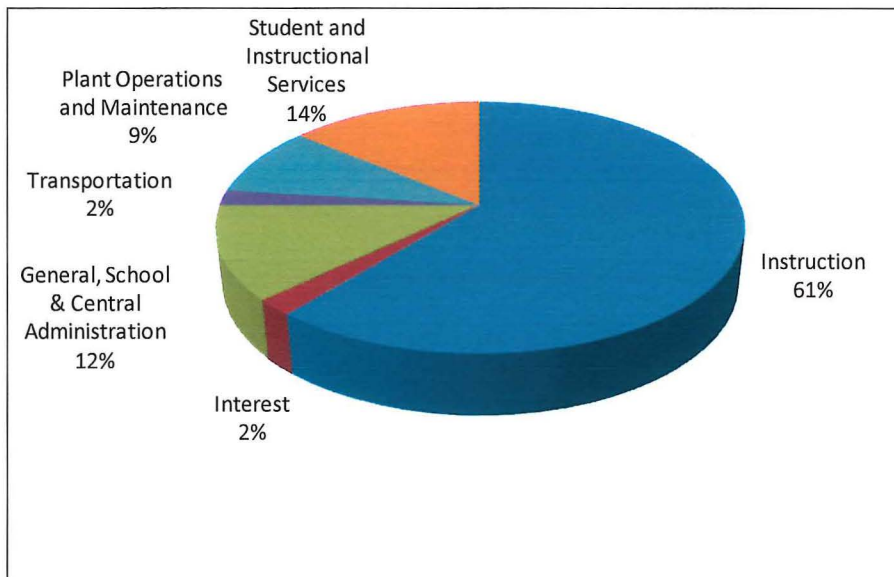
The total cost of all governmental activities programs and services was \$43,390,795 for the fiscal year ended June 30, 2020. The District's expenses are predominantly related to educating and caring for students. Instruction costs were \$26,678,686 (61%) of total expenses. Support services costs were \$15,948,453 (37%) of total expenses and interest on debt totaled \$763,656 (2%) of total expenses.

For fiscal year 2020, total governmental activities revenues exceeded expenses increasing net position for governmental activities by \$549,251 from the previous year.

**Revenues by Sources – Governmental Activities
For Fiscal Year 2020**



**Expenses by Use – Governmental Activities
For Fiscal Year 2020**



LEONIA BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020

Total and Net Cost of Governmental Activities. The District's total cost of services was \$43,390,795. After applying program revenues, derived from operating grants and contributions of \$9,727,628, capital grants and contributions of \$11,440 and charges for services of \$9,093,029, the net cost of services of the District is \$24,558,698 for the fiscal year ended June 30, 2020.

Total and Net Cost of Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Instruction				
Regular	\$ 17,595,069	\$ 19,137,844	\$ 7,258,168	\$ 8,571,227
Special Education	6,745,698	6,118,212	2,083,589	2,332,842
Other Instruction	1,058,401	1,148,647	781,187	824,132
School Sponsored Activities and Athletics	1,279,518	1,151,268	988,484	868,372
Support Services				
Student and Instruction Related Svcs.	5,887,388	5,970,517	4,387,469	4,274,124
General Administrative Services	923,605	1,114,915	842,945	976,168
School Administrative Services	3,392,760	3,404,662	2,685,007	2,524,106
Central Services and Info. Technology	647,616	662,263	585,962	562,428
Plant Operations and Maintenance	4,064,800	3,555,113	3,814,863	3,215,091
Student Transportation	1,032,284	1,163,416	482,950	472,900
Interest on Long Term Debt	763,656	867,139	648,074	741,465
Total	\$ 43,390,795	\$ 44,293,996	\$ 24,558,698	\$ 25,362,855

Business-Type Activities – The District's total business-type activities revenues were \$628,400 for the fiscal year ended June 30, 2020. Charges for services of \$440,541 accounted for 70% of total revenues and operating grants and contributions of \$185,864 accounted for 30% of total revenues and general revenues accounted for less than 1% of the total revenues.

Total cost of all business-type activities programs and services was \$688,052 for the fiscal year ended June 30, 2020. Food service expenses of \$541,572 represented 79% of total expense and the expenses for the enrichment program of \$146,480 represented 21% of total expenses.

For fiscal year 2020, total business-type activities expenses exceeded revenues, decreasing net position by \$59,652 or 19% over the previous year.

LEONIA BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020

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 \$2,783,368 at June 30, 2020, a decrease of \$1,470,426 from last year's fund balance of \$4,253,794. The District restricted fund balances decreased \$1,004,428; the assigned fund balances decreased \$330,573 while the unassigned fund balance of the governmental funds decreased \$135,425 at June 30, 2020. 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 \$41,600,393, while total expenditures were \$43,403,895 for the fiscal year ended June 30, 2020. The District additionally had capital lease proceeds of \$333,076.

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, 2020</u>	Fiscal Year Ended <u>June 30, 2019</u>	Amount of Increase (Decrease)	Percent Change
Local Sources:				
Property Tax Levy	\$ 20,156,236	\$ 19,761,016	\$ 395,220	2%
Tuition	8,149,884	7,019,357	1,130,527	16%
Other	1,079,362	1,098,510	(19,148)	-2%
State Sources	9,202,179	8,983,973	218,206	2%
Federal Sources	<u>44,303</u>	<u>62,992</u>	<u>(18,689)</u>	-30%
Total General Fund Revenues	<u>\$ 38,631,964</u>	<u>\$ 36,925,848</u>	<u>\$ 1,706,116</u>	<u>5%</u>

For fiscal year 2020, total General Fund revenues increased \$1,706,116 or 5% from the previous year. Property taxes increased \$395,220 or 2% to support increases in budgeted operating costs. Tuition revenues increased \$1,130,527 or 16% due to an increase in enrollment from other school districts. As indicated, State aid increased \$218,206 or 2% 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, 2020</u>	Fiscal Year Ended <u>June 30, 2019</u>	Amount of Increase (Decrease)	Percent Change
Instruction	\$ 23,493,990	\$ 23,575,023	\$ (81,033)	0%
Support Services	14,745,690	14,087,490	658,200	5%
Debt Service	1,020,607	924,497	96,110	10%
Capital Outlay	<u>804,329</u>	<u>700,766</u>	<u>103,563</u>	15%
Total Expenditures	<u>\$ 40,064,616</u>	<u>\$ 39,287,776</u>	<u>\$ 776,840</u>	<u>2%</u>

LEONIA BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020

GENERAL FUND (Continued)

For fiscal year 2020, total General Fund expenditures increased \$776,840 or 2% from the previous year. Decreases in regular education instruction costs were offset by increases in special education instruction costs. In addition, increases in student and instructional related support service costs and plant operations and maintenance support costs were the major factors for the increase in the current fiscal year.

In fiscal year 2020 General Fund expenditures exceeded revenues and other financing sources by \$1,097,593. Therefore, the total fund balance of \$3,820,454 at June 30, 2019 decreased to a fund balance of \$2,722,861 at June 30, 2020. After deducting restricted and assigned fund balances, the unassigned fund balance decreased \$135,425 from \$215,853 at June 30, 2019 to \$80,428 at June 30, 2020. In addition, the District decreased restricted fund balances (capital reserve, maintenance reserve and excess surplus) by \$631,595 at June 30, 2020 and assigned fund balances (year end encumbrances and designated for subsequent years expenditures) decreased by \$330,573 at June 30, 2020.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of fiscal year 2020, the District had \$33,070,324 invested in land, buildings, furniture, equipment and vehicles for governmental activities and \$85,030 for business type activity. For fiscal year 2020 depreciation expense for governmental activities was \$1,445,797 and for business-type activities was \$7,977. The following is a comparison of the June 30, 2020 and 2019 balances:

**Capital Assets at June 30, 2020 and 2019
(Net of Accumulated Depreciation)**

	Governmental		Business-Type		Total	
	2020	2019	2020	2019	2020	2019
Land and Land Improvements	\$ 123,285	\$ 124,511			\$ 123,285	\$ 124,511
Construction in Progress	227,772				227,772	-
Building and Building Improvements	31,033,187	32,319,521			31,033,187	32,319,521
Machinery and Equipment	1,686,080	1,256,320	\$ 85,030	\$ 82,977	1,771,110	1,339,297
Total Capital Assets	\$ 33,070,324	\$ 33,700,352	\$ 85,030	\$ 82,977	\$ 33,155,354	\$ 33,783,329

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

LONG TERM LIABILITIES

At June 30, 2020 the District had \$27,292,736 of total outstanding long term liabilities. Of this amount, \$17,417,935 is for serial bonds, \$2,191,911 is for capital leases, \$458,810 is for compensated absences, and \$7,224,080 is for net pension liability. For fiscal year 2019/2020 total outstanding long-term liabilities decreased by \$3,354,629. The following is a comparison of the June 30, 2020 and 2019 balances:

**Outstanding Long-Term Liabilities
as of June 30, 2020 and 2019**

	Governmental Activities	
	2020	2019
Serial Bonds (including unamortized premium)	\$ 17,417,935	\$ 19,498,420
Capital Leases	2,191,911	2,798,296
Compensated Absences	458,810	383,906
Net Pension Liability	7,224,080	7,966,743
Total Long-Term Liabilities	\$ 27,292,736	\$ 30,647,365

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, 2020

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 2020 General Fund budgetary expenditures exceeded budgetary revenues and other financing sources decreasing budgetary fund balance \$1,083,679. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance decreased \$121,511 from an unassigned fund balance of \$829,041 at June 30, 2019 to \$707,530 at June 30, 2020. In addition, the District increased its capital reserve \$70,907 from \$805,000 at June 30, 2019 to \$875,907 at June 30, 2020 and increased its maintenance reserve \$350,000 from \$100,000 at June 30, 2019 to \$450,000 at June 30, 2020. Consequently the District decreased its excess surplus reserves \$1,052,502 from \$2,333,778 at June 30, 2019 to \$1,281,276 at June 30, 2020.

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 2020-2021 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 2020-2021. Budgeted expenditures in the General Fund increased approximately 2% to \$36,367,221 for fiscal year 2020-2021.

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, 2020**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,937,402	\$ 253,977	\$ 3,191,379
Receivables, Net	851,883	17,496	869,379
Inventory		13,376	13,376
Capital Assets, Not Being Depreciated	337,140		337,140
Capital Assets, Being Depreciated, net	<u>32,733,184</u>	<u>85,030</u>	<u>32,818,214</u>
Total Assets	<u>36,859,609</u>	<u>369,879</u>	<u>37,229,488</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Amounts on Refunding on Debt	172,272		172,272
Deferred Amounts on Net Pension Liability	<u>1,267,682</u>	<u>-</u>	<u>1,267,682</u>
Total Deferred Outflow of Resources	<u>1,439,954</u>	<u>-</u>	<u>1,439,954</u>
Total Assets and Deferred Outflow of Resources	<u>38,299,563</u>	<u>369,879</u>	<u>38,669,442</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	817,316	24,555	841,871
Intergovernmental Payable	32,169		32,169
Accrued Interest on Bonds	322,106		322,106
Unearned Revenue	156,432	92,665	249,097
Noncurrent Liabilities			
Due Within One Year	3,102,535		3,102,535
Due Beyond One Year	<u>24,190,201</u>	<u>-</u>	<u>24,190,201</u>
Total Liabilities	<u>28,620,759</u>	<u>117,220</u>	<u>28,737,979</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	2,892,030		2,892,030
Deferred Commodities Revenue	<u>-</u>	<u>1,147</u>	<u>1,147</u>
Total Deferred Inflows of Resources	<u>2,892,030</u>	<u>1,147</u>	<u>2,893,177</u>
Total Liabilities and Deferred Inflows of Resources	<u>31,512,789</u>	<u>118,367</u>	<u>31,631,156</u>
NET POSITION			
Net Investment in Capital Assets	13,693,257	85,030	13,778,287
Restricted for:			
Capital Projects	875,907		875,907
Plant Maintenance	450,000		450,000
Debt Service			-
Unrestricted (Deficit)	<u>(8,232,390)</u>	<u>166,482</u>	<u>(8,065,908)</u>
Total Net Position	<u>\$ 6,786,774</u>	<u>\$ 251,512</u>	<u>\$ 7,038,286</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, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:							
Instruction							
Regular	\$ 17,595,069	\$ 6,010,798	\$ 4,314,663	\$ 11,440	\$ (7,258,168)		\$ (7,258,168)
Special Education	6,745,698	2,091,086	2,571,023		(2,083,589)		(2,083,589)
Other Instruction	1,058,401		277,214		(781,187)		(781,187)
School Sponsored Activities and Athletics	1,279,518		291,034		(988,484)		(988,484)
Support Services							
Student and Instruction Related Services	5,887,388	275,163	1,224,756		(4,387,469)		(4,387,469)
General Administrative Services	923,605		80,660		(842,945)		(842,945)
School Administrative Services	3,392,760		707,753		(2,685,007)		(2,685,007)
Central Services and Info. Technology	647,616		61,654		(585,962)		(585,962)
Plant Operations and Maintenance	4,064,800	175,393	74,544		(3,814,863)		(3,814,863)
Student Transportation	1,032,284	540,589	8,745		(482,950)		(482,950)
Interest on Long-Term Debt	763,656	-	115,582	-	(648,074)	-	(648,074)
Total Governmental Activities	<u>43,390,795</u>	<u>9,093,029</u>	<u>9,727,628</u>	<u>11,440</u>	<u>(24,558,698)</u>	<u>-</u>	<u>(24,558,698)</u>
Business-Type Activities:							
Food Service	541,572	341,262	185,864			\$ (14,446)	(14,446)
Enrichment Program	146,480	99,279	-	-	-	(47,201)	(47,201)
Total Business-Type Activities	<u>688,052</u>	<u>440,541</u>	<u>185,864</u>	<u>-</u>	<u>-</u>	<u>(61,647)</u>	<u>(61,647)</u>
Total Primary Government	<u>\$ 44,078,847</u>	<u>\$ 9,533,570</u>	<u>\$ 9,913,492</u>	<u>\$ 11,440</u>	<u>(24,558,698)</u>	<u>(61,647)</u>	<u>(24,620,345)</u>

Continued

**LEONIA BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Total Primary Government (Carried Forward)	\$ (24,558,698)	\$ (61,647)	\$ (24,620,345)
General Revenues			
Taxes:			
Property Taxes, Levied for General Purposes, Net	20,156,236		20,156,236
Property Taxes Levied for Debt Service	1,907,645		1,907,645
State Aid - Unrestricted	2,573,253		2,573,253
State Aid for Debt Service Principal	332,615		332,615
Interest Earnings	22,990	1,995	24,985
Miscellaneous Income	115,210	-	115,210
Total General Revenues	25,107,949	1,995	25,109,944
Change in Net Position	549,251	(59,652)	489,599
Net Position Beginning of Year	6,237,523	311,164	6,548,687
Net Position End of Year	\$ 6,786,774	\$ 251,512	\$ 7,038,286

FUND FINANCIAL STATEMENTS

**LEONIA BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2020**

	<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	\$ 2,876,895		\$ 60,507		\$ 2,937,402
Receivables From Other Governments	467,159	\$ 348,789			815,948
Other Accounts Receivable	7,361	14,201			21,562
Due From Other Funds	<u>189,608</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>189,608</u>
 Total Assets	 <u>\$ 3,541,023</u>	 <u>\$ 362,990</u>	 <u>\$ 60,507</u>	 <u>\$ -</u>	 <u>\$ 3,964,520</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 719,120	\$ 98,196			\$ 817,316
Payable to Federal Government		21,091			21,091
Payable to State Governments		11,078			11,078
Due to Other Funds		175,235			175,235
Unearned Revenue	<u>99,042</u>	<u>57,390</u>	<u>-</u>	<u>-</u>	<u>156,432</u>
 Total Liabilities	 <u>818,162</u>	 <u>362,990</u>	 <u>-</u>	 <u>-</u>	 <u>1,181,152</u>
Fund Balances					
Restricted					
Capital Reserve	600,907				600,907
Capital Reserve - Designated for Subsequent Year's Expenditures	275,000				275,000
Maintenance Reserve	350,000				350,000
Maintenance Reserve - Designated for Subsequent Year's Expenditures	100,000				100,000
Excess Surplus	640,000				640,000
Excess Surplus-Designated for Subsequent Year's Budget	641,276				641,276
Capital Projects			60,507		60,507
Assigned					
Year End Encumbrances	35,250				35,250
Unassigned	<u>80,428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,428</u>
 Total Fund Balances	 <u>2,722,861</u>	 <u>-</u>	 <u>60,507</u>	 <u>-</u>	 <u>2,783,368</u>
 Total Liabilities and Fund Balances	 <u>\$ 3,541,023</u>	 <u>\$ 362,990</u>	 <u>\$ 60,507</u>	 <u>\$ -</u>	 <u>\$ 3,964,520</u>

**LEONIA BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2020**

Total Fund Balance (Exhibit B-1) \$ 2,783,368

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 \$56,860,545 and the accumulated depreciation is \$23,790,221.

33,070,324

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.

172,272

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
Deferred Inflows of Resources

\$ 1,267,682
(2,892,030)

(1,624,348)

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

(322,106)

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)
Capital Leases Payable
Compensated Absences
Net Pension Liability

(17,417,935)
(2,191,911)
(458,810)
(7,224,080)

(27,292,736)

Total Net Assets of Governmental Activities (Exhibit A-1) \$ 6,786,774

**LEONIA BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<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	\$ 20,156,236			\$ 1,907,645	\$ 22,063,881
Tuition	8,149,884				8,149,884
Transportation	540,589				540,589
Miscellaneous	538,773	\$ 1,534	\$ 1,983	-	542,290
Total - Local Sources	29,385,482	1,534	1,983	1,907,645	31,296,644
State Sources	9,202,179			448,197	9,650,376
Federal Sources	44,303	609,070	-	-	653,373
Total Revenues	38,631,964	610,604	1,983	2,355,842	41,600,393
EXPENDITURES					
Instruction					
Regular	15,554,782	143,893			15,698,675
Special Education	5,855,374	393,260			6,248,634
Other Instruction	927,395	11,052			938,447
School Sponsored Activities and Athletics	1,156,439				1,156,439
Support Services					
Student and Instruction Related Services	5,278,062	62,399			5,340,461
General Administrative Services	875,143				875,143
School Administrative Services	3,048,979				3,048,979
Central Services and Info. Technology	604,841				604,841
Plant Operations and Maintenance	3,939,745				3,939,745
Student Transportation	998,920				998,920
Debt Service					
Principal	939,461			2,025,000	2,964,461
Interest	81,146			703,675	784,821
Capital Outlay	804,329	-	-	-	804,329
Total Expenditures	40,064,616	610,604	-	2,728,675	43,403,895
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,432,652)	-	1,983	(372,833)	(1,803,502)
OTHER FINANCING SOURCES (USES)					
Capital Lease Proceeds	333,076				333,076
Transfers In	1,983			354,533	356,516
Transfers Out	-	-	(356,516)	-	(356,516)
Total Other Financing Sources (Uses)	335,059	-	(356,516)	354,533	333,076
Net Change in Fund Balances	(1,097,593)	-	(354,533)	(18,300)	(1,470,426)
Fund Balance, Beginning of Year	3,820,454	-	415,040	18,300	4,253,794
Fund Balance, End of Year	\$ 2,722,861	\$ -	\$ 60,507	\$ -	\$ 2,783,368

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, 2020**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) **\$ (1,470,426)**

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	\$ 804,329	
Depreciation Expense	<u>(1,445,797)</u>	(641,468)

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.

Donated Capital Assets		11,440
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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		(333,076)
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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	2,025,000	
Capital Lease Agreements	<u>939,461</u>	2,964,461

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	(64,614)	
Original Issue Premium	<u>55,485</u>	(9,129)

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

Increase in Compensated Absences	(74,904)	
Decrease in Pension Expense	<u>72,059</u>	(2,845)

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>30,294</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) **\$ 549,251**

**LEONIA BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020**

	Business-Type Activities		
	Enterprise Fund		
	<u>Food Services</u>	<u>Non-Major Enrichment Enterprise Fund</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 185,143	\$ 68,834	\$ 253,977
Intergovernmental Receivable	10,508		10,508
Other Accounts Receivable	6,988		6,988
Inventories	13,376	-	13,376
	<u>216,015</u>	<u>68,834</u>	<u>284,849</u>
Total Current Assets			
Noncurrent Assets			
Capital Assets			
Furniture, Machinery and Equipment	423,047		423,047
Less: Accumulated Depreciation	(338,017)	-	(338,017)
	<u>85,030</u>	<u>-</u>	<u>85,030</u>
Total Noncurrent Assets			
Total Assets	<u>301,045</u>	<u>68,834</u>	<u>369,879</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	24,435	120	24,555
Unearned Revenue	34,816	57,849	92,665
	<u>59,251</u>	<u>57,969</u>	<u>117,220</u>
Total Current Liabilities			
DEFERRED INFLOW OF RESOURCES			
Deferred Commodities Revenue	1,147	-	1,147
	<u>60,398</u>	<u>57,969</u>	<u>118,367</u>
Total Liabilities and Deferred Inflow of Resources			
NET POSITION			
Investment in Capital Assets	85,030		85,030
Unrestricted	155,617	10,865	166,482
	<u>240,647</u>	<u>10,865</u>	<u>251,512</u>
Total Net Position	<u>\$ 240,647</u>	<u>\$ 10,865</u>	<u>\$ 251,512</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, 2020**

	Business-Type Activities Enterprise Fund		
	<u>Food Services</u>	<u>Non-Major Enrichment Enterprise Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for Services			
Daily Sales - Reimbursable Programs	\$ 217,835		\$ 217,835
Daily Sales - Non Reimbursable Programs	123,427		123,427
Program Fees	-	\$ 99,279	99,279
	<u>341,262</u>	<u>99,279</u>	<u>440,541</u>
Total Operating Revenues			
OPERATING EXPENSES			
Salaries and Employee Benefits	182,182	104,570	286,752
Cost of Sales - Reimbursable Programs	155,496		155,496
Cost of Sales - Non Reimbursable Programs	137,998		137,998
Other Purchased Services	17,618		17,618
Supplies and Materials	10,727	41,910	52,637
Management Fee	26,891		26,891
Miscellaneous	2,683		2,683
Depreciation Expense	7,977	-	7,977
	<u>541,572</u>	<u>146,480</u>	<u>688,052</u>
Total Operating Expenses			
Operating Income (Loss)	<u>(200,310)</u>	<u>(47,201)</u>	<u>(247,511)</u>
NONOPERATING REVENUES			
State Sources:			
State School Lunch Program	4,700		4,700
Federal Sources			
School Breakfast Program	20,894		20,894
National School Lunch Program	115,558		115,558
Food Distribution Program	44,712	-	44,712
Investment Interest			
Interest Income	1,995	-	1,995
	<u>187,859</u>	<u>-</u>	<u>187,859</u>
Total Nonoperating Revenues			
Change in Net Position	(12,451)	(47,201)	(59,652)
Net Position, Beginning of Year	<u>253,098</u>	<u>58,066</u>	<u>311,164</u>
Net Position, End of Year	<u>\$ 240,647</u>	<u>\$ 10,865</u>	<u>\$ 251,512</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, 2020**

	Business-Type Activities		
	Enterprise Fund		
	Food Services	Non-Major Enrichment Enterprise Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 356,558	\$ 99,839	\$ 456,397
Cash Payments for Employees' Salaries and Benefits	(182,182)	(104,570)	(286,752)
Cash Payments to Suppliers for Goods and Services	(319,522)	(41,790)	(361,312)
Net Cash Provided (Used) By Operating Activities	(145,146)	(46,521)	(191,667)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received from State and Federal Subsidy Reimbursements			-
Payments to Other Funds	140,235	-	140,235
Net Cash Provided (Used) by Noncapital and Related Activities	140,235	-	140,235
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(10,030)	-	(10,030)
Net Cash (Used) by Capital and Financing Related Activities	(10,030)	-	(10,030)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Earnings Received	1,995	-	1,995
Net Cash Provided by Investing Activities	1,995	-	1,995
Net Increase (Decrease) in Cash and Cash Equivalents	(12,946)	(46,521)	(59,467)
Cash and Cash Equivalents, Beginning of Year	198,089	115,355	313,444
Cash and Cash Equivalents, End of Year	\$ 185,143	\$ 68,834	\$ 253,977
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (200,310)	\$ (47,201)	\$ (247,511)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Depreciation	7,977		7,977
Non-Cash Commodities	44,712		44,712
Change in Assets, Liabilities and Deferred Inflows of Resources			
(Increase)/Decrease in Other Accounts Receivable	(3,043)		(3,043)
(Increase)/Decrease in Inventory	(1,909)		(1,909)
Increase/(Decrease) in Accounts Payable	(10,000)	120	(9,880)
Increase/(Decrease) in Unearned Revenue	18,339	560	18,899
Increase/(Decrease) in Deferred Commodities Revenue	(912)	-	(912)
Total Adjustments	55,164	680	55,844
Net Cash Provided (Used) By Operating Activities	\$ (145,146)	\$ (46,521)	\$ (191,667)
Non- Cash Investing, Capital and Financing Activities:			
Value Received - Food Distribution Program	\$ 43,800		\$ 43,800

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, 2020**

	<u>Scholarship Fund</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 19,384	\$ 243,399	\$ 1,069,383
Due from Other Funds	<u>-</u>	<u>-</u>	<u>16,784</u>
 Total Assets	 <u>19,384</u>	 <u>243,399</u>	 <u>1,086,167</u>
LIABILITIES			
Intergovernmental Payable - State		47,505	
Payroll Deductions and Withholdings			301,540
Summer Savings Plan			526,208
Flex Spending Deposits			8,725
Due to Other Funds		16,942	14,215
Due to Student Groups	<u>-</u>	<u>-</u>	<u>235,479</u>
 Total Liabilities	 <u>-</u>	 <u>64,447</u>	 <u>\$ 1,086,167</u>
NET POSITION			
Held In Trust For Unemployment Claims and Other Purposes	<u>\$ 19,384</u>	<u>\$ 178,952</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, 2020**

	Scholarship Fund	Unemployment Compensation Trust Fund
ADDITIONS		
Investment Earnings		
Interest	\$ 160	\$ 1,937
Contributions		
Private Donations	6,700	
Employees	-	54,133
	<hr/>	<hr/>
Total Additions	6,860	56,070
	<hr/>	<hr/>
DEDUCTIONS		
Scholarship Awards	7,000	
Unemployment Claims	-	91,961
	<hr/>	<hr/>
Total Deductions	7,000	91,961
	<hr/>	<hr/>
Change in Net Position	(140)	(35,891)
Net Position Beginning of Year	19,524	214,843
	<hr/>	<hr/>
Net Position, End of Year	\$ 19,384	\$ 178,952
	<hr/>	<hr/>

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

NOTES TO THE FINANCIAL STATEMENTS

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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. A Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions 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 currently operates a Kindergarten through grade twelve (12) school district.

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 Superintendent is the Chief Administrative Officer of the District who is responsible for general supervision of all schools, planning and operational functions of the District. The Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent to the Board.

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

For fiscal year 2020, there were no GASB statements required to be adopted and implemented by the District.

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

- GASB No. 84, *Fiduciary Activities*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2021. 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, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 87, *Leases*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. 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*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objectives of this Statement is to improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.
- GASB No. 92, *Omnibus 2020*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022 except requirements related to GASB No. 87 and Implementation Guide No. 2019-3 are effective upon issuance. The objective of this Statement is to enhance comparability in the application of accounting and financial reporting requirements and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics.
- GASB No. 96, *Subscription – Based Information Technology Arrangements*, will be effective beginning with the fiscal year ending June 30, 2023. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.
- GASB No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No.84, and a Supersession of GASB Statement No. 32*, the section that maybe applicable to the District will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to provide more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Fund Financial Statements

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

The District reports the following major governmental funds:

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

LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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 administrators, teachers and special events.

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

The *enrichment 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 District 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".

Reclassifications

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

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. Receivables

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

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Inventories

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

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

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.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 (Continued)*

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types of items 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, reported in the district-wide statement of net position. 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.

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.

LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 reported 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.

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 2C).

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 2020/2021 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 2D).

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 (Continued)

Restricted Fund Balance (Continued)

Maintenance Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of maintenance reserve fund balance appropriated in the adopted 2020/2021 District 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, 2019 audited excess surplus that was appropriated in the 2020/2021 original budget certified for taxes.

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

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

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

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

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.

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.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 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.

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 2018-2019 and 2019-2020 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, of the enrichment enterprise funds 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.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 2019/2020. Also, during 2019/2020 the Board increased the original budget by \$459,782. The increase was funded by additional grant awards and the reappropriation of prior year general fund encumbrances.

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.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Regular Programs – Undistributed			
General Supplies	\$476,738	\$481,977	\$(5,239)
Basic Skills			
Textbooks	(2,000)	0	(2,000)
School Sponsored – Co Curricular Activities			
Salaries	203,078	205,559	(2,481)
Supplies and Materials	2,500	5,000	(2,500)
School Sponsored Athletics			
Transfer to Cover Deficit	(13,000)	47,000	(60,000)
Guidance			
Other Purchased Prof and Tech Service	8,540	12,760	(4,220)
Other Purchased Services	(500)	0	(500)
Supplies and Materials	222	9,722	(9,500)
School Administration			
Other Purchased Services	30,849	39,205	(8,356)
Administration – Information Technology Services			
Purchased Technical Services	1,500	4,000	(2,500)
Custodial Services			
Emergency (Electricity)	385,900	390,389	(4,489)
Unallocated Benefits			
Social Security Contributions	478,236	494,331	(16,095)

The above variances were offset with other available resources.

C. Capital Reserve

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

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

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2020 is as follows:

Balance, July 1, 2019		\$ 805,000
Increased by		
Return of Unexpended Funds	\$ 225,228	
Deposits Approved by Board Resolution	<u>298,679</u>	
Total Increases		<u>523,907</u>
		\$ 1,328,907
Decreased by		
Withdrawals Approved in District Budget	<u>453,000</u>	
Total Decreases		<u>453,000</u>
Balance, June 30, 2020		<u>\$ 875,907</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district’s Long Range Facilities Plan. \$275,000 of the capital reserve balance at June 30, 2020 was designated and appropriated for use in the 2020/2021 original budget certified for taxes.

D. 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, 2020 is as follows:

Balance, July 1, 2019		\$ 100,000
Increased by		
Deposits Approved by Board Resolution	<u>350,000</u>	
Total Increases		<u>\$ 350,000</u>
Balance, June 30, 2020		<u>\$ 450,000</u>

The June 30, 2020 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$1,933,257. \$100,000 of the maintenance reserve balance at June 30, 2020 was designated and appropriated for use in the 2020/2021 original budget certified for taxes.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2020 is \$1,281,276. Of this amount \$641,276 was designated and appropriated in the 2020/2021 original budget certified for taxes and the remaining amount of \$640,000 will be appropriated in the 2021/2022 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.

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, 2020, the book value of the Board's deposits were \$4,523,545 and bank and brokerage firm balances of the Board's deposits amounted to \$4,931,856. 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>4,931,856</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, 2020 none of the Board's bank balances were exposed to custodial credit risk.

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

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, 2020, 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 invests in any one issuer.

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

B. Receivables

Receivables as of June 30, 2020 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		\$348,789	\$ 10,400	\$ 359,189
State	\$ 114,330		108	114,438
Local	352,829			352,829
Accounts	<u>7,361</u>	<u>14,201</u>	<u>6,988</u>	<u>28,550</u>
Gross Receivables	474,520	362,990	17,496	855,006
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 474,520</u>	<u>\$362,990</u>	<u>\$ 17,496</u>	<u>\$ 855,006</u>

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

General Fund		
Prepaid Tuition Revenue	\$	99,042
Special Revenue Fund		
Unencumbered Grant Draw Downs		57,390
Total Unearned Revenue for Governmental Funds	\$	<u>156,432</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	<u>Balance, July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2020</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 109,368			\$ 109,368
Construction in Progress	<u>-</u>	\$ 227,772	\$ -	<u>227,772</u>
Total Capital Assets, Not Being Depreciated	<u>109,368</u>	<u>227,772</u>	<u>-</u>	<u>337,140</u>
Capital Assets, Being Depreciated:				
Land Improvements	450,590			450,590
Buildings and Building Improvements	52,410,461			52,410,461
Machinery and Equipment	<u>3,074,357</u>	587,997	-	<u>3,662,354</u>
Total Capital Assets Being Depreciated	<u>55,935,408</u>	<u>587,997</u>	<u>-</u>	<u>56,523,405</u>
Less Accumulated Depreciation for:				
Land Improvements	(435,447)	(1,226)		(436,673)
Buildings and Building Improvements	(20,090,940)	(1,286,334)		(21,377,274)
Machinery and Equipment	<u>(1,818,037)</u>	<u>(158,237)</u>	-	<u>(1,976,274)</u>
Total Accumulated Depreciation	<u>(22,344,424)</u>	<u>(1,445,797)</u>	<u>-</u>	<u>(23,790,221)</u>
Total Capital Assets, Being Depreciated, Net	<u>33,590,984</u>	<u>(857,800)</u>	<u>-</u>	<u>32,733,184</u>
Governmental Activities Capital Assets, Net	<u>\$ 33,700,352</u>	<u>\$ (630,028)</u>	<u>\$ -</u>	<u>\$ 33,070,324</u>

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, July 1, 2019	Increases	Decreases	Balance, June 30, 2020
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 416,152	\$ 10,030	(3,135)	\$ 423,047
Total Capital Assets, Being Depreciated	<u>416,152</u>	<u>10,030</u>	<u>(3,135)</u>	<u>423,047</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(333,175)	(7,977)	3,135	-
Total Accumulated Depreciation	<u>(333,175)</u>	<u>(7,977)</u>	<u>3,135</u>	<u>(338,017)</u>
Total Capital Assets, Being Depreciated, Net	<u>(333,175)</u>	<u>2,053</u>	<u>-</u>	<u>(338,017)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 82,977</u>	<u>\$ 2,053</u>	<u>\$ -</u>	<u>\$ 85,030</u>

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

Governmental Activities:

Instruction	
Regular	\$ 644,090
Special Education	201,059
Other Instruction	40,081
School-Sponsored/Activities and Athletics	<u>35,741</u>
Total Instruction	<u>920,971</u>
Support Services	
Student and Instruction Related Services	209,191
General Administrative Services	23,798
School Administrative Services	130,440
Central Administrative Services	23,618
Plant Operations and Maintenance	108,297
Student Transportation	<u>29,482</u>
Total Support Services	<u>524,826</u>
Total Governmental Funds	<u>\$ 1,445,797</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 7,977</u>
Total Depreciation Expense-Business-Type Activities	<u>\$ 7,977</u>

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2020, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 175,235
General Fund	Payroll Agency Fund	14,215
General Fund	Unemployment Trust Fund	158
Payroll Agency Fund	Unemployment Trust Fund	<u>16,784</u>
Total		<u>\$ 206,392</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	\$ 1,983	\$ 354,533	<u>356,516</u>
Total	<u>\$ 1,983</u>	<u>\$ 354,533</u>	<u>\$ 356,516</u>

The above transfers are the result of revenues earned or funds available in one fund to finance expenditures in another fund.

F. Leases

Capital Leases

The District is leasing copiers totaling \$390,000, school buses totaling \$333,076 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>723,076</u>
Total	<u>\$ 4,838,774</u>

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Capital Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 were as follows:

Fiscal Year Ending <u>June 30,</u>	Governmental <u>Activities</u>
2021	\$ 1,020,608
2022	1,020,607
2023	171,313
2024	<u>96,108</u>
Total minimum lease payments	2,308,636
Less: amount representing interest	<u>(116,725)</u>
Present value of minimum lease payments	<u>\$ 2,191,911</u>

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 or other purposes permitted by statute. 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, 2020 are comprised of the following issues:

\$17,350,000, 2010 School Improvement Bonds, due in annual installments of \$900,000 to \$1,380,000 through July 15, 2030, interest at 3.00% to 4.00%	\$12,250,000
\$11,685,000, 2011 School Refunding Bonds, due in annual installments of \$1,200,000 to \$1,305,000 through August 15, 2023, interest at 3.471% to 5.000%	<u>5,020,000</u>
Total	<u>\$17,270,000</u>

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

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

Governmental Activities:

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
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	1,050,000	314,975	1,364,975
2026-2030	6,035,000	901,500	6,936,500
2031	<u>1,380,000</u>	<u>27,600</u>	<u>1,407,600</u>
Total	<u>\$ 17,270,000</u>	<u>\$ 3,244,756</u>	<u>\$ 20,514,756</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2020 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 57,679,464
Less: Net Debt	<u>17,270,000</u>
Remaining Borrowing Power	<u>\$ 40,409,464</u>

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 19,295,000		\$ 2,025,000	\$ 17,270,000	\$ 2,100,000
Add: Unamortized Premium	203,420	-	55,485	147,935	-
	19,498,420	-	2,080,485	17,417,935	2,100,000
Capital Leases	2,798,296	\$ 333,076	939,461	2,191,911	956,654
Compensated Absences	383,906	221,915	147,011	458,810	45,881
Net Pension Liability	7,966,743	-	742,663	7,224,080	-
Governmental Activity Long-Term Liabilities	<u>\$ 30,647,365</u>	<u>\$ 554,991</u>	<u>\$ 3,909,620</u>	<u>\$ 27,292,736</u>	<u>\$ 3,102,535</u>

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

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

Fiscal Year Ended <u>June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Paid</u>	<u>Ending Balance</u>
2020	\$ -	\$ 54,133	\$ 91,961	\$ 178,952
2019	1,212	52,595	40,936	214,843
2018	80,602	49,085	17,285	201,972

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, 2020, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2020, the District has not estimated its arbitrage earnings due to the IRS, if any.

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

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.

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.

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

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 PERS 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.

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.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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.

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.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2019 is \$18.1 billion and the plan fiduciary net position as a percentage of the total pension liability is 56.27%. The collective net pension liability of the State funded TPAF at June 30, 2019 is \$61.5 billion and the plan fiduciary net position as a percentage of total pension liability is 26.95%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2018 which were rolled forward to June 30, 2019.

Actuarial Methods and Assumptions

In the July 1, 2018 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 2020.

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, 2020 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 the 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 2020, 2019 and 2018 were equal to the required contributions.

During the fiscal years ended June 30, 2020, 2019 and 2018 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 unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2020	\$ 389,985	\$ 3,093,734	\$ 65,674
2019	402,465	2,774,141	62,755
2018	349,167	2,062,771	61,318

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

In addition for fiscal years 2020, 2019 and 2018 the District contributed \$895, \$518 and \$1,264, respectively for PERS and the State contributed \$2,904, \$3,376 and \$3,513, 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 \$1,148,124 during the fiscal year ended June 30, 2020 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.

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, 2018 through June 30, 2019. 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, 2019 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2019.

At June 30, 2020, the District reported in the statement of net position (accrual basis) a liability of \$7,224,080 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018. The District's proportionate share of the net pension liability was based on the ratio of the District's share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2019. At June 30, 2019, the District's proportionate share was .04009 percent, which was a decrease of .00037 percent from its proportionate share measured as of June 30, 2018 of .04046 percent.

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$317,926 for PERS. The pension contribution made by the District during the current 2019/2020 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, 2020 with a measurement date of the prior fiscal year end of June 30, 2019. 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, 2020 for contributions made subsequent to the measurement date. At June 30, 2020, 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	\$ 129,663	\$ 31,913
Changes of Assumptions	721,351	2,507,455
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	114,035
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>416,668</u>	<u>238,627</u>
Total	<u>\$ 1,267,682</u>	<u>\$ 2,892,030</u>

At June 30, 2020, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2021	\$ (163,910)
2022	(584,710)
2023	(559,900)
2024	(283,087)
2025	<u>(32,741)</u>
	<u>\$ (1,624,348)</u>

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>PERS</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00%-7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2019) 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 rates 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 PERS's target asset allocation as of June 30, 2019 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	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

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>
2020	June 30, 2019	6.28%
2019	June 30, 2018	5.66%

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 measurement period July 1, 2018 through June 30, 2019. 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, 2019, 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, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$5,001,128 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, 2020 the State's proportionate share of the net pension liability attributable to the District is \$84,789,749. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2019. At June 30, 2019, the State's share of the net pension liability attributable to the District was .13816 percent, which was an increase of .00141 percent from its proportionate share measured as of June 30, 2018 of .13675 percent.

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.55% Based on Years of Service
Thereafter	2.75%-5.65% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2019) 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 TPAF's target asset allocation as of June 30, 2019 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	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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:

Fiscal Year	Measurement Date	Discount Rate
2020	June 30, 2019	5.60%
2019	June 30, 2018	4.86%

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, 2054
Municipal Bond Rate *	From July 1, 2054 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. 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 5.60%, 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 (4.60 percent) or 1-percentage-point higher (6.60 percent) than the current rate:

	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 99,985,881</u>	<u>\$ 84,789,749</u>	<u>\$ 72,181,758</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2019. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2019 was not provided by the pension system.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2019. 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, 2020**

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, 2018:

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u> -</u>
Total	<u>364,943</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, 2019 is \$41.7 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, 2018 which were rolled forward to June 30, 2019.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2018 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 \$1.28 billion to the OPEB plan in fiscal year 2019.

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 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. over a period not to exceed thirty years. 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, 2020, 2019 and 2018 were \$1,147,719, \$1,258,346 and \$1,332,300, 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, 2018 through June 30, 2019. 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.

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$1,568,538. 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, 2020 the State's proportionate share of the OPEB liability attributable to the District is \$47,691,643. 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, 2019 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2019. At June 30, 2019, the state's share of the OPEB liability attributable to the District was .11429 percent, which was an increase of .00251 percent from its proportionate share measured as of June 30, 2018 of .11178 percent.

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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)

Actuarial Assumptions

The OPEB liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
TPAF:	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 3.05%
Rate Thereafter	1.55% to 3.05%
Mortality:	
PERS	Pre-retirement and Post-retirement based on Pub-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.
TPAF	Pre-retirement and Post-retirement based on Pub-2010 "Teachers" and "General" classifications respectively, headcount-weighted mortality tables with fully generational mortality improvement projections from the central year using Scale MP-2019.
Long-Term Rate of Return	2.00%

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and the members years of service.

For the June 30, 2019 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2015 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the plan upon retirement.

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 2.00% as of June 30, 2019.

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>
2020	June 30, 2019	3.50%
2019	June 30, 2018	3.87%

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.

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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)

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, 2020 (measurement date June 30, 2019) is as follows:

	Total OPEB Liability <u>(State Share 100%)</u>
Balance, June 30, 2018 Measurement Date	\$ <u>51,540,796</u>
Changes Recognized for the Fiscal Year:	
Service Cost	2,215,784
Interest on the Total OPEB Liability	2,053,152
Differences Between Expected and Actual Experience	(7,408,581)
Changes of Assumptions	711,086
Gross Benefit Payments	(1,463,991)
Contributions from the Member	43,397
Net Changes	<u>\$ (3,849,153)</u>
Balance, June 30, 2019 Measurement Date	\$ <u>47,691,643</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% percent in 2018 to 3.50% percent in 2019.

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, 2019.

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 3.50%, 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 (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

	1% Decrease <u>(2.50%)</u>	Current Discount Rate <u>(3.50%)</u>	1% Increase <u>(4.50%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 56,342,677	\$ 47,691,643	\$ 40,819,736

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)	\$ 39,295,788	\$ 47,691,643	\$ 58,806,031

The sensitivity analyses were based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2019. Sensitivity analyses specific to the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2019 were not provided by the pension system.

F. Tax Abatements

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

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

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 SUBSEQUENT EVENTS

Refunding Bonds

On July 16, 2020 the District issued \$9,725,000 in School Refunding Bonds. These Bonds were issued in order to currently refund all of the \$11,350,000 outstanding callable amount of the 2010 School Bonds maturing from 2021 to 2030. The District awarded the said sale of bonds to RBC Capital Markets at an interest rate of 3.00% to 5.00%. These Bonds dated July 15, 2020 will mature over 10 years with the first maturity due July 15, 2021. This current refunding was undertaken to reduce total debt service payments over the next 10 years by \$1,548,210 resulting in an economic gain of \$1,470,074.

NOTE 6 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

New Jersey Governor Phil Murphy has issued multiple Executive Orders since March 16, 2020 including but not limited to aggressive social distancing measures, restrictions on local elections, restrictions on foreclosure and evictions, suspension of all elective surgeries, closing of all schools and child care centers, the commandeering of property such as medical supplies, the cessation of all non-essential construction projects, extending insurance premium grace periods, the temporary reprieve to certain at-risk inmates and the extension of the permitted statutory grace period from May 11, 2020 to June 1, 2020 for quarterly property taxes due May 1, 2020. The Board expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19. The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the School District. The declaration of a public health emergency remains in effect as of the date of audit. As part of a planned multi-stage approach to restart the State’s economy, Governor Murphy has signed a series of Executive Orders permitting the resumption of certain activities.

Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Board cannot predict how the outbreak will impact the financial condition or operations of the School District, or if there will be any impact on the assessed values of property within the School District or deferral of tax payments to municipalities. The Board cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain it facilities either before or after an outbreak of an infectious disease.

REQUIRED SUPPLEMENTARY INFORMATION - PART II
BUDGETARY COMPARISON SCHEDULES

**LEONIA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources					
Property Tax Levy	\$ 20,156,236		\$ 20,156,236	\$ 20,156,236	
Tuition from Individuals	276,225		276,225	267,717	\$ (8,508)
Tuition from Other LEAs within the State	7,758,530		7,758,530	7,819,667	61,137
Tuition from Summer School	83,000		83,000	62,500	(20,500)
Transportation Fees from Other LEAs	749,894		749,894	540,589	(209,305)
Rents and Royalties	165,000		165,000	175,393	10,393
Interest Earned on Maintenance Reserve	75		75	-	(75)
Interest Earned on Capital Reserve Funds	200		200	-	(200)
Unrestricted Miscellaneous Revenue	269,000	-	269,000	363,380	94,380
Total Local Sources	<u>29,458,160</u>	<u>-</u>	<u>29,458,160</u>	<u>29,385,482</u>	<u>(72,678)</u>
State Sources					
Equalization Aid	2,569,576		2,569,576	2,569,576	-
Security Aid	36,798		36,798	36,798	-
Transportation Aid					-
Special Education Categorical Aid	896,489		896,489	896,489	-
Extraordinary Aid	300,000		300,000	320,749	20,749
Lead Testing Aid					-
TPAF On-Behalf Contributions					
Pension Contribution				3,039,259	3,039,259
Pension - NCGI Premium				54,475	54,475
Post Retirement Medical Benefits				1,147,719	1,147,719
Long Term Disability Insurance				2,904	2,904
TPAF Social Security Reimbursements (On-Behalf)	-	-	-	1,148,124	1,148,124
Total State Sources	<u>3,802,863</u>	<u>-</u>	<u>3,802,863</u>	<u>9,216,093</u>	<u>5,413,230</u>
Federal Source					
Medicaid Reimbursement	35,528	-	35,528	44,303	8,775
Total Federal Sources	<u>35,528</u>	<u>-</u>	<u>35,528</u>	<u>44,303</u>	<u>8,775</u>
Total Revenues	<u>33,296,551</u>	<u>-</u>	<u>33,296,551</u>	<u>38,645,878</u>	<u>5,349,327</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	214,275	\$ (35,000)	179,275	154,534	24,741
Kindergarten	325,175	-	325,175	320,155	5,020
Grades 1-5	2,482,749	225,000	2,707,749	2,707,577	172
Grades 6-8	2,495,933	(42,956)	2,452,977	2,317,661	135,316
Grades 9-12	4,079,146	-	4,079,146	3,893,884	185,262
Regular Programs - Home Instruction					
Other Salaries for Instruction	40,000	(9,665)	30,335	30,250	85
Purchased Professional Educational Services	20,000	(20,000)	-	-	-
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	79,323	40,608	119,931	119,931	-
Purchased Professional-Educational Services	5,500	1,500	7,000	7,000	-
Other Purchased Services	4,000	(40)	3,960	3,706	254
General Supplies	508,424	(31,686)	476,738	481,977	(5,239)
Textbooks	134,150	5,610	139,760	132,341	7,419
Other Objects	2,000	(1,200)	800	800	-
Total Regular Programs	<u>10,390,675</u>	<u>132,171</u>	<u>10,522,846</u>	<u>10,169,816</u>	<u>353,030</u>
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	356,864	(3,699)	353,165	327,691	25,474
Other Salaries for Instruction	51,620	3,700	55,320	55,256	64
General Supplies	3,700	(305)	3,395	2,854	541
Textbooks	3,120	(720)	2,400	2,235	165
Total Learning and/or Language Disabilities	<u>415,304</u>	<u>(1,024)</u>	<u>414,280</u>	<u>388,036</u>	<u>26,244</u>

**LEONIA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Multiple Disabilities					
Salaries of Teachers	\$ 473,743	\$ 102,521	\$ 576,264	\$ 572,793	\$ 3,471
Other Salaries for Instruction	152,946	13,000	165,946	165,671	275
General Supplies	10,050	(5,425)	4,625	3,859	766
Textbooks	1,550	300	1,850	1,519	331
Total Multiple Disabilities	<u>638,289</u>	<u>110,396</u>	<u>748,685</u>	<u>743,842</u>	<u>4,843</u>
Resource Room/Resource Center					
Salaries of Teachers	938,889	-	938,889	775,387	163,502
Other Salaries for Instruction	245,377	4,850	250,227	250,207	20
General Supplies	1,450	950	2,400	2,186	214
Textbooks	1,895	(983)	912	323	589
Total Resource Room	<u>1,187,611</u>	<u>4,817</u>	<u>1,192,428</u>	<u>1,028,103</u>	<u>164,325</u>
Autistic Program					
Salaries of Teachers	355,575	20,547	376,122	376,122	-
Other Salaries of Instruction	402,083	(1,900)	400,183	349,673	50,510
Purchased Professional-Educational Services	50,000	(41,000)	9,000	8,451	549
General Supplies	3,600	(571)	3,029	2,559	470
Textbooks	1,700	(129)	1,571	1,474	97
Total Autistic Program	<u>812,958</u>	<u>(23,053)</u>	<u>789,905</u>	<u>738,279</u>	<u>51,626</u>
Preschool Disabilities - Full-Time					
Salaries of Teachers	174,380	-	174,380	114,626	59,754
Other Salaries for Instruction	103,240	-	103,240	82,166	21,074
General Supplies	2,700	289	2,989	2,926	63
Textbooks	-	200	200	175	25
Total Preschool Disabilities - Full-Time	<u>280,320</u>	<u>489</u>	<u>280,809</u>	<u>199,893</u>	<u>80,916</u>
Total Special Education	<u>3,334,482</u>	<u>91,625</u>	<u>3,426,107</u>	<u>3,098,153</u>	<u>327,954</u>
Basic Skills/Remedial					
Salaries of Teachers	275,616	-	275,616	208,877	66,739
Other Purchased Services	1,000	-	1,000	-	1,000
General Supplies	1,000	(500)	500	500	-
Textbooks	2,000	(4,000)	(2,000)	-	(2,000)
Other Objects	1,000	(1,000)	-	-	-
Total Basic Skills/Remedial	<u>280,616</u>	<u>(5,500)</u>	<u>275,116</u>	<u>209,377</u>	<u>65,739</u>
Bilingual Education					
Salaries of Teachers	391,248	50	391,298	391,276	22
General Supplies	2,000	(1,307)	693	676	17
Textbooks	2,500	(1,493)	1,007	999	8
Total Bilingual Education	<u>395,748</u>	<u>(2,750)</u>	<u>392,998</u>	<u>392,951</u>	<u>47</u>
School Sponsored Co-Curricular Activities					
Salaries	123,773	79,305	203,078	205,559	(2,481)
Supplies & Materials	7,500	(5,000)	2,500	5,000	(2,500)
Other Objects	2,500	-	2,500	-	2,500
Total School Sponsored Co-Curricular Activities	<u>131,273</u>	<u>74,305</u>	<u>205,578</u>	<u>210,559</u>	<u>(4,981)</u>
School Sponsored Athletics - Instruction					
Salaries	361,031	89,719	450,750	450,674	76
Purchased Services	3,000	(500)	2,500	2,500	-
Supplies & Materials	80,000	3,249	83,249	81,247	2,002
Other Objects	9,000	25	9,025	9,017	8
Transfers to Cover Deficit (Agency Funds)	-	(13,000)	(13,000)	47,000	(60,000)
Total School Sponsored Athletics - Instruction	<u>453,031</u>	<u>79,493</u>	<u>532,524</u>	<u>590,438</u>	<u>(57,914)</u>
Total - Instruction	<u>14,985,825</u>	<u>369,344</u>	<u>15,355,169</u>	<u>14,671,294</u>	<u>683,875</u>

**LEONIA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<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	\$ 494,975	\$ (98,198)	\$ 396,777	\$ 311,860	\$ 84,917
Tuition to County Vocational School District-Regular	427,500	(231,442)	196,058	195,176	882
Tuition to CSSD and Regular Day Schools	261,144	335,650	596,794	589,227	7,567
Tuition to APSSD within State	419,236	(104,602)	314,634	308,401	6,233
Total Undistributed Expenditures - Instruction (Tuition)	<u>1,602,855</u>	<u>(98,592)</u>	<u>1,504,263</u>	<u>1,404,664</u>	<u>99,599</u>
Attendance and Social Work					
Salaries	121,631	1,360	122,991	83,328	39,663
Other Purchased Services	1,200	(500)	700	700	-
Total Attendance and Social Work	<u>122,831</u>	<u>860</u>	<u>123,691</u>	<u>84,028</u>	<u>39,663</u>
Health Services					
Salaries	311,766	193	311,959	311,959	-
Purchased Professional & Technical Services	38,500	(17,004)	21,496	21,496	-
Supplies and Materials	12,950	(6,260)	6,690	6,690	-
Total Health Services	<u>363,216</u>	<u>(23,071)</u>	<u>340,145</u>	<u>340,145</u>	<u>-</u>
Speech, OT, PT & Related Services					
Salaries	528,403	-	528,403	519,890	8,513
Purchased Professional/Educational Services	180,000	(24,079)	155,921	155,705	216
Supplies and Materials	6,600	(2,810)	3,790	3,750	40
Total Speech, OT, PT & Related Services	<u>715,003</u>	<u>(26,889)</u>	<u>688,114</u>	<u>679,345</u>	<u>8,769</u>
Extra Services					
Salaries	336,385	80,696	417,081	417,047	34
Purchased Professional-Educational Services	45,000	(26,199)	18,801	18,801	-
Total Extra Services	<u>381,385</u>	<u>54,497</u>	<u>435,882</u>	<u>435,848</u>	<u>34</u>
Guidance					
Salaries of Other Professional Staff	559,485	107,138	666,623	605,365	61,258
Salaries of Secretarial and Clerical Assistants	64,775	-	64,775	64,755	20
Other Purchased Prof. and Tech. Services	5,000	3,540	8,540	12,760	(4,220)
Other Purchased Services	1,000	(1,500)	(500)	-	(500)
Supplies and Materials	8,000	(7,778)	222	9,722	(9,500)
Other Objects	300	34	334	334	-
Total Guidance	<u>638,560</u>	<u>101,434</u>	<u>739,994</u>	<u>692,936</u>	<u>47,058</u>
Child Study Teams					
Salaries of Other Professional Staff	860,277	(2,975)	857,302	797,723	59,579
Salaries of Secretarial and Clerical Assistants	43,455	-	43,455	43,455	-
Purchased Professional-Educational Services	16,500	(16,500)	-	-	-
Other Purchased Prof. and Tech. Services	18,000	(5,204)	12,796	12,420	376
Supplies and Materials	5,000	3,418	8,418	8,014	404
Total Child Study Teams	<u>943,232</u>	<u>(21,261)</u>	<u>921,971</u>	<u>861,612</u>	<u>60,359</u>
Improvement of Instruction Services/ Other Support Services-Instructional Staff					
Salaries of Other Professional Staff	123,316	3,700	127,016	127,015	1
Purchased Professional-Educational Services	5,000	(4,473)	527	-	527
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	<u>128,316</u>	<u>(773)</u>	<u>127,543</u>	<u>127,015</u>	<u>528</u>
Educational Media Services/School Library					
Salaries	189,415	(64,914)	124,501	124,335	166
Salaries of Technology Coordinators	213,937	(1,780)	212,157	212,125	32
Supplies and Materials	27,000	15,069	42,069	42,069	-
Total Educational Media Services/School Library	<u>430,352</u>	<u>(51,625)</u>	<u>378,727</u>	<u>378,529</u>	<u>198</u>

**LEONIA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<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)					
Instructional Staff Training Services					
Purchased Professional-Educational Services	\$ 49,000	\$ (12,500)	\$ 36,500	\$ 16,202	\$ 20,298
Other Purchased Services	25,000	(25,000)	-	-	-
Total Instructional Staff Training Services	74,000	(37,500)	36,500	16,202	20,298
Support Services General Administration					
Salaries	347,629	(2,500)	345,129	344,810	319
Legal Services	40,000	(11,499)	28,501	28,485	16
Audit Fees	42,000	(4,300)	37,700	37,698	2
Architectural/Engineering Services		-			-
Other Purchased Professional Services	39,492	(4,802)	34,690	34,690	-
Purchased Technical Services		8,267	8,267	8,267	-
Communications/Telephone	70,000	1,222	71,222	70,510	712
BOE Other Purchased Services	12,500	(6,937)	5,563	5,563	-
Misc. Purchased Services	118,619	(7,369)	111,250	110,975	275
Supplies and Materials	3,313	(1,390)	1,923	1,923	-
Miscellaneous Expenditures	25,000	(386)	24,614	23,864	750
BOE Membership Dues and Fees	5,000	(880)	4,120	4,120	-
Total Support Services General Administration	703,553	(30,574)	672,979	670,905	2,074
Support Services School Administration					
Salaries of Principals/Asst. Principals	962,582	(71,595)	890,987	887,354	3,633
Salaries of Other Professional Staff	690,464	3,238	693,702	693,645	57
Salaries of Secretarial and Clerical Assistants	369,680	(12,400)	357,280	351,129	6,151
Purchased Professional and Technical Services		50,000	50,000	47,932	2,068
Other Purchased Services	8,750	22,099	30,849	39,205	(8,356)
Travel - All Other		5,750	5,750	4,258	1,492
Supplies and Materials	49,000	(13,585)	35,415	34,957	458
Other Objects	30,000	5,221	35,221	30,248	4,973
Total Support Services School Administration	2,110,476	(11,272)	2,099,204	2,088,728	10,476
Central Services					
Salaries	319,975	(3,000)	316,975	316,970	5
Purchased Professional Services	25,000	(16,023)	8,977	8,912	65
Purchased Technical Services	25,000	9,423	34,423	34,423	-
Travel - All Other		1,500	1,500	1,116	384
Misc. Purchased Services	1,750	(1,660)	90	90	-
Supplies and Materials	16,000	(8,270)	7,730	7,730	-
Interest on Lease Purchase Agreements	65,000	87,349	152,349	152,349	-
Miscellaneous Expenditures	4,000	2,838	6,838	6,739	99
Total Central Services	456,725	72,157	528,882	528,329	553
Administration - Information Technology Services					
Salaries	59,847	-	59,847	54,386	5,461
Purchased Technical Services	4,000	(2,500)	1,500	4,000	(2,500)
Total Administration Information Technology Svcs.	63,847	(2,500)	61,347	58,386	2,961
Required Maintenance for School Facilities					
Salaries	451,678	(40,113)	411,565	394,792	16,773
Cleaning, Repair and Maintenance Services	250,000	(12,714)	237,286	235,449	1,837
General Supplies	20,000	(3,097)	16,903	16,337	566
Other Objects	1,500	(750)	750	-	750
Total Required Maint. For School Facilities	723,178	(56,674)	666,504	646,578	19,926
Custodial Services					
Salaries	957,223	186,570	1,143,793	1,143,757	36
Salaries - Non-Instructional Aides	245,610	-	245,610	218,870	26,740
Purchased Professional and Technical Services	3,100	350	3,450	3,265	185
Cleaning, Repair and Maintenance Services	25,000	(8,600)	16,400	15,151	1,249
Rental of Land & Bldg - Other than Lease Purchase	4,000	(4,000)			-
Other Purchased Property Services	29,672	3,866	33,538	33,488	50
Insurance	210,000	22,222	232,222	232,222	-
Miscellaneous Purchased Services	750	-	750	-	750
General Supplies	100,000	(16,118)	83,882	81,987	1,895
Energy (Natural Gas)	141,000	(106,700)	34,300	34,000	300
Energy (Electricity)	430,000	(44,100)	385,900	390,389	(4,489)
Energy (Gasoline)	12,840	(10,991)	1,849	1,849	-
Other Objects	1,000	-	1,000	742	258
Total Custodial Services	2,160,195	22,499	2,182,694	2,155,720	26,974

**LEONIA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Care and Upkeep of Grounds					
Salaries	\$ 61,860	-	\$ 61,860	\$ 52,114	\$ 9,746
Cleaning, Repair and Maintenance Svc.	40,000	\$ 43,817	83,817	83,815	2
General Supplies	5,000	(534)	4,466	4,446	20
Total Care and Upkeep of Grounds	106,860	43,283	150,143	140,375	9,768
Security					
Salaries	218,776	-	218,776	201,433	17,343
Total Security	218,776	-	218,776	201,433	17,343
Student Transportation Services					
Salaries Non-Instructional Aides					
Salaries for Pupil Trans (Bet. Home & Sch)-Regular	509,120	(92,903)	416,217	414,273	1,944
Salaries for Pupil Trans (Bet. Home & Sch)-Sp. Ed.	26,541	25,073	51,614	51,538	76
Salaries for Pupil Trans (Other than Bet. Home & Sch)					-
Cleaning, Repair and Maintenance Services	120,000	31,156	151,156	151,142	14
Contracted Services (Other Than Between Home & School) - Vendors	16,000	-	16,000	16,000	-
Contracted Services (Between Home & School)-Joint Agreements	50,000	(46,942)	3,058	3,000	58
Contracted Services (Special Education Students)- Joint Agreements	400,000	(24,000)	376,000	196,371	179,629
Transportation Supplies	20,000	(12,349)	7,651	7,650	1
Other Objects	2,000	500	2,500	2,500	-
Total Student Transportation Services	1,143,661	(119,465)	1,024,196	842,474	181,722
Unallocated Benefits - Employee Benefits					
Social Security Contributions	492,598	(14,362)	478,236	494,331	(16,095)
Other Retirement Contribution-PERS	402,983	(12,000)	390,983	390,880	103
Other Retirement Contribution-DCRP	60,681	5,010	65,691	65,674	17
Unemployment Compensation	35,028	(34,999)	29	29	-
Worker's Compensation	213,500	-	213,500	213,239	261
Health Benefits	4,672,261	12,394	4,684,655	4,684,343	312
Tuition Reimbursement	20,000	16,700	36,700	36,639	61
Other Employee Benefits	152,900	19,302	172,202	163,254	8,948
Total Unallocated Benefits - Employee Benefits	6,049,951	(7,955)	6,041,996	6,048,360	(6,364)
TPAF On Behalf Contributions (Non Budgeted)					
Pension Contribution				\$ 3,039,259	\$ (3,039,259)
Pension - NCGI Premium				54,475	(54,475)
Post Retirement Medical Benefits				1,147,719	(1,147,719)
Long Term Disability Insurance				2,904	(2,904)
TPAF Social Security Reimbursements (Non Budgeted)	-	-	-	1,148,124	(1,148,124)
	-	-	-	5,392,481	(5,392,481)
Total Undistributed Expenditures	19,136,972	(193,421)	18,943,551	23,794,093	(4,850,542)
Interest Earned on Maintenance Reserve	75	-	75	-	75
Total Current Expenditures	34,122,872	175,923	34,298,795	38,465,387	(4,166,592)
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures					
Student Transportation-Non-Instructional Equipment	220,000	-	220,000	220,000	-
Total Equipment	220,000	-	220,000	220,000	-
Facilities and Acquisitions					
Legal Services		-			
Construction Services	453,000	-	453,000	227,772	225,228
Lease Purchase Agreements - Principal	790,888	-	790,888	773,388	17,500
Other Objects	44,993	(44,993)	-	-	-
Assessment for Debt Service on SDA Funding	-	44,993	44,993	44,993	-
Total Facilities and Acquisitions	1,288,881	-	1,288,881	1,046,153	242,728

**LEONIA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES					
CAPITAL OUTLAY (Continued)					
Interest on Capital Reserve	\$ 200	\$ -	\$ 200	\$ -	\$ 200
Assets Acquired under Capital Leases (Non Budget)					
Equipment - School Buses	-	-	-	333,076	(333,076)
Total Capital Outlay	<u>1,509,081</u>	<u>-</u>	<u>1,509,081</u>	<u>1,599,229</u>	<u>(90,148)</u>
Total Expenditures - General Fund	<u>35,631,953</u>	<u>175,923</u>	<u>35,807,876</u>	<u>40,064,616</u>	<u>(4,256,740)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,335,402)</u>	<u>(175,923)</u>	<u>(2,511,325)</u>	<u>(1,418,738)</u>	<u>1,092,587</u>
Other Financing Sources (Uses)					
Transfers from Capital Projects				1,983	1,983
Capital Lease Proceeds (Non Budget)	-	-	-	333,076	333,076
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>335,059</u>	<u>335,059</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Financing Sources	<u>(2,335,402)</u>	<u>(175,923)</u>	<u>(2,511,325)</u>	<u>(1,083,679)</u>	<u>1,427,646</u>
Fund Balances, Beginning of Year	<u>4,433,642</u>	<u>-</u>	<u>4,433,642</u>	<u>4,433,642</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 2,098,240</u>	<u>\$ (175,923)</u>	<u>\$ 1,922,317</u>	<u>\$ 3,349,963</u>	<u>\$ 1,427,646</u>
Recapitulation of Fund Balance					
Restricted					
Capital Reserve				\$ 600,907	
Capital Reserve - Designated for Subsequent Year's Expenditures				275,000	
Maintenance Reserve				350,000	
Maintenance Reserve - Designated for Subsequent Year's Expenditures				100,000	
Excess Surplus				640,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				641,276	
Assigned					
Year End Encumbrances				35,250	
Unassigned					
				<u>707,530</u>	
Fund Balance Per State Budgetary Basis of Accounting				3,349,963	
Reconciliation to Governmental Funds Statements (GAAP)					
Less State Aid not Recognized on a GAAP Basis				<u>(627,102)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 2,722,861</u>	

**LEONIA BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 12,872	\$ (1,794)	\$ 11,078	\$ -	\$ (11,078)
Federal	466,677	229,316	695,993	609,070	(86,923)
Local Sources					
Miscellaneous	-	56,337	56,337	1,534	(54,803)
Total Revenues	<u>479,549</u>	<u>283,859</u>	<u>763,408</u>	<u>610,604</u>	<u>(152,804)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	127,059	2,579	129,638	114,472	15,166
Purchased Prof. Tech. Svc.	2,000	-	2,000	2,000	-
Tuition	287,645	89,437	377,082	377,082	-
General Supplies	24,761	50,184	74,945	31,964	42,981
Textbooks	-	12,952	12,952	-	12,952
Other Objects	-	377	377	-	377
Total Instruction	<u>441,465</u>	<u>155,529</u>	<u>596,994</u>	<u>525,518</u>	<u>71,476</u>
Support Services					
Other Salaries	17,250	(17,250)	-	-	-
Purchased Prof. Tech. Svc.	1,273	36,780	38,053	28,787	9,266
Other Purchased Services	8,979	30,865	39,844	25,950	13,894
Travel	2,544	(1,632)	912	912	-
General Supplies	-	53,597	53,597	6,750	46,847
Total Support Services	<u>30,046</u>	<u>102,360</u>	<u>132,406</u>	<u>62,399</u>	<u>70,007</u>
Unallocated Benefits					
Personal Services - Employee Benefits	8,038	25,970	34,008	22,687	11,321
Total Unallocated Employee Benefits	<u>8,038</u>	<u>25,970</u>	<u>34,008</u>	<u>22,687</u>	<u>11,321</u>
Facilities Acquisition and Construction					
Instructional Equipment	-	-	-	-	-
Total Facilities Acquisition & Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>479,549</u>	<u>283,859</u>	<u>763,408</u>	<u>610,604</u>	<u>152,804</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, 2020**

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual revenue amounts (budgetary basis) (Exhibits C-1 and C-2)	\$ 38,645,878	\$ 610,604
Difference - Budget to GAAP:		
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2019-20)	(627,102)	
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2018-19)	<u>613,188</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 38,631,964</u>	<u>\$ 610,604</u>
Uses/Outflows of Resources		
Actual expenditure amounts (budgetary basis) (Exhibits C-1 and C-2)	<u>\$ 40,064,616</u>	<u>\$ 610,604</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 40,064,616</u>	<u>\$ 610,604</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 Seven Fiscal Years*

	<u>2020</u>	<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)	0.04009%	0.04046%	0.03769%	0.03766%	0.04003%	0.04161%	0.04079%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 7,224,080	\$ 7,966,743	\$ 8,773,866	\$ 11,153,434	\$ 8,985,629	\$ 7,790,670	\$ 7,796,000
District's Covered Payroll	\$ 2,777,848	\$ 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	260.06%	301.34%	330.90%	453.48%	368.36%	303.56%	303.76%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	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 Seven Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 389,985	\$ 402,465	\$ 349,167	\$ 334,552	\$ 344,139	\$ 343,033	\$ 307,353
Contributions in Relation to the Contractually Required Contribution	<u>389,985</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 2,947,835	\$ 2,777,848	\$ 2,643,762	\$ 2,651,491	\$ 2,459,534	\$ 2,439,335	\$ 2,566,468
Contributions as a Percentage of Covered Payroll	13.23%	14.49%	13.21%	12.62%	13.99%	14.06%	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 Seven Fiscal Years*

	<u>2020</u>	<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%	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>\$ 84,789,749</u>	<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>\$ 84,789,749</u>	<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	15,061,809	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%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.95%	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, 2020**

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 Three Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 2,215,784	\$ 2,513,156	\$ 3,067,118
Interest on Total OPEB Liability	2,053,152	2,218,628	1,895,658
Changes of Benefit Terms			
Differences Between Expected and Actual Experience	(7,408,581)	(6,064,997)	
Changes of Assumptions	711,086	(5,914,564)	(7,942,606)
Gross Benefit Payments	(1,463,991)	(1,378,183)	(1,463,960)
Contribution from the Member	<u>43,397</u>	<u>47,632</u>	<u>53,907</u>
Net Change in Total OPEB Liability	(3,849,153)	(8,578,328)	(4,389,883)
Total OPEB Liability - Beginning	<u>51,540,796</u>	<u>60,119,124</u>	<u>64,509,007</u>
Total OPEB Liability - Ending	<u>\$ 47,691,643</u>	<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>47,691,643</u>	<u>51,540,796</u>	<u>60,119,124</u>
Total OPEB Liability - Ending	<u>\$ 47,691,643</u>	<u>\$ 51,540,796</u>	<u>\$ 60,119,124</u>
District's Covered Payroll	\$ 17,839,657	\$ 17,403,059	\$ 17,069,803
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	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, 2020**

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, 2020**

	IDEA Basic	IDEA Preschool	Title I	Title IIA	Title III	Title III Immigrant	Title IV	Perkins Grant	Local Grants	Total
REVENUES										
Local									\$ 1,534	\$ 1,534
State										-
Federal	\$ 377,709	\$ 15,551	\$ 153,242	\$ 30,545	\$ 9,841	\$ 5,461	\$ 6,828	\$ 9,893	-	609,070
Total Revenues	<u>\$ 377,709</u>	<u>\$ 15,551</u>	<u>\$ 153,242</u>	<u>\$ 30,545</u>	<u>\$ 9,841</u>	<u>\$ 5,461</u>	<u>\$ 6,828</u>	<u>\$ 9,893</u>	<u>\$ 1,534</u>	<u>\$ 610,604</u>
EXPENDITURES										
Instruction										
Salaries of Teachers	\$ 627	\$ 14,446	\$ 76,367	\$ 17,250	\$ 4,282	\$ 1,500				\$ 114,472
Purchased Prof. and Technical Services								\$ 2,000		2,000
Tuition	377,082									377,082
General Supplies			\$ 20,462			3,961		6,657	\$ 884	31,964
Textbooks	-	-	-	-	-	-	-	-	-	-
Total Instruction	<u>377,709</u>	<u>14,446</u>	<u>96,829</u>	<u>17,250</u>	<u>4,282</u>	<u>5,461</u>	<u>-</u>	<u>8,657</u>	<u>884</u>	<u>525,518</u>
Support Services										
Other Salaries										-
Personal Services - Employee Benefits		1,105	18,509	1,764	1,309					22,687
Purchased Professional and Technical Services			21,597	5,957			1,233			28,787
Purchased Professional-Educational Services										-
Other Purchased Services			16,307	5,574			4,069			25,950
Cleaning, Repair and Maintenance Services										-
Miscellaneous Purchased Services										-
Travel								912		912
Supplies and Materials	-	-	-	-	4,250	-	1,526	324	650	6,750
Total Support Services	<u>-</u>	<u>1,105</u>	<u>56,413</u>	<u>13,295</u>	<u>5,559</u>	<u>-</u>	<u>6,828</u>	<u>1,236</u>	<u>650</u>	<u>85,086</u>
Total Expenditures	<u>\$ 377,709</u>	<u>\$ 15,551</u>	<u>\$ 153,242</u>	<u>\$ 30,545</u>	<u>\$ 9,841</u>	<u>\$ 5,461</u>	<u>\$ 6,828</u>	<u>\$ 9,893</u>	<u>\$ 1,534</u>	<u>\$ 610,604</u>

**LEONIA BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION PROGRAM AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020**

<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Transfer to Debt Service Fund</u>	<u>Balance, June 30, 2020</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	17,032,429		\$ 354,533	-
High School Addition and Renovation Project	<u>7,217,985</u>	<u>7,183,013</u>	\$ -	-	<u>34,972</u>
	<u>\$ 25,259,414</u>	<u>\$ 24,844,374</u>	<u>\$ -</u>	<u>\$ 354,533</u>	<u>\$ 60,507</u>
Project Balances, June 30, 2020					<u>\$ 60,507</u>
Fund Balance, June 30, 2020 GAAP Basis					<u>\$ 60,507</u>
<u>Recapitulation of Fund Balance</u>					
Restricted For Capital Projects: Available for Capital Projects Expenditures					<u>60,507</u>
Total Fund Balance - Restricted for Capital Projects					<u>\$ 60,507</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, 2020**

REVENUES AND OTHER FINANCING SOURCES

Revenues

Interest Income	\$ 1,983
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Total Revenues	1,983
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EXPENDITURES AND OTHER FINANCING USES

Capital Outlay

Transfer to General Fund	1,983
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Transfer to Debt Service Fund	354,533
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Total Expenditures and Other Financing Uses	356,516
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Excess (Deficiency) of Revenues and Other Financing Sources

Over (Under) Expenditures and Other Financing Uses	(354,533)
--	-----------

Fund Balance, Beginning of Year	415,040
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Fund Balance, End of Year	\$ 60,507
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Reconciliation to GAAP

Fund Balance, June 30, 2020 - Budgetary Basis	\$ 60,507
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Fund Balance, June 30, 2020 - GAAP Basis	\$ 60,507
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**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, 2020**

	<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>3,467</u>	<u>\$ -</u>	<u>3,467</u>	<u>3,467</u>
Total Revenues	<u>654,467</u>	<u>-</u>	<u>654,467</u>	<u>654,467</u>
Expenditures and Other Financing Uses				
Salaries	19,000		19,000	
Purchased Professional and Technical Services	28,037		28,037	
Construction Services	573,495		573,495	
Other Objects	<u>8,400</u>	<u>-</u>	<u>8,400</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>628,932</u>	<u>-</u>	<u>628,932</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 25,535</u>	<u>\$ -</u>	<u>\$ 25,535</u>	<u>\$ 654,467</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, 2020**

	<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	15,930	\$ -	15,930	15,930
	<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	
Purchased Professional and Technical Services	2,040,622		2,040,622	
Legal	792,734		792,734	
Construction Services	13,237,610		13,237,610	
General Supplies	52,615		52,615	
Other Objects	107,421		107,421	
Transfer To Debt Service Fund	652,215	354,533	1,006,748	-
	<u>17,032,429</u>	<u>354,533</u>	<u>17,386,962</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 354,533</u>	<u>\$ (354,533)</u>	<u>\$ -</u>	<u>\$ 17,386,962</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, 2020**

	<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>
Total Revenues	7,217,985	-	7,217,985	7,217,985
Expenditures and Other Financing Uses				
Legal Services	19,424		19,424	
Architectual/Engineering	663,877		663,877	
Other Purchased Professional and Technical Services	229,979		229,979	
Construction Services	6,055,110		6,055,110	
Supplies and Materials	193,602		193,602	
Other Objects	21,021	-	21,021	-
	<u>7,183,013</u>	<u>-</u>	<u>7,183,013</u>	<u>-</u>
Total Expenditures and Other Financing Uses	7,183,013	-	7,183,013	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 34,972	\$ -	\$ 34,972	\$ 7,217,985
 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	0%			
Original Target Completion Date	August 2018			
Revised Target Completion Date	August 2018			

ENTERPRISE FUNDS

**LEONIA BOARD OF EDUCATION
ENRICHMENT ENTERPRISE FUND
COMBINING SCHEDULE OF ENRICHMENT PROGRAM NET POSITION
AS OF JUNE 30, 2020**

	<u>Afterschool Enrichment</u>	<u>SMILE</u>	<u>LMS Here We Come</u>	<u>Total Enrichment Program</u>
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 1,177	\$ 46,380	\$ 21,277	\$ 68,834
Total Current Assets	<u>1,177</u>	<u>46,380</u>	<u>21,277</u>	<u>68,834</u>
Total Assets	<u>1,177</u>	<u>46,380</u>	<u>21,277</u>	<u>68,834</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	120			120
Unearned Revenue	<u>-</u>	<u>53,568</u>	<u>4,281</u>	<u>57,849</u>
Total Current Liabilities	<u>120</u>	<u>53,568</u>	<u>4,281</u>	<u>57,969</u>
NET POSITION				
Unrestricted	<u>1,057</u>	<u>(7,188)</u>	<u>16,996</u>	<u>10,865</u>
Total Net Position	<u>\$ 1,057</u>	<u>\$ (7,188)</u>	<u>\$ 16,996</u>	<u>\$ 10,865</u>

**LEONIA BOARD OF EDUCATION
ENRICHMENT ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Afterschool Enrichment</u>	<u>SMILE</u>	<u>LMS Here We Come</u>	<u>Total Enrichment Program</u>
OPERATING REVENUES				
Charges for Services				
Program Fees	\$ 37,975	\$ 57,746	\$ 3,558	\$ 99,279
Total Operating Revenues	<u>37,975</u>	<u>57,746</u>	<u>3,558</u>	<u>99,279</u>
OPERATING EXPENSES				
Salaries and Employee Benefits	37,456	63,716	3,398	104,570
Supplies and Materials	<u>41,216</u>	<u>-</u>	<u>694</u>	<u>41,910</u>
Total Operating Expenses	<u>78,672</u>	<u>63,716</u>	<u>4,092</u>	<u>146,480</u>
Operating Income (Loss)	<u>(40,697)</u>	<u>(5,970)</u>	<u>(534)</u>	<u>(47,201)</u>
Net Position, Beginning of Year	<u>41,754</u>	<u>(1,218)</u>	<u>17,530</u>	<u>58,066</u>
Net Position, End of Year	<u>\$ 1,057</u>	<u>\$ (7,188)</u>	<u>\$ 16,996</u>	<u>\$ 10,865</u>

**LEONIA BOARD OF EDUCATION
ENRICHMENT ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>After School Enrichment</u>	<u>SMILE</u>	<u>LMS Here We Come</u>	<u>Total Enrichment Program</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 37,975	\$ 57,583	\$ 4,281	\$ 99,839
Cash Payments for Employees' Salaries and Benefits	(37,456)	(63,716)	(3,398)	(104,570)
Cash Payments to Suppliers for Goods and Services	(41,096)	-	(694)	(41,790)
Net Cash Provided (Used) By Operating Activities	(40,577)	(6,133)	189	(46,521)
Net Increase (Decrease) in Cash and Cash Equivalents	(40,577)	(6,133)	189	(46,521)
Cash and Cash Equivalents, Beginning of Year	41,754	52,513	21,088	115,355
Cash and Cash Equivalents, End of Year	\$ 1,177	\$ 46,380	\$ 21,277	\$ 68,834
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (40,697)	\$ (5,970)	\$ (534)	\$ (47,201)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Change in Assets, Liabilities and Deferred Inflows of Resources				
Increase/(Decrease) in Accounts Payable	120			120
Increase/(Decrease) in Unearned Revenue	-	(163)	723	560
Total Adjustments	120	(163)	723	680
Net Cash Provided (Used) By Operating Activities	\$ (40,577)	\$ (6,133)	\$ 189	\$ (46,521)

FIDUCIARY FUNDS

AGENCY FUNDS

**LEONIA BOARD OF EDUCATION
AGENCY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2020**

	<u>Student</u>	<u>Agency</u>	
	<u>Activity</u>	<u>Payroll</u>	<u>Total</u>
			<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 235,479	\$ 833,904	\$ 1,069,383
Due from Other Funds	<u>-</u>	<u>16,784</u>	<u>16,784</u>
Total Assets	<u>\$ 235,479</u>	<u>\$ 850,688</u>	<u>\$ 1,086,167</u>
LIABILITIES			
Due to Student Groups	\$ 235,479		\$ 235,479
Payroll Deductions and Withholdings		\$ 301,540	301,540
Summer Savings Plan		526,208	526,208
Flexible Spending Deposits		8,725	8,725
Due to Other Funds	<u>-</u>	<u>14,215</u>	<u>14,215</u>
Total Liabilities	<u>\$ 235,479</u>	<u>\$ 850,688</u>	<u>\$ 1,086,167</u>

**FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020**

	<u>Balance</u> <u>July 1, 2019</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance,</u> <u>June 30, 2020</u>
Anna C. Scott Elementary School	\$ 1,675	\$ 12,323	\$ 6,027	\$ 7,971
Leonia Middle School	26,408	77,878	41,925	62,361
Leonia Middle School Athletics	574	5,020	3,726	1,868
Leonia High School	101,798	247,731	191,430	158,099
Leonia High School Athletics	613	44,827	40,260	5,180
	<u>\$ 131,068</u>	<u>\$ 387,779</u>	<u>\$ 283,368</u>	<u>\$ 235,479</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Balance,</u> <u>July 1, 2019</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance,</u> <u>June 30, 2020</u>
Due from Other Funds	\$ (8,874)	\$ 8,011	\$ 15,921	\$ (16,784)
Payroll Deductions and Withholdings	270,316	10,923,737	10,892,513	301,540
Accrued Salaries and Wages		13,946,991	13,946,991	-
Summer Savings Plan	489,330	524,515	487,637	526,208
Flexible Spending Deposits	16,112	18,500	25,887	8,725
Due to Other Funds	16,158	3,644	5,587	14,215
	<u>\$ 783,042</u>	<u>\$ 25,425,398</u>	<u>\$ 25,374,536</u>	<u>\$ 833,904</u>

LONG-TERM DEBT

**LEONIA BOARD OF EDUCATION
LONG TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<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, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2020</u>
			<u>Date</u>	<u>Amount</u>					
School Improvement Bonds	7/15/2010	\$ 17,350,000	7/15/2020	900,000	3.000	\$ 13,100,000		\$ 850,000	\$ 12,250,000
			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	8/15/2020	1,200,000	5.000	<u>6,195,000</u>	<u>-</u>	<u>1,175,000</u>	<u>5,020,000</u>
			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>\$ 19,295,000</u>	<u>\$ -</u>	<u>\$ 2,025,000</u>	<u>\$ 17,270,000</u>	

**LEONIA BOARD OF EDUCATION
LONG TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Amount of Original Issue	Interest Rate	Balance, July 1, 2019	Issued	Retired	Balance, June 30, 2020
<u>Capital Leases</u>						
Copier Leases	\$ 390,000	10.36%	\$ 343,523		\$ 67,838	\$ 275,685
Leonia High School Addition and Renovations	3,600,000	1.8961%	2,171,549		710,296	1,461,253
LED Lighting Upgrade	515,698	1.798%	283,224	-	92,730	190,494
Bus Lease	333,076	2.934%	<u> -</u>	<u>333,076</u>	<u>68,597</u>	<u>264,479</u>
Total			<u>\$ 2,798,296</u>	<u>\$ 333,076</u>	<u>\$ 939,461</u>	<u>\$ 2,191,911</u>
				Paid by Budget Appropriation	<u>\$ 939,461</u>	

**LEONIA BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources					
Property Tax Levy	\$ 1,907,645		\$ 1,907,645	\$ 1,907,645	\$ -
State Sources					
Debt Service Aid Type II	448,197	-	448,197	448,197	-
Total Revenues	<u>2,355,842</u>	<u>-</u>	<u>2,355,842</u>	<u>2,355,842</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	2,025,000		2,025,000	2,025,000	
Interest	703,675	-	703,675	703,675	-
Total Expenditures	<u>2,728,675</u>	<u>-</u>	<u>2,728,675</u>	<u>2,728,675</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(372,833)</u>	<u>-</u>	<u>(372,833)</u>	<u>(372,833)</u>	<u>-</u>
Payments to Escrow Agent Transfer In	-	-	-	-	-
Transfer In	354,533	-	354,533	354,533	-
Total Other Financing Sources (Uses)	<u>354,533</u>	<u>-</u>	<u>354,533</u>	<u>354,533</u>	<u>-</u>
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expendit	(18,300)	-	(18,300)	(18,300)	-
Fund Balance, Beginning of Year	<u>18,300</u>	<u>-</u>	<u>18,300</u>	<u>18,300</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 13,693,257
Restricted	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	1,325,907
Unrestricted	<u>135,429</u>	<u>(395,027)</u>	<u>662,822</u>	<u>1,230,478</u>	<u>(6,255,467)</u>	<u>(3,410,681)</u>	<u>(4,461,001)</u>	<u>(4,891,357)</u>	<u>(6,741,339)</u>	<u>(8,232,390)</u>
Total Governmental Activities Net Position	<u>\$ 7,698,692</u>	<u>\$ 10,017,295</u>	<u>\$ 13,563,942</u>	<u>\$ 15,304,926</u>	<u>\$ 8,755,970</u>	<u>\$ 9,113,335</u>	<u>\$ 6,480,157</u>	<u>\$ 6,763,538</u>	<u>\$ 6,237,523</u>	<u>\$ 6,786,774</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 134,832	\$ 116,591	\$ 98,431	\$ 81,694	\$ 70,160	\$ 56,877	\$ 33,088	\$ 40,822	\$ 82,977	\$ 85,030
Unrestricted	<u>92,491</u>	<u>41,490</u>	<u>38,618</u>	<u>79,817</u>	<u>120,881</u>	<u>158,752</u>	<u>220,327</u>	<u>224,262</u>	<u>228,187</u>	<u>166,482</u>
Total Business-Type Activities Net Position	<u>\$ 227,323</u>	<u>\$ 158,081</u>	<u>\$ 137,049</u>	<u>\$ 161,511</u>	<u>\$ 191,041</u>	<u>\$ 215,629</u>	<u>\$ 253,415</u>	<u>\$ 265,084</u>	<u>\$ 311,164</u>	<u>\$ 251,512</u>
District-Wide										
Net Investment in Capital Assets	\$ 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	\$ 13,778,287
Restricted	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	1,325,907
Unrestricted	<u>227,920</u>	<u>(353,537)</u>	<u>701,440</u>	<u>1,310,295</u>	<u>(6,134,586)</u>	<u>(3,251,929)</u>	<u>(4,240,674)</u>	<u>(4,667,095)</u>	<u>(6,513,152)</u>	<u>(8,065,908)</u>
Total District Net Position	<u>\$ 7,926,015</u>	<u>\$ 10,175,376</u>	<u>\$ 13,700,991</u>	<u>\$ 15,466,437</u>	<u>\$ 8,947,011</u>	<u>\$ 9,328,964</u>	<u>\$ 6,733,572</u>	<u>\$ 7,028,622</u>	<u>\$ 6,548,687</u>	<u>\$ 7,038,286</u>

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 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	\$ 17,595,069
Special Education	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	6,745,698
Other Instruction	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	1,058,401
School Sponsored Activities and Athletics						1,068,739	1,276,705	1,237,176	1,151,268	1,279,518
Support Services:										
Tuition				939,292	1,201,853					
Student and Instruction Related Services	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	5,887,388
General Administration	758,483	743,030	835,755	862,726	975,965	1,027,863	1,038,399	1,005,807	1,114,915	923,605
School Administrative Services	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	3,392,760
Central Services and Info. Technology	524,700	501,602	517,856	532,921	534,720	672,407	776,196	774,779	662,263	647,616
Administrative Technology Information	52,208	51,104	49,927	342,135	52,041					
Plant Operations And Maintenance	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	4,064,800
Pupil Transportation	738,546	864,890	869,404	735,952	1,219,968	1,010,974	1,229,918	1,159,054	1,163,416	1,032,284
Interest On Long-Term Debt	1,037,356	1,203,519	1,102,316	1,174,041	971,609	963,811	910,328	859,269	867,139	763,656
Unallocated Depreciation	612,497	612,347	609,110	613,111	1,245,092	-	-	-	-	-
Total Governmental Activities Expenses	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	43,390,795
Business-Type Activities										
Food Service	644,432	654,910	597,490	594,031	610,360	599,559	598,168	636,420	621,841	541,572
Enrichment Program	-	-	-	-	-	41,143	35,075	44,192	49,359	146,480
Total Business-Type Activities Expense	644,432	654,910	597,490	594,031	610,360	640,702	633,243	680,612	671,200	688,052
Total District Expenses	\$ 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	\$ 44,078,847
Program Revenues										
Governmental Activities										
Charges For Services	\$ 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	\$ 9,093,029
Operating Grants and Contributions	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	9,727,628
Capital Grants and Contributions	-	-	-	-	-	-	-	-	160,703	11,440
Total Governmental Activities Program Revenues	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	18,832,097
Business-Type Activities										
Charges For Services										
Food Service	474,755	434,217	391,202	402,676	404,103	407,154	425,997	447,251	469,379	341,262
Enrichment Program				32,885	50,190	57,750	42,985	53,919	63,350	99,279
Operating Grants And Contributions	197,157	151,451	185,256	182,932	185,976	200,385	202,047	189,718	182,226	185,864
Total Business Type Activities Program Revenues	671,912	585,668	576,458	618,493	640,269	665,289	671,029	690,888	714,955	626,405
Total District Program Revenues	\$ 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	\$ 19,458,502
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (24,558,698)
Business-Type Activities	27,480	(69,242)	(21,032)	24,462	29,909	24,587	37,786	10,276	43,755	(61,647)
Total District-Wide Net Expenses	\$ (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)	\$ (24,620,345)

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

	Fiscal Year Ended June 30.									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Assets										
Governmental Activities										
Property Taxes Levied For General Purposes, Net	\$ 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	\$ 20,156,236
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	1,907,645
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	2,573,253
Federal and State Aid Restricted	32,390	366,712	337,697	399,928	411,785	271,843	286,683	303,189	316,701	332,615
Miscellaneous Income	290,813	386,138	576,366	437,312	449,432	45,936	40,718	477,220	195,538	138,200
Transfers	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	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	25,107,949
Business-Type Activities										
Miscellaneous Income	393	-	-	-	-	-	-	1,393	2,325	1,995
Transfers	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	393	-	-	-	-	-	-	1,393	2,325	1,995
Total District-Wide	\$ 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	\$ 25,109,944
Change in Net Position										
Governmental Activities	\$ 1,994,897	\$ 2,318,603	\$ 3,546,647	\$ 1,740,984	\$ 1,247,045	\$ 599,027	\$ (2,633,178)	\$ 283,381	\$ (526,015)	\$ 549,251
Business-Type Activities	27,873	(69,242)	(21,032)	24,462	29,909	24,587	37,786	11,669	46,080	(59,652)
Total District	\$ 2,022,770	\$ 2,249,361	\$ 3,525,615	\$ 1,765,446	\$ 1,276,954	\$ 623,614	\$ (2,595,392)	\$ 295,050	\$ (479,935)	\$ 489,599

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
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	\$ 2,607,183
Assigned	437,534	530,138	760,823	657,372	1,520,191	606,319	85,917	560,253	365,823	35,250
Unassigned	<u>430,369</u>	<u>382,898</u>	<u>690,732</u>	<u>413,393</u>	<u>288,445</u>	<u>128,003</u>	<u>133,461</u>	<u>228,233</u>	<u>215,853</u>	<u>80,428</u>
Total General Fund	<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>	<u>\$ 2,722,861</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	\$ 60,507
Committed	757,516	425,533	-	879,928	115,546	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	<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>	<u>\$ 60,507</u>

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	\$ 22,063,881
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	8,149,884
Transportation	504,840	472,442	598,244	546,141	557,067	482,141	539,967	586,457	650,494	540,589
Miscellaneous	310,943	410,492	622,312	499,934	496,979	575,702	429,541	795,821	474,880	542,290
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	9,650,376
Federal Sources	634,510	660,516	533,549	530,046	546,460	608,387	656,210	597,568	614,349	653,373
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	41,600,393
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	15,698,675
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	6,248,634
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	938,447
School Sponsored Activities and Athletics						874,030	897,077	951,417	1,007,357	1,156,439
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	5,340,461
General Administrative Services	758,483	743,030	835,755	723,608	750,821	997,939	934,715	920,643	1,030,327	875,143
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	3,048,979
Central Administrative Services	524,700	501,602	517,856	387,404	313,598	595,405	614,669	641,536	599,517	604,841
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	3,939,745
Student Transportation Services	732,014	863,341	869,404	733,727	883,266	975,778	1,111,305	1,056,321	1,091,891	998,920
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	804,329
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	2,964,461
Interest	1,044,405	2,139,381	1,120,872	1,060,742	1,006,478	964,967	900,044	865,434	863,649	784,821
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	43,403,895
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)	(1,803,502)
Other Financing Sources (Uses)										
Capital Lease Proceeds	148,743					281,629	4,115,698		390,000	333,076
Bond Proceeds	17,350,000	871,565	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-	358,510	356,516
Transfers Out	-	-	-	-	-	-	-	-	(358,510)	(356,516)
Total Other Financing Sources (Uses)	17,498,743	871,565	-	-	-	281,629	4,115,698	-	390,000	333,076
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)	\$ (1,470,426)
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%	8.80%

* 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
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Rental of Facilities</u>	<u>Refunds</u>	<u>Related Service Fees</u>	<u>Sale of SRECS</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2020	21,007	175,393		227,163	65,046	50,164	538,773

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
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
2020	5,404,100	1,065,767,800	75,426,400	22,454,500	70,884,800	1,239,937,600	773,613	1,240,711,213	1,506,477,130	1.843

a Tax rates are per \$100

Source: County Abstract of Ratables

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

Calendar Year	School	Overlapping Rates		Total Direct and Overlapping Tax Rate
		Municipality	County	
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
2020	1.843	0.945	0.302	3.090

Source: County Abstract of Ratables

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

Taxpayer	2020		2011	
	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%	\$ 10,000,000	0.74%
Puck Leonia, LLC/ST Leonia, LLC	9,794,400	0.79%	9,700,000	0.72%
313 Woodlance Place, LLC	8,280,000	0.67%	1,702,700	0.13%
Kurtz, Anthony & Nora III, LLC	7,974,900	0.64%	8,578,800	0.64%
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%	7,500,000	0.56%
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%
Center Pint Willow Trees, LLC	8,000,000	0.64%	8,937,300	0.66%
	\$ 71,996,300	5.80%	\$ 69,534,700	5.16%

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
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%
2020	22,063,881	22,063,881	100.00%		22,063,881	100.00%

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases			
2011	\$ 31,730,000		\$ 31,730,000	8,954	\$ 3,544
2012	31,730,000	\$ 121,088	31,851,088	9,010	3,535
2013	30,230,000	92,424	30,322,424	9,038	3,355
2014	28,545,000	62,714	28,607,714	9,059	3,158
2015	26,805,000	31,919	26,836,919	9,071	2,959
2016	25,010,000	231,901	25,241,901	9,097	2,775
2017	23,155,000	4,245,163	27,400,163	9,086	3,016
2018	21,245,000	3,364,082	24,609,082	9,105	2,703
2019	19,295,000	2,798,296	22,093,296	9,073	2,435
2020	17,270,000	2,191,911	19,461,911	9,035	2,154

Source: District records

* Estimated

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2011	\$ 32,855,000		\$ 32,855,000	2.44%	\$ 3,669
2012	31,730,000		31,730,000	2.36%	3,522
2013	28,545,000		28,545,000	2.14%	3,158
2014	28,545,000		28,545,000	2.33%	3,151
2015	26,805,000		26,805,000	2.19%	2,955
2016	25,010,000		25,010,000	2.05%	2,749
2017	23,155,000		23,155,000	1.89%	2,548
2018	21,245,000		21,245,000	1.73%	2,333
2019	19,295,000	\$ 18,300	19,276,700	1.56%	2,125
2020	17,270,000		17,270,000	1.39%	1,911

Source: District records

**LEONIA BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2019
(Unaudited)**

	<u>Gross Debt</u>
Municipal Debt: (1)	
Leonia Board of Education (As of June 30, 2020)	\$ 17,270,000
Borough of Leonia	<u>14,792,400</u>
	<u>32,062,400</u>
Overlapping Debt Apportioned to the Municipality:	
Bergen County	
County of Bergen (A)	11,278,858
Bergen County Utilities Authority (B)	<u>1,506,427</u>
	<u>12,785,285</u>
Total Direct and Overlapping Debt	<u>\$ 44,847,685</u>

Source:

(1) Borough of Leonia's 2019 Annual Debt Statement

(A) The debt for this entity was apportioned to Leonia by dividing the municipality's 2019 equalized value by the total 2019 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)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 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	\$ 57,679,464
Total Net Debt Applicable to Limit	16,350,000	31,730,000	31,730,000	30,230,000	26,805,000	25,010,000	23,155,000	21,245,000	19,295,000	17,270,000
Legal Debt Margin	<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>	<u>\$ 40,409,464</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	27.14%	55.46%	57.89%	57.25%	52.02%	47.77%	43.28%	38.64%	34.45%	29.94%

Legal Debt Margin Calculation for Fiscal Year 2019

Equalized Valuation Basis	
2019	\$ 1,497,179,540
2018	1,427,734,497
2017	1,401,045,756
	<u>\$ 4,325,959,793</u>
3 Year Average	<u>\$ 1,441,986,598</u>
4% of Avg. Equalized Valuation	\$ 57,679,464
Less Net Debt	<u>17,270,000</u>
Remaining Borrowing Power	<u>\$ 40,409,464</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>
2011	6.0%	\$ 64,229	8,954
2012	8.1%	66,064	9,010
2013	5.1%	69,059	9,038
2014	4.5%	72,152	9,059
2015	3.7%	71,679	9,071
2016	3.3%	74,452	9,097
2017	3.1%	77,666	9,086
2018	2.9%	79,145	9,105
2019	2.1%	81,483	9,073
2020	2.1% *	85,951	9,035

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)

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction										
Regular		120	145	147	145	145	146	147	180	182
Special Education		52	87	49	44	44	46	46	26	28
Other Instruction										
Support Services:										
General Administrative Services		5	9	10	10	10	10	10	6	6
School Administrative Services		12	31	17	12	12	12	12	11	11
Plant Operations and Maintenance	-	24	26	26	23	23	23	23	30	34
Total	N/A	213	298	249	234	234	237	238	253	261

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				
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%
2020	2,027	38,850,284	19,166	-1.81%	177	N/A	N/A	N/A	2,021	1,965	4.23%	97.23%

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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<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	641	649	673	686	718
<u>Middle School</u>										
Leonia Middle School										
Square Feet	115,540	115,540	115,540	115,540	115,540	115,540	115,540	115,540	115,540	115,540
Capacity (students)	550	550	550	550	550	550	550	550	550	550
Enrollment	490	490	490	490	490	499	515	533	534	525
<u>High School</u>										
Leonia High School										
Square Feet	120,790	120,790	120,790	120,790	120,790	120,790	120,790	120,790	120,790	134,996
Capacity (students)	700	700	700	700	700	700	700	700	700	700
Enrollment	616	616	616	616	616	675	659	687	739	784
<u>Other</u>										
Central Administration										
Square Feet	1800	1800	1800	1800	1800	1800	1800	1800	1800	2500
Number of Schools at June 30, 2020										
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>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>2020</u>
<u>School Facilities</u>										
Anna C. Scott	\$ 845,111	\$ 111,088	\$ 179,600	\$ 287,314	\$ 256,955	\$ 240,027	\$ 249,715	\$ 187,057	\$ 219,120	\$ 273,317
Middle School	144,366	174,431	161,588	256,253	229,176	239,222	186,815	134,033	157,007	195,840
High School	<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>	<u>177,421</u>
Other Facilities	1,120,801	464,599	488,709	776,524	694,473	788,364	662,260	442,516	518,367	646,578
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Grand Total	<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>	<u>\$ 646,578</u>

**LEONIA BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2020
(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, 2020
(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
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
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 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, 2020 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 21, 2020.

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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a material weakness.

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 2020-001 and 2020-002.

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 21, 2020.

Leonía 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 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 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.

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 21, 2020



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
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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, 2020. 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 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, 2020.

Other Matters

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 2020-003 through 2020-006. 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 2020-005 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 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, 2020 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated December 21, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Lerch, Vinci & Higgins, LLP
LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants


Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
December 21, 2020

**LEONIA BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2019			Carryover/ Deferred Revenue	Carryover/ (Accounts Receivable)	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Adjustment		June 30, 2020			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	201NJ304N1099	N/A	7/1/19-6/30/20	\$ 43,800					\$ 43,800	\$ 42,653						\$ 1,147			
Food Distribution Commodities Program	10.555	191NJ304N1099	N/A	7/1/18-6/30/19	44,347	\$ 2,059					2,059									
National School Lunch Program	10.555	201NJ304N1099	N/A	7/1/19-6/30/20	115,558					108,755	115,558						\$ (6,803)		\$ (6,803)	
National School Lunch Program	10.555	191NJ304N1099	N/A	7/1/18-6/30/19	123,656	\$ (8,508)				8,508										
National School Breakfast Program	10.553	201NJ304N1099	N/A	7/1/19-6/30/20	20,894					17,297	20,894								\$ (3,597)	
National School Breakfast Program	10.553	191NJ304N1099	N/A	7/1/18-6/30/19	8,382	(682)				682										
Total U.S. Department of Agriculture - Child Nutrition Program Cluster						(9,190)	2,059	-	-	-	179,042	181,164	-	-	-	(10,400)	1,147	-	(10,400)	
				783041.77																
U.S. Department of Education Passed-through State Department Special Revenue Fund																				
ESEA																				
Title I	84.010	S010A2000030	NCLB031345-20	7/1/19-9/30/20	141,913			\$ 19,041	\$ (19,041)	28,590	135,862						(132,364)	25,092	-	(107,272)
Title I	84.010	S010A1900030	NCLB031345-19	7/1/18-6/30/19	151,683	(136,321)	36,421	-	(19,041)	19,041	117,280	17,380		\$ -	\$ -					
Total ESEA Title I						(136,321)	36,421	-	-	-	145,870	153,242	-	-	-	(132,364)	25,092	-	(107,272)	
Title II, Part A	84.367A	S367A2000029	NCLB031345-20	7/1/19-9/30/20	30,871			2,599	(2,599)	9,532	18,580						(23,938)	14,890	-	(9,048)
Title II, Part A	84.367A	S367A1900029	NCLB031345-19	7/1/18-6/30/19	33,950	(41,514)	14,564	-	(2,599)	2,599	38,915	11,965								
Total ESEA Title II, Part A						(41,514)	14,564	-	-	-	48,447	30,545	-	-	-	(23,938)	14,890	-	(9,048)	
Title III	84.365	S365A2000030	NCLB031345-20	7/1/19-9/30/20	13,179			9,114	(9,114)	1,500	9,098						(20,793)	13,195	-	(7,598)
Title III	84.365	S365A1900030	NCLB031345-19	7/1/18-6/30/19	17,279	(19,796)	9,857		(9,114)	9,114	10,682	743								
Title III Immigrant	84.365	S365A2000030	NCLB031345-20	7/1/19-9/30/20	8,011						2,314						(8,011)	5,697	-	(2,314)
Title III Immigrant	84.365	S365A1900030	NCLB031345-19	7/1/18-6/30/19	-	(3,637)	3,637	-	-	-	3,147	3,147			490	(490)				
Total ESEA Title III Cluster						(23,433)	13,494	-	-	-	15,329	15,302	-	490	(490)	(28,804)	18,892	-	(9,912)	
Title IV	84.424	S424A200031	NLB031345-20	7/1/19-9/30/20	10,000			172	(172)	-	135						(10,172)	10,037	-	(135)
Title IV	84.424	S424A190031	NLB031345-19	7/1/18-6/30/19	10,000	(10,000)	6,865	-	(172)	172	9,828	6,693								
Total ESEA Title IV						(10,000)	6,865	-	-	-	9,828	6,828	-	-	-	(10,172)	10,037	-	(135)	
I.D.E.I.A. Part B, Basic Regular	84.027	H027A200100	NCLB031345-20	7/1/19-9/30/20	380,509					167,445	369,709						(213,064)	10,800	-	(202,264)
I.D.E.I.A. Part B, Basic Regular	84.027	H027A190100	NCLB031345-19	7/1/18-6/30/19	367,556	(109,878)	8,000			109,878	8,000									
I.D.E.I.A. Part B, Basic Regular	84.027	H027A180100	NCLB031345-18	7/1/17-6/30/18	362,165			\$ 21,091											\$ 21,091	
I.D.E.I.A. Part B, Preschool	84.173	H173A200114	NCLB031345-20	7/1/19-9/30/20	11,292			10,923	(10,923)	-	15,551						(22,215)	6,664	-	(15,551)
I.D.E.I.A. Part B, Preschool	84.173	H173A190114	NCLB031345-19	7/1/18-6/30/19	10,923	(10,923)	10,923	-	(10,923)	10,923	-									
Total Special Education Cluster IDEA						(120,801)	18,923	21,091	-	-	277,323	393,260	-	-	-	(235,279)	17,464	21,091	(217,815)	
Perkins Secondary	84.048A	V048A200030	N/A	7/1/19-6/30/20	10,064					5,570	9,893						(4,494)	171	-	(4,323)
Perkins Secondary	84.048A	V048A190030	N/A	7/1/18-6/30/19	10,879	(379)	2			377					2	(2)				
Perkins Secondary	84.048A	V048A160030	N/A	7/1/16-6/30/17	11,614	(284)											(284)			(284)
Total Special Revenue Fund						(352,732)	90,269	21,091	-	-	502,744	609,070	-	492	(492)	(435,335)	86,546	21,091	(348,789)	
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	44,303					44,303	44,303									
Total General Fund						-	-	-	-	-	44,303	44,303	-	-	-	-	-	-	-	-
Total Federal Financial Awards						\$ (341,922)	\$ 92,328	\$ 21,091	\$ -	\$ -	\$ 726,089	\$ 834,537	\$ -	\$ 492	\$ (492)	\$ (445,735)	\$ 87,693	\$ 21,091	\$ (359,189)	

LEONIA BOARD OF EDUCATION
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2019				Refund of Prior Years' Balances	Balance, June 30, 2020			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>														
10,400.60														
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	\$ 2,569,576			\$ 2,344,846	\$ 2,569,576		\$ (224,730)				\$ 2,569,576	
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	2,614,849	(228,407)		228,407								
Special Education Categorical Aid	20-495-034-5120-089	7/1/19-6/30/20	896,489			818,084	896,489		(78,405)				896,489	
Special Education Categorical Aid	19-495-034-5120-089	7/1/18-6/30/19	896,489	(78,308)		78,308								
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	36,798			33,580	36,798		(3,218)				36,798	
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	36,798	(3,214)	\$ -	3,214		\$ -						
Total State Aid Public Cluster				(309,929)	-	3,506,439	3,502,863	-	(306,353)	-	-	-	-	3,502,863
Extraordinary Aid	20-495-034-5120-044	7/1/19-6/30/20	320,749				320,749		(320,749)					320,749
Extraordinary Aid	19-495-034-5120-044	7/1/18-6/30/19	303,259	(303,259)		303,259								-
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19-6/30/20	1,148,124			1,033,794	1,148,124		(114,330)			\$ (114,330)	1,148,124	
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18-6/30/19	1,072,828	(52,664)		52,664								-
On Behalf TPAF Pension and OPEB Pension Benefit Contribution	20-495-034-5094-002	7/1/19-6/30/20	3,039,259			3,039,259	3,039,259						3,039,259	
Pension - NCGI Premium	20-495-034-5094-004	7/1/19-6/30/20	54,475			54,475	54,475						54,475	
Post Retirement Medical Benefit Contribution	20-495-034-5094-001	7/1/19-6/30/20	1,147,719			1,147,719	1,147,719						1,147,719	
Long Term Disability Insurance	20-495-034-5094-004	7/1/19-6/30/20	2,904			2,904	2,904						2,904	
Total General Fund				(665,852)	-	9,140,513	9,216,093	-	(741,432)	-	-	(114,330)	9,216,093	
<i>Special Revenue Fund</i>														
New Jersey Nonpublic Aid:														
Textbook	20-100-034-5120-064	7/1/19-6/30/20	1,739			1,739	-			\$ 1,739			-	
Textbook	19-100-034-5120-064	7/1/18-6/30/19	1,549		\$ 74			\$ 74					-	
Nursing Services	20-100-034-5120-070	7/1/19-6/30/20	3,201			3,201	-						3,201	
Nursing Services	19-100-034-5120-070	7/1/18-6/30/19	2,813		788			788					-	
Nonpublic Technology Aid	20-100-034-5120-373	7/1/19-6/30/20	1,188			1,188	-						1,188	
Nonpublic Security Aid	20-100-034-5120-509	7/1/19-6/30/20	4,950			4,950	-						4,950	
Nonpublic Security Aid	19-100-034-5120-509	7/1/18-6/30/19	4,350		2,177			2,177					-	
Total Special Revenue Fund					3,039	11,078	-	3,039					11,078	
Debt Service Fund														
Type II Debt Service Aid	20-495-034-5120-017	7/1/19-6/30/20	448,197			448,197	448,197							448,197
State Department of Agriculture														
Enterprise Fund														
State School Lunch Program	20-100-010-3350-023	7/1/19-6/30/20	4,700			4,592	4,700		(108)			(108)	4,700	
State School Lunch Program	19-100-010-3350-023	7/1/18-6/30/19	5,810	(401)		401								-
				(401)		4,993	4,700		(108)			(108)	4,700	
Total State Financial Assistance Subject to Single Audit Determination				(666,253)	3,039	9,604,781	9,668,990	3,039	(741,540)	-	11,078	(114,438)	9,668,990	
State Financial Assistance Not Subject to Single Audit Determination														
<i>General Fund</i>														
On-Behalf TPAF Pension System Contributions	20-495-034-5094-002	7/1/19-6/30/20	3,039,259			(3,039,259)	(3,039,259)						(3,039,259)	
On-Behalf TPAF Pension-NCGI Premium	20-495-034-5094-004	7/1/19-6/30/20	54,475			(54,475)	(54,475)						(54,475)	
On-Behalf TPAF Post-Retirement Medical Contribution	20-495-034-5094-001	7/1/19-6/30/20	1,147,719			(1,147,719)	(1,147,719)						(1,147,719)	
On-Behalf TPAF Long Term Disability Insurance	20-495-034-5094-004	7/1/19-6/30/20	2,904			(2,904)	(2,904)						(2,904)	
Total State Financial Assistance Subject to Major Program Determination			\$ (666,253)	\$ 3,039	\$ 5,360,424	\$ 5,424,633	\$ 3,039	\$ (741,540)	\$ -	\$ 11,078	\$ (114,438)	\$ 5,424,633		

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**LEONIA BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$13,914 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	\$ 44,303	\$ 9,202,179	\$ 9,246,482
Special Revenue Fund	609,070		609,070
Debt Service Fund		448,197	448,197
Food Service Fund	181,164	4,700	185,864
	<u>181,164</u>	<u>4,700</u>	<u>185,864</u>
Total Awards and Financial Assistance	<u>\$ 834,537</u>	<u>\$ 9,655,076</u>	<u>\$ 10,489,613</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, 2020**

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 \$1,148,124 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, 2020. The amount reported as TPAF Pension System Contributions in the amount of \$3,093,734, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,147,719 and TPAF Long-Term Disability Insurance in the amount of \$2,904 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2020.

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 as well 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, 2020**

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: X yes no

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

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

Federal Awards Section

Internal Control over major programs:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with U.S. Uniform Guidance? 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, 2020**

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)?

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 N.J. Circular Letter 15-08?

X yes _____ no

Identification of major state programs:

GMIS Number(s)	Name of State Program
20-495-034-5120-078	Equalization Aid
20-495-034-5120-089	Special Education Aid
20-495-034-5120-084	Security Aid
20-495-034-5094-003	Reimbursed TPAF Social Security Contributions

**LEONIA BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 2020-001

We were not provided with purchase orders and vendor invoices or other documentation for numerous payments made during the fiscal year.

Criteria or specific requirement:

Internal controls over purchasing and accounts payable.

Condition:

Purchase and payment of various goods or services were made for which proper and appropriate documentation was not provided for audit in accordance with the procedures specified in Board policy and N.J.S.A. 18:19-2 through 18A:19-4.

Context:

Numerous instances occurred where payments selected for audit were not accompanied by an approved purchase order and/or vendor invoices of other sufficient and appropriate documentation.

Effect:

Lack of internal controls pertaining to vendor payments and purchases may result in unauthorized payments.

Cause:

Unknown.

Recommendation:

Purchase orders and supporting documentation for vendor payments be maintained on file in an orderly manner and be available for audit.

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, 2020**

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 2020-002

Our audit noted that the final expenditure reports for 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 2019/2020 grant period.

Context:

The District's 2019/20 ESEA grant programs final expenditure report reflected total expenditures of \$191,027. The District's financial records for the grant period reflected expenditures of \$165,989.

Effect:

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

Cause:

Expenses previously reported on EWEG were reported twice.

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, 2020**

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 2020-003

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 2019/20 grant period.

Questioned Costs:

Unknown.

Context

The District's 2019/20 IDEA Part B Basic final expenditure report reflected total expenditures of \$377,082. The District's financial records for the grant period reflected expenditures of \$369,709.

Effect:

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

Cause

Expenses previously reported for reimbursement were reported twice.

**LEONIA BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 2020-003 (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, 2020**

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 2020-004

The District did not calculate or remit to the State the reimbursement for TPAF FICA and Pension for employees' funded by federal grant programs.

State program information:

TPAF Social Security

495-034-5094-003

Criteria or specific requirement:

State Grant Compliance Supplement – FICA Reimbursement from Schools to the State Treasurer (FICA) TPAF Pension Reimbursement from Schools to the State Treasurer

Condition:

See Finding 2020-004.

Questioned Costs:

Unknown.

Context:

The TPAF FICA and Pension Reimbursement calculation was not prepared to determine the amount due to the State for three (3) employees whose salaries were partially funded by federal grants. The form and the payment due were not remitted by the required date.

Effect:

Noncompliance with TPAF Social Security Reimbursement Program.

Cause:

Unknown.

Recommendation:

The District prepare and remit to the State the report for reimbursement of TPAF FICA and Pension by the required due date.

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
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 2020-005

Our audit of purchases and contract awards revealed the following as it relates to compliance with the Public School Contracts Law and State procurement guidelines:

- We noted payments were made in excess of the bid threshold for custodial supplies and various technology items for which public advertisement for bids were not sought.
- We noted payments were made in which the cost exceeded the quote threshold, for which competitive quotations were not sought.
- We noted Political Contribution Disclosure Forms and Business Registration certificates were not on file and available for audit for certain vendors requiring such documentation.

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 – Special Tests and Provisions
NJSA 18A:18A – Public School Contracts Law

Condition:

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

Questioned Costs:

Unknown.

**LEONIA BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 2020-005 (Continued)

Context:

- Purchases and contracts for custodial services and various technology items were made in excess of the bid threshold for which documents were unavailable to determine if awards were procured through public bids advertised or other required processes in accordance with Public School Contracts Law.
- Purchases were made in excess of the quote threshold for which documents were unavailable to determine if quotations were solicited in accordance with the Public School Contracts Law.

Effect:

Noncompliance with requirements of the Public School Contracts Law.

Cause:

Unknown.

Recommendation:

Internal control procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid or quote threshold are made in accordance with the requirements of the Public School Contracts Law and State procurement guidelines.

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
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 2020-006

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

- Two (2) students reported as Private School for Disabled on the District workpapers could not be traced to paid October tuition invoices.
- A net variance of twenty one (21) students was noted when comparing the number of low income students reported on the ASSA with the supporting district workpapers.
- A net variance of eight (8) students was noted when comparing the number of LEP-Not 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 Private School for Disabled could not be verified to tuition invoices and Low-Income and LEP Not Low Income categories were not in agreement with supporting workpapers.

Questioned Costs:

Unknown.

Context:

The District workpapers reported 8 students as attending Private School for Disabled. We were unable to verify two (2) of the six (6) student

The District reported 161 students as resident low income on the ASSA. Supporting workpapers reflected 182, for a net variance of 21.

The District reported 58 students as LEP Not Low Income. Supporting workpapers reflected 50 for a net variance of 8.

Effect:

Noncompliance with State Aid Public Compliance Requirements.

**LEONIA BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 2020-006 (Continued)

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, 2020**

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 2019-001

Condition

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.

Current Status

Corrective action was taken.

Finding 2019-002

Condition

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

Current Status

See Finding 2020-002.

Finding 2019-003

Condition

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.

Current Status

See Finding 2020-003.