

LEONIA BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Leonia, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Leonia Board of Education

Leonia, New Jersey

For The Fiscal Year Ended June 30, 2021

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

April 4, 2022

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, 2021 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 2020-2021 with an average daily enrollment of 2072.8. 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>
2020/2021	2072.8	2.55
2019/2020	2021.3	4.27
2018/2019	1938.6	2.89
2017/2018	1884.2	3.43
2016/2017	1821.7	.05
2015/2016	1820.7	-0.18
2014/2015	1824.0	-.05
2013/2014	1824.9	8.17
2012/2013	1687.1	-7.98
2011/2012	1833.5	.46

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 following major initiatives for the 2020-2021 school year have been successfully completed. The initiatives 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.

The district continues to implement a ZERBU (Zero Based Building Utilization) policy. This policy repurposes under-utilized prior to a call for a referendum.

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 reserves of fund balance at June 30, 2021.

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

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

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

9) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements". The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 and was revised in 2009 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act. Each year the Board designates its official depository at its reorganization meeting.

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

11) OTHER INFORMATION:

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

12) ACKNOWLEDGMENTS:

I would like to express appreciation to the members of the Leonia Board of Education for their commitment to provide fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the maintenance of the school district's financial operation. Further, the preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff and other members in the central office.

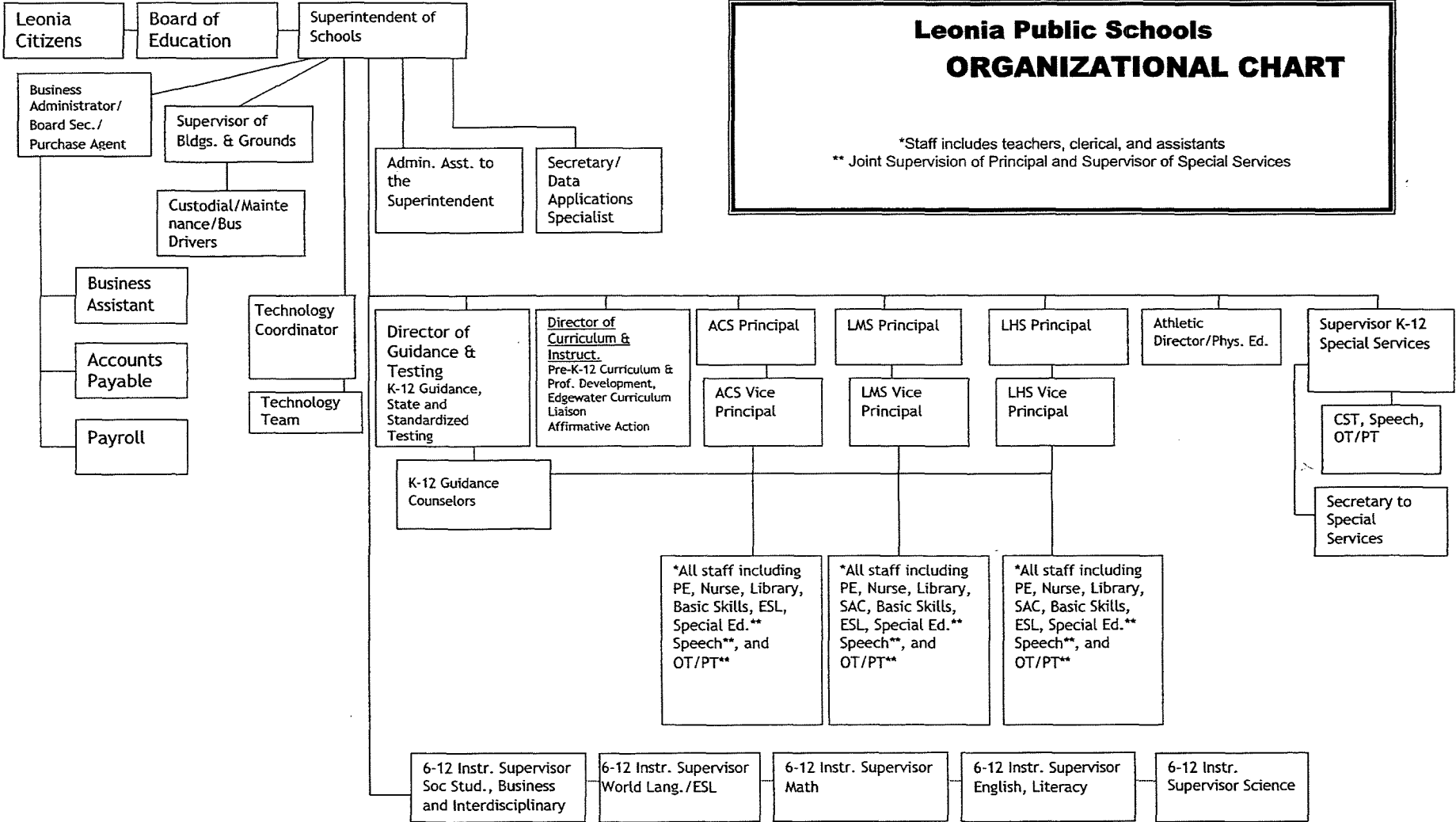
Respectfully submitted,



Edward A. Bertolini
Superintendent of Schools

Leonia Public Schools ORGANIZATIONAL CHART

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



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

**ROSTER OF OFFICIALS
JUNE 30, 2021**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Bryce Robins, President	Jan. 2023
Noreen Wilds, Vice President	Jan. 2022
Mary Albanese	Jan. 2023
Damee Choi	Jan. 2022
Ana DeJesus	Jan. 2024
Daniel Lee	Jan. 2024
Kimberly Melman	Jan. 2024
Issac Park	Jan. 2023
Mariya Thompson	Jan. 2022
Christina Rackow – Edgewater Representative	Jan. 2022
 <u>Other Officials</u>	
Edward Bertolini, Superintendent	
Rashon Hasan, Business Administrator	
Antoinette Kelly, Treasurer of School Funds	

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

**Consultants and Advisors
June 30, 2021**

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

Provident Bank
P.O. Box 1001
Iselin, NJ 08830

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
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, 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, 2021 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, 2021, 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.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2021, the Leonia Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities which provided guidance on identifying fiduciary activities and how they should be reported. The adoption of this standard resulted in a change to how previously reported fiduciary fund activities are currently reported in the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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, 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 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 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.

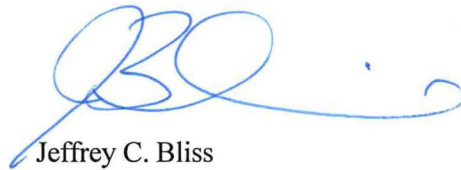
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated April 4, 2022 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
April 4, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

LEONIA BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2021

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, 2021. 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 2020-2021 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 \$11,972,867. (Net Position)
- The District's total net position increased by \$4,500,766 or 60%.
- Overall District revenues were \$50,938,309. General revenues accounted for \$26,191,924 or 51% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$24,746,385 or 49% of total revenues.
- The school district had \$45,929,622 in expenses for governmental activities; only \$24,336,160 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$26,190,772 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 \$7,846,887. Of this amount, \$6,584,950 is fund balance restricted for specific purposes, \$583,764 has been assigned to future expenditures and the remaining amount is the unassigned fund balance of \$678,173.
- The General Fund fund balance at June 30, 2021 was \$5,857,933 an increase of \$2,956,120 from the previous year.
- The General Fund unassigned budgetary fund balance at June 30, 2021 was \$1,367,972, which represents an increase of \$660,442 when compared to the ending unassigned budgetary fund balance at June 30, 2020 of \$707,530.
- The District's total outstanding long-term liabilities decreased by \$605,034 during the current fiscal year.

LEONIA BOARD OF EDUCATION

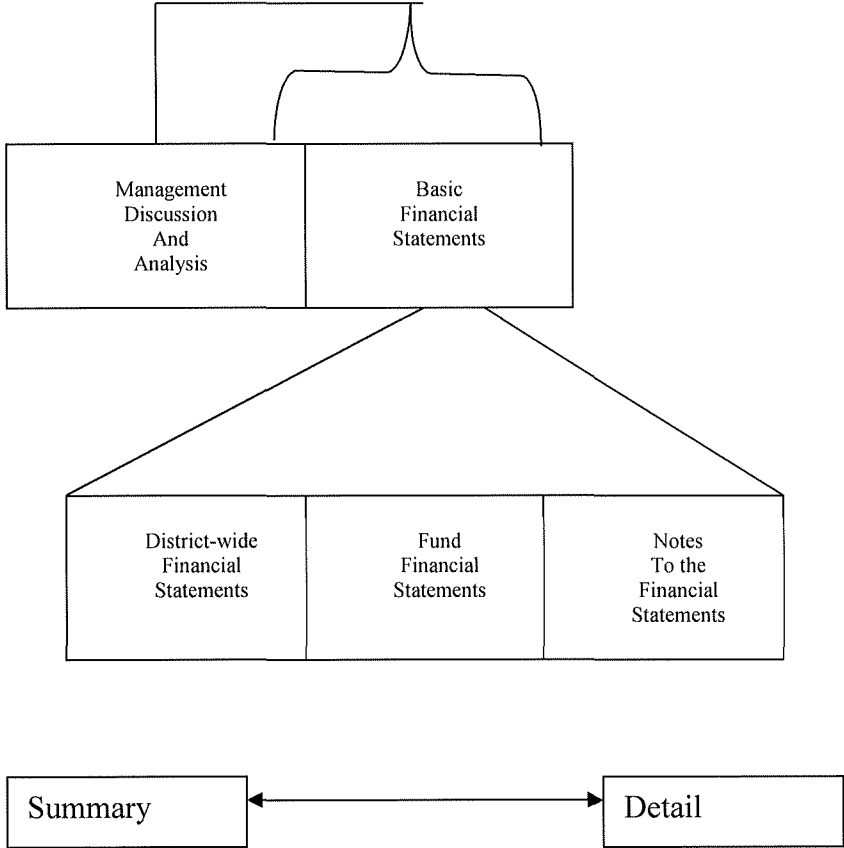
Management’s Discussion and Analysis
Fiscal Year Ended June 30, 2021

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*.

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, 2021

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
Scope	Entire district	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
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
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial 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
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.

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, 2021

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 two 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.

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, 2021

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's *combined* net position was \$11,972,867 and \$7,472,101 on June 30, 2021 and 2020, respectively as follows:

Statement of Net Position
As of June 30, 2021 and 2020

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current Assets	\$ 9,016,725	\$ 5,107,078	\$ 144,496	\$ 284,849	\$ 9,161,221	\$ 5,391,927
Capital Assets	<u>32,798,685</u>	<u>33,070,324</u>	<u>84,024</u>	<u>85,030</u>	<u>32,882,709</u>	<u>33,155,354</u>
Total Assets	<u>41,815,410</u>	<u>38,177,402</u>	<u>228,520</u>	<u>369,879</u>	<u>42,043,930</u>	<u>38,547,281</u>
Deferred Outflows of Resources	<u>1,040,827</u>	<u>1,439,954</u>	<u>-</u>	<u>-</u>	<u>1,040,827</u>	<u>1,439,954</u>
Total Assets and Deferred Outflows of Resources	<u>42,856,237</u>	<u>39,617,356</u>	<u>228,520</u>	<u>369,879</u>	<u>43,084,757</u>	<u>39,987,235</u>
Liabilities						
Other Liabilities	1,476,129	2,212,001	71,630	117,220	1,547,759	2,329,221
Long-Term Liabilities	<u>26,687,702</u>	<u>27,292,736</u>	<u>-</u>	<u>-</u>	<u>26,687,702</u>	<u>27,292,736</u>
Total Liabilities	<u>28,163,831</u>	<u>29,504,737</u>	<u>71,630</u>	<u>117,220</u>	<u>28,235,461</u>	<u>29,621,957</u>
Deferred Inflows of Resources	<u>2,874,246</u>	<u>2,892,030</u>	<u>2,183</u>	<u>1,147</u>	<u>2,876,429</u>	<u>2,893,177</u>
Total Liabilities and Deferred Inflows of Resources	<u>31,038,077</u>	<u>32,396,767</u>	<u>73,813</u>	<u>118,367</u>	<u>31,111,890</u>	<u>32,515,134</u>
Net Position:						
Net Investment in Capital Assets	15,026,093	13,693,257	84,024	85,030	15,110,117	13,778,287
Restricted	3,577,531	1,759,722	-	-	3,577,531	1,759,722
Unrestricted	<u>(6,785,464)</u>	<u>(8,232,390)</u>	<u>70,683</u>	<u>166,482</u>	<u>(6,714,781)</u>	<u>(8,065,908)</u>
Total Net Position	<u>\$ 11,818,160</u>	<u>\$ 7,220,589</u>	<u>\$ 154,707</u>	<u>\$ 251,512</u>	<u>\$ 11,972,867</u>	<u>\$ 7,472,101</u>

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

LEONIA BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2021

The District's total net position of \$11,972,867 at June 30, 2021 represents a \$4,500,766 or 60% increase from the prior year. The following presents the changes in net position for the fiscal years ended June 30, 2021 and 2020.

Changes in Net Position
For the Fiscal Years Ended June 30, 2021 and 2020

	Governmental		Business-Type		Total	
	Activities		Activities		2021	2020
	2021	2020	2021	2020		
Revenues						
Program Revenues						
Charges for Services	\$ 10,807,764	\$ 9,093,029	\$ 106,383	\$ 440,541	\$ 10,914,147	\$ 9,533,570
Operating Grants and Contributions	13,525,396	9,727,628	303,842	185,864	13,829,238	9,913,492
Capital Grants and Contributions	3,000	11,440			3,000	11,440
General Revenues						
Property Taxes	23,050,204	22,063,881			23,050,204	22,063,881
Unrestricted State Aid	2,908,776	2,905,868			2,908,776	2,905,868
Other	231,792	138,200	1,152	1,995	232,944	140,195
Total Revenues	<u>50,526,932</u>	<u>43,940,046</u>	<u>411,377</u>	<u>628,400</u>	<u>50,938,309</u>	<u>44,568,446</u>
Expenses						
Instruction						
Regular	19,710,908	17,595,069			19,710,908	17,595,069
Special Education	6,189,802	6,745,698			6,189,802	6,745,698
Other Instruction	773,611	1,058,401			773,611	1,058,401
School Sponsored Activities and Athletics	1,350,608	1,279,518			1,350,608	1,279,518
Support Services						
Student and Instruction Related Serv.	6,671,478	5,887,388			6,671,478	5,887,388
General Administrative Services	1,204,657	923,605			1,204,657	923,605
School Administrative Services	3,809,080	3,392,760			3,809,080	3,392,760
Central Services and Info. Technology	668,540	647,616			668,540	647,616
Plant Operations and Maintenance	4,357,316	4,064,800			4,357,316	4,064,800
Student Transportation	642,324	1,032,284			642,324	1,032,284
Interest on Long-Term Debt	551,298	763,656			551,298	763,656
Food Services			417,894	541,572	417,894	541,572
Enrichment Program	-	-	90,027	146,480	90,027	146,480
Total Expenses	<u>45,929,622</u>	<u>43,390,795</u>	<u>507,921</u>	<u>688,052</u>	<u>46,437,543</u>	<u>44,078,847</u>
Increase (Decrease) in Net Position						
Before Transfers	4,597,310	549,251	(96,544)	(59,652)	4,500,766	489,599
Transfers	<u>261</u>	<u>-</u>	<u>(261)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	4,597,571	549,251	(96,805)	(59,652)	4,500,766	489,599
Net Position Beginning of Year	7,220,589	6,237,523	251,512	311,164	7,472,101	6,548,687
Prior Period Adjustments	-	433,815	-	-	-	433,815
Net Position, End of Year	<u>\$ 11,818,160</u>	<u>\$ 7,220,589</u>	<u>\$ 154,707</u>	<u>\$ 251,512</u>	<u>\$ 11,972,867</u>	<u>\$ 7,472,101</u>

LEONIA BOARD OF EDUCATION

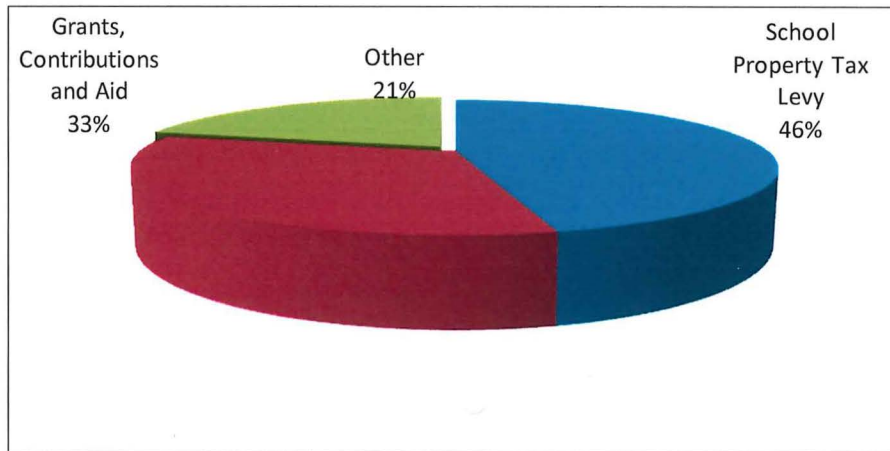
Management’s Discussion and Analysis
Fiscal Year Ended June 30, 2021

Governmental Activities. The District’s total governmental activities’ revenues, which includes State and Federal grants, were \$50,526,932 for the fiscal year ended June 30, 2021, property taxes of \$23,050,204 represented 46% of revenues. Another significant portion of revenues came from grants and contributions and unrestricted state aid which totaled \$16,437,172 and represented 33% 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.

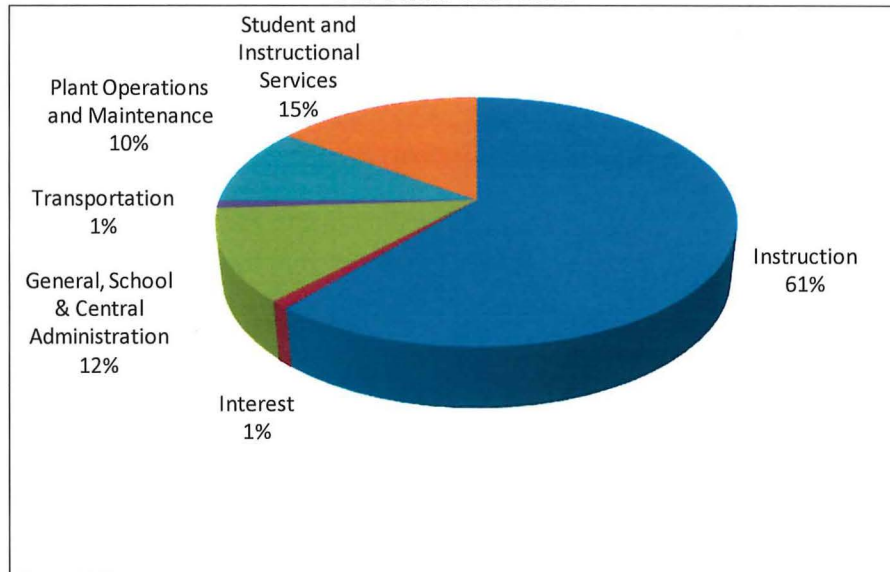
The total cost of all governmental activities programs and services was \$45,929,622 for the fiscal year ended June 30, 2021. The District’s expenses are predominantly related to educating and caring for students. Instruction costs were \$28,024,929 (61%) of total expenses. Support services costs were \$17,353,395 (38%) of total expenses and interest on debt totaled \$551,298 (1%) of total expenses.

For fiscal year 2021, total governmental activities revenues exceeded expenses increasing net position for governmental activities by \$4,597,571 from the previous year.

**Revenues by Sources – Governmental Activities
For Fiscal Year 2021**



**Expenses by Use – Governmental Activities
For Fiscal Year 2021**



LEONIA BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2021

Total and Net Cost of Governmental Activities. The District's total cost of services was \$45,929,622. After applying program revenues, derived from operating grants and contributions of \$13,525,396, capital grants and contributions of \$3,000 and charges for services of \$10,807,764, the net cost of services of the District is \$21,593,462 for the fiscal year ended June 30, 2021.

Total and Net Cost of Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost (Revenue) of Services</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Instruction				
Regular	\$ 19,710,908	\$ 17,595,069	\$ 4,687,625	\$ 7,258,168
Special Education	6,189,802	6,745,698	2,534,824	2,083,589
Other Instruction	773,611	1,058,401	528,200	781,187
School Sponsored Activities and Athletics	1,350,608	1,279,518	861,480	988,484
Support Services				
Student and Instruction Related Svcs.	6,671,478	5,887,388	4,558,161	4,387,469
General Administrative Services	1,204,657	923,605	1,063,161	842,945
School Administrative Services	3,809,080	3,392,760	2,727,309	2,685,007
Central Services and Info. Technology	668,540	647,616	560,214	585,962
Plant Operations and Maintenance	4,357,316	4,064,800	3,938,716	3,814,863
Student Transportation	642,324	1,032,284	(312,686)	482,950
Interest on Long Term Debt	551,298	763,656	446,458	648,074
Total	<u>\$ 45,929,622</u>	<u>\$ 43,390,795</u>	<u>\$ 21,593,462</u>	<u>\$ 24,558,698</u>

Business-Type Activities – The District's total business-type activities revenues were \$411,377 for the fiscal year ended June 30, 2021. Charges for services of \$106,383 accounted for 26% of total revenues and operating grants and contributions of \$303,842 accounted for 74% 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 \$507,921 for the fiscal year ended June 30, 2021. Food service expenses of \$417,894 represented 82% of total expense and the expenses for the enrichment program of \$90,027 represented 18% of total expenses.

For fiscal year 2021, total business-type activities expenses exceeded revenues, decreasing net position by \$96,805 or 38% over the previous year.

LEONIA BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2021

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 \$7,846,887 at June 30, 2021, an increase of \$4,629,704 from last year's fund balance \$3,217,183. The District restricted fund balances increased \$3,483,445; the assigned fund balances increased \$548,514 while the unassigned fund balance of the governmental funds increased \$597,745 at June 30, 2021. The increase to the restricted fund balance was the result of \$1.7 million of capital lease proceeds received during the year for the technology infrastructure project which was unspent at year end. In addition the District increased its capital reserve by approximately \$1.5 million at year end.

Revenues for the District's governmental funds were \$45,842,346, while total expenditures were \$44,570,309 for the fiscal year ended June 30, 2021. The District additionally had other financing sources (uses) of \$3,357,667 mainly from capital lease and shared service agreement proceeds.

GENERAL FUND

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

The following schedule presents a summary of General Fund Revenues.

	Fiscal Year Ended <u>June 30, 2021</u>	Fiscal Year Ended <u>June 30, 2020</u>	Amount of Increase <u>(Decrease)</u>	Percent Change
Local Sources:				
Property Tax Levy	\$ 20,777,801	\$ 20,156,236	\$ 621,565	3%
Tuition	9,588,769	8,149,884	1,438,885	18%
Other	1,296,815	1,079,362	217,453	20%
State Sources	10,442,373	9,202,179	1,240,194	13%
Federal Sources	<u>60,324</u>	<u>44,303</u>	<u>16,021</u>	36%
 Total General Fund Revenues	 <u>\$ 42,166,082</u>	 <u>\$ 38,631,964</u>	 <u>\$ 3,534,118</u>	 <u>9%</u>

For fiscal year 2021, total General Fund revenues increased \$3,534,118 or 9% from the previous year. Property taxes increased \$621,565 or 3% to support increases in budgeted operating costs. Tuition revenues increased \$1,438,885 or 18% due to an increase in enrollment from other school districts. As indicated, State aid increased \$1,240,194 or 13% 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, 2021</u>	Fiscal Year Ended <u>June 30, 2020</u>	Amount of Increase <u>(Decrease)</u>	Percent Change
Instruction	\$ 23,155,631	\$ 23,493,990	\$ (338,359)	-1%
Support Services	14,917,721	14,745,690	172,031	1%
Debt Service	1,095,607	1,020,607	75,000	7%
Capital Outlay	<u>1,511,481</u>	<u>804,329</u>	<u>707,152</u>	88%
 Total Expenditures	 <u>\$ 40,680,440</u>	 <u>\$ 40,064,616</u>	 <u>\$ 615,824</u>	 <u>2%</u>

LEONIA BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2021

GENERAL FUND (Continued)

For fiscal year 2021, total General Fund expenditures increased \$615,824 or 2% from the previous year. Increases in regular education instruction costs were offset by decreases in special education instruction; other instruction and school sponsored activities and athletic costs. In addition, increases in student and instructional related support service costs and general and school administrative services support costs were offset by decreases in student transportation support services costs. Capital outlay increased significantly as a result of the interlocal services agreement field turf project with the Borough.

In fiscal year 2021 General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$2,956,120. Therefore, the total fund balance of \$2,901,813 at June 30, 2020 increased to a fund balance of \$5,857,933 at June 30, 2021. After deducting restricted and assigned fund balances, the unassigned fund balance increased \$597,745 to \$678,173 at June 30, 2021. In addition, the District decreased restricted fund balances (capital reserve, maintenance reserve unemployment and excess surplus) by \$1,809,861 at June 30, 2021 and assigned fund balances (year end encumbrances and FCRA/SEMI) increased by \$548,514 at June 30, 2021.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of fiscal year 2021, the District had \$32,798,685 invested in land, buildings, furniture, equipment and vehicles for governmental activities and \$84,024 for business type activity. For fiscal year 2021 depreciation expense for governmental activities was \$1,786,120 and for business-type activities was \$1,006. The following is a comparison of the June 30, 2021 and 2020 balances:

Capital Assets at June 30, 2021 and 2020
(Net of Accumulated Depreciation)

	Governmental		Business-Type		Total	
	2021	2020	2021	2020	2021	2020
Land and Land Improvements	\$ 122,059	\$ 123,285			\$ 122,059	\$ 123,285
Construction in Progress	1,500,000	227,772			1,500,000	227,772
Building and Building Improvements	29,615,507	31,033,187			29,615,507	31,033,187
Machinery and Equipment	<u>1,561,119</u>	<u>1,686,080</u>	\$ 84,024	\$ 85,030	<u>1,645,143</u>	<u>1,771,110</u>
Total Capital Assets	\$ 32,798,685	\$ 33,070,324	\$ 84,024	\$ 85,030	\$ 32,882,709	\$ 33,155,354

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

LONG TERM LIABILITIES

At June 30, 2021 the District had \$26,687,702 of total outstanding long term liabilities. Of this amount, \$15,300,350 is for serial bonds, \$2,967,658 is for capital leases, \$423,797 is for compensated absences, \$1,425,000 is for the shared service agreement with the Borough and \$6,570,897 is for net pension liability. For fiscal year 2020/2021 total outstanding long-term liabilities decreased by \$605,034. The following is a comparison of the June 30, 2021 and 2020 balances:

Outstanding Long-Term Liabilities
as of June 30, 2021 and 2020

	Governmental Activities	
	2021	2020
Serial Bonds (including unamortized premium)	\$ 15,300,350	\$ 17,417,935
Capital Leases	2,967,658	2,191,911
Compensated Absences	423,797	458,810
Shared Service Agreement	1,425,000	-
Net Pension Liability	<u>6,570,897</u>	<u>7,224,080</u>
Total Long-Term Liabilities	\$ 26,687,702	\$ 27,292,736

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, 2021

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 2021 General Fund budgetary revenues and other financing sources exceeded budgetary expenditures and other financing uses increasing budgetary fund balance \$3,018,817. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance increased \$660,442 from an unassigned fund balance of \$707,530 at June 30, 2020 to \$1,367,972 at June 30, 2021. In addition, the District increased its capital reserve \$1,449,882 from \$875,907 at June 30, 2020 to \$2,325,789 at June 30, 2021 and increased its maintenance reserve \$400,000 from \$450,000 at June 30, 2020 to \$850,000 at June 30, 2021. Consequently the District decreased its excess surplus reserves \$41,276 from \$1,281,276 at June 30, 2020 to \$1,240,000 at June 30, 2021.

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 2021-2022 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 2021-2022. Budgeted expenditures in the General Fund increased approximately 3% to \$37,447,096 for fiscal year 2021-2022.

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, 2021**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 6,732,460	\$ 100,175	\$ 6,832,635
Receivables, Net	551,818	32,952	584,770
Inventory		11,369	11,369
Restricted Assets:			
Cash Equivalents with Fiscal Agent	1,732,447		1,732,447
Capital Assets, Not Being Depreciated	1,609,368		1,609,368
Capital Assets, Being Depreciated, net	31,189,317	84,024	31,273,341
Total Assets	41,815,410	228,520	42,043,930
DEFERRED OUTFLOW OF RESOURCES			
Deferred Amounts on Refunding on Debt	153,000		153,000
Deferred Amounts on Net Pension Liability	887,827	-	887,827
Total Deferred Outflow of Resources	1,040,827	-	1,040,827
Total Assets and Deferred Outflow of Resources	42,856,237	228,520	43,084,757
LIABILITIES			
Accounts Payable and Other Current Liabilities	972,471		972,471
Intergovernmental Payable	32,411		32,411
Accrued Interest on Bonds	306,291		306,291
Unearned Revenue	164,956	71,630	236,586
Noncurrent Liabilities			
Due Within One Year	3,390,124		3,390,124
Due Beyond One Year	23,297,578	-	23,297,578
Total Liabilities	28,163,831	71,630	28,235,461
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	2,874,246		2,874,246
Deferred Commodities Revenue	-	2,183	2,183
Total Deferred Inflows of Resources	2,874,246	2,183	2,876,429
Total Liabilities and Deferred Inflows of Resources	31,038,077	73,813	31,111,890
NET POSITION			
Net Investment in Capital Assets	15,026,093	84,024	15,110,117
Restricted for:			
Capital Projects	2,351,324		2,351,324
Plant Maintenance	850,000		850,000
Unemployment Compensation	180,207		180,207
Student Activities	175,223		175,223
Other Purposes	20,777		20,777
Unrestricted (Deficit)	(6,785,464)	70,683	(6,714,781)
Total Net Position	\$ 11,818,160	\$ 154,707	\$ 11,972,867

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, 2021**

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	\$ 19,710,908	\$ 8,919,887	\$ 6,103,396		\$ (4,687,625)		\$ (4,687,625)
Special Education	6,189,802	668,882	2,986,096		(2,534,824)		(2,534,824)
Other Instruction	773,611		245,411		(528,200)		(528,200)
School Sponsored Activities and Athletics	1,350,608	149,820	339,308		(861,480)		(861,480)
Support Services							
Student and Instruction Related Services	6,671,478	81,235	2,032,082		(4,558,161)		(4,558,161)
General Administrative Services	1,204,657		141,496		(1,063,161)		(1,063,161)
School Administrative Services	3,809,080		1,081,771		(2,727,309)		(2,727,309)
Central Services and Info. Technology	668,540		108,326		(560,214)		(560,214)
Plant Operations and Maintenance	4,357,316	84,150	331,450	\$ 3,000	(3,938,716)		(3,938,716)
Student Transportation	642,324	903,790	51,220		312,686		312,686
Interest on Long-Term Debt	551,298	-	104,840	-	(446,458)	-	(446,458)
Total Governmental Activities	<u>45,929,622</u>	<u>10,807,764</u>	<u>13,525,396</u>	<u>3,000</u>	<u>(21,593,462)</u>	<u>-</u>	<u>(21,593,462)</u>
Business-Type Activities:							
Food Service	417,894	2,980	303,842			\$ (111,072)	(111,072)
Enrichment Program	90,027	103,403	-	-	-	13,376	13,376
Total Business-Type Activities	<u>507,921</u>	<u>106,383</u>	<u>303,842</u>	<u>-</u>	<u>-</u>	<u>(97,696)</u>	<u>(97,696)</u>
Total Primary Government	<u>\$ 46,437,543</u>	<u>\$ 10,914,147</u>	<u>\$ 13,829,238</u>	<u>\$ 3,000</u>	<u>(21,593,462)</u>	<u>(97,696)</u>	<u>(21,691,158)</u>

Continued

**LEONIA BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Total Primary Government (Carried Forward)	\$ (21,593,462)	\$ (97,696)	\$ (21,691,158)
General Revenues			
Taxes:			
Property Taxes, Levied for General Purposes, Net	20,777,801		20,777,801
Property Taxes Levied for Debt Service	2,272,403		2,272,403
State Aid - Unrestricted	2,557,344		2,557,344
State Aid for Debt Service Principal	351,432		351,432
Interest Earnings	23,473	1,152	24,625
Miscellaneous	208,319		208,319
Transfers	261	(261)	-
Total General Revenues	26,191,033	891	26,191,924
Change in Net Position	4,597,571	(96,805)	4,500,766
Net Position Beginning of Year (Restated)	7,220,589	251,512	7,472,101
Net Position End of Year	\$ 11,818,160	\$ 154,707	\$ 11,972,867

FUND FINANCIAL STATEMENTS

**LEONIA BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2021**

	<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	\$ 6,475,736	\$ 188,534	\$ 60,724	\$ 7,466	\$ 6,732,460
Receivables From Other Governments	320,291	214,620			534,911
Other Accounts Receivable	2,706	14,201			16,907
Due From Other Funds	32,405				32,405
Restricted Assets:					
Cash Equivalents with Fiscal Agent	-	-	1,732,447	-	1,732,447
Total Assets	<u>\$ 6,831,138</u>	<u>\$ 417,355</u>	<u>\$ 1,793,171</u>	<u>\$ 7,466</u>	<u>\$ 9,049,130</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 45,355	\$ 36,066			\$ 81,421
Payroll Deductions and Withholdings Payable	281,472				281,472
Employee Deposits Payable	544,332				544,332
Payable to Federal Government		32,411			32,411
Other Liabilities	65,246				65,246
Due to Other Funds		32,188	\$ 217		32,405
Unearned Revenue	36,800	128,156	-	-	164,956
Total Liabilities	<u>973,205</u>	<u>228,821</u>	<u>217</u>	<u>-</u>	<u>1,202,243</u>
Fund Balances					
Restricted					
Capital Reserve	1,940,789				1,940,789
Capital Reserve - Designated for Subsequent					
Year's Expenditures	385,000				385,000
Maintenance Reserve	575,000				575,000
Maintenance Reserve - Designated for Subsequent					
Year's Expenditures	275,000				275,000
Unemployment Compensation Reserve	180,207				180,207
Excess Surplus	600,000				600,000
Excess Surplus-Designated for Subsequent					
Year's Expenditures	640,000				640,000
Student Activities		175,223			175,223
Scholarships		13,311			13,311
Capital Projects			1,792,954		1,792,954
Debt Service				\$ 7,466	7,466
Assigned					
Year End Encumbrances	579,830				579,830
FFCRA / SEMI	3,934				3,934
Unassigned	678,173	-	-	-	678,173
Total Fund Balances	<u>5,857,933</u>	<u>188,534</u>	<u>1,792,954</u>	<u>7,466</u>	<u>7,846,887</u>
Total Liabilities and Fund Balances	<u>\$ 6,831,138</u>	<u>\$ 417,355</u>	<u>\$ 1,793,171</u>	<u>\$ 7,466</u>	<u>\$ 9,049,130</u>

**LEONIA BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2021**

Total Fund Balance (Exhibit B-1) \$ 7,846,887

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 \$58,326,704 and the accumulated depreciation is \$25,528,019.

32,798,685

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.

153,000

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	\$ 887,827	
Deferred Inflows of Resources	<u>(2,874,246)</u>	

(1,986,419)

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

(306,291)

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)	(15,300,350)	
Capital Leases Payable	(2,967,658)	
Compensated Absences	(423,797)	
Shared Service Agreement Payable	(1,425,000)	
Net Pension Liability	<u>(6,570,897)</u>	

(26,687,702)

Total Net Assets of Governmental Activities (Exhibit A-1) \$ 11,818,160

LEONIA BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<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	\$ 20,777,801			\$ 2,272,403	\$ 23,050,204
Tuition	9,588,769				9,588,769
Transportation	903,790				903,790
Miscellaneous	393,025	\$ 157,615	\$ 264	3,888	554,792
	<u>31,663,385</u>	<u>157,615</u>	<u>264</u>	<u>2,276,291</u>	<u>34,097,555</u>
Total - Local Sources					
State Sources	10,442,373			456,272	10,898,645
Federal Sources	60,324	785,822	-	-	846,146
	<u>42,166,082</u>	<u>943,437</u>	<u>264</u>	<u>2,732,563</u>	<u>45,842,346</u>
Total Revenues					
EXPENDITURES					
Instruction					
Regular	16,579,887	89,045			16,668,932
Special Education	5,006,588	416,177			5,422,765
Other Instruction	629,392	4,990			634,382
School Sponsored Activities and Athletics	939,764	240,076			1,179,840
Support Services					
Student and Instruction Related Services	5,466,974	289,478			5,756,452
General Administrative Services	993,592				993,592
School Administrative Services	3,234,150				3,234,150
Central Services and Info. Technology	593,016				593,016
Plant Operations and Maintenance	4,053,607				4,053,607
Student Transportation	576,382				576,382
Debt Service					
Principal	1,031,653			2,100,000	3,131,653
Interest	63,954			626,478	690,432
Cost of Issuance of Refunding Bonds				123,625	123,625
Capital Outlay	1,511,481	-	-	-	1,511,481
	<u>40,680,440</u>	<u>1,039,766</u>	<u>-</u>	<u>2,850,103</u>	<u>44,570,309</u>
Total Expenditures					
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	1,485,642	(96,329)	264	(117,540)	1,272,037
OTHER FINANCING SOURCES (USES)					
Capital Lease Proceeds			1,732,400		1,732,400
Shared Service Agreement Proceeds	1,500,000				1,500,000
Refunding Bonds Proceeds				9,725,000	9,725,000
Premium on Refunding Bonds Issued				1,788,150	1,788,150
Payments to Refunding Bonds Escrow Agent				(11,388,144)	(11,388,144)
Transfers In	478	30,000			30,478
Transfers Out	(30,000)	-	(217)	-	(30,217)
	<u>1,470,478</u>	<u>30,000</u>	<u>1,732,183</u>	<u>125,006</u>	<u>3,357,667</u>
Total Other Financing Sources (Uses)					
Net Change in Fund Balances	2,956,120	(66,329)	1,732,447	7,466	4,629,704
Fund Balance, Beginning of Year (Restated)	2,901,813	254,863	60,507	-	3,217,183
	<u>\$ 5,857,933</u>	<u>\$ 188,534</u>	<u>\$ 1,792,954</u>	<u>\$ 7,466</u>	<u>\$ 7,846,887</u>
Fund Balance, End of Year					

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, 2021**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 4,629,704

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

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

Capital Outlay	\$ 1,511,481	
Depreciation Expense	<u>(1,786,120)</u>	(274,639)

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		3,000
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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

Debt Issued or Incurred:

Issuance of Refunding Bonds	(9,725,000)	
Capital Lease Proceeds	(1,732,400)	
Shared Service Proceeds	(1,500,000)	
Original Issue Premium	<u>(1,788,150)</u>	(14,745,550)

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	2,100,000	
Capital Lease Agreements	956,653	
Shared Service Agreements	75,000	
Payments to Escrow Agent for Refunding	<u>11,388,144</u>	14,519,797

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	(57,416)	
Original Issue Premium	<u>180,735</u>	123,319

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

Decrease in Compensated Absences	35,013	
Decrease in Pension Expense	<u>291,112</u>	326,125

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>15,815</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) \$ 4,597,571

**LEONIA BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2021**

	Business-Type Activities		
	Enterprise Funds		
	<u>Food Services</u>	<u>Non-Major Enrichment Program</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 36,797	\$ 63,378	\$ 100,175
Intergovernmental Receivable	27,476		27,476
Other Accounts Receivable	5,476		5,476
Inventories	11,369	-	11,369
Total Current Assets	<u>81,118</u>	<u>63,378</u>	<u>144,496</u>
Noncurrent Assets			
Capital Assets			
Furniture, Machinery and Equipment	423,047		423,047
Less: Accumulated Depreciation	(339,023)	-	(339,023)
Total Noncurrent Assets	<u>84,024</u>	<u>-</u>	<u>84,024</u>
Total Assets	<u>165,142</u>	<u>63,378</u>	<u>228,520</u>
LIABILITIES			
Current Liabilities			
Unearned Revenue	32,490	39,140	71,630
Total Current Liabilities	<u>32,490</u>	<u>39,140</u>	<u>71,630</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Commodities Revenue	2,183	-	2,183
Total Liabilities and Deferred Inflow of Resources	<u>34,673</u>	<u>39,140</u>	<u>73,813</u>
NET POSITION			
Investment in Capital Assets	84,024		84,024
Unrestricted	46,445	24,238	70,683
Total Net Position	<u>\$ 130,469</u>	<u>\$ 24,238</u>	<u>\$ 154,707</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, 2021**

	Business-Type Activities		
	Enterprise Funds		
	<u>Food Services</u>	<u>Non-Major Enrichment Program</u>	<u>Total</u>
OPERATING REVENUES			
Charges for Services			
Daily Sales - Reimbursable Programs	\$ 2,980		\$ 2,980
Program Fees	-	\$ 101,427	101,427
Miscellaneous	-	1,976	1,976
	<u>2,980</u>	<u>103,403</u>	<u>106,383</u>
Total Operating Revenues			
OPERATING EXPENSES			
Salaries and Employee Benefits	225,720	82,371	308,091
Cost of Sales - Reimbursable Programs	147,934		147,934
Other Purchased Services	10,116		10,116
Supplies and Materials	135	7,656	7,791
Management Fee	27,429		27,429
Miscellaneous	5,554		5,554
Depreciation Expense	1,006	-	1,006
	<u>417,894</u>	<u>90,027</u>	<u>507,921</u>
Total Operating Expenses			
Operating Income (Loss)	<u>(414,914)</u>	<u>13,376</u>	<u>(401,538)</u>
NONOPERATING REVENUES			
State Sources:			
State School Lunch Program	10,332		10,332
Federal Sources:			
School Breakfast Program	84,963		84,963
National School Lunch Program	176,884		176,884
Food Distribution Program	31,663	-	31,663
Investment Interest:			
Interest Income	894	258	1,152
	<u>304,736</u>	<u>258</u>	<u>304,994</u>
Total Nonoperating Revenues			
Income (Loss) Before Transfers	(110,178)	13,634	(96,544)
Transfers Out	-	(261)	(261)
Change in Net Position	(110,178)	13,373	(96,805)
Net Position, Beginning of Year	<u>240,647</u>	<u>10,865</u>	<u>251,512</u>
Net Position, End of Year	<u>\$ 130,469</u>	<u>\$ 24,238</u>	<u>\$ 154,707</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, 2021**

	Business-Type Activities		
	Enterprise Funds		
	Food Services	Non-Major Enrichment Program	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 2,166	\$ 84,694	\$ 86,860
Cash Payments for Employees' Salaries and Benefits	(225,720)	(82,371)	(308,091)
Cash Payments to Suppliers for Goods and Services	(180,897)	(7,776)	(188,673)
Net Cash Provided (Used) By Operating Activities	(404,451)	(5,453)	(409,904)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received from State and Federal Subsidy Reimbursements			-
Payments to Other Funds	255,211	(261)	254,950
Net Cash Provided (Used) by Noncapital and Related Activities	255,211	(261)	254,950
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Earnings Received	894	258	1,152
Net Cash Provided by Investing Activities	894	258	1,152
Net Increase (Decrease) in Cash and Cash Equivalents	(148,346)	(5,456)	(153,802)
Cash and Cash Equivalents, Beginning of Year	185,143	68,834	253,977
Cash and Cash Equivalents, End of Year	\$ 36,797	\$ 63,378	\$ 100,175
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (414,914)	\$ 13,376	\$ (401,538)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Depreciation	1,006		1,006
Non-Cash Commodities	31,663		31,663
Change in Assets, Liabilities and Deferred Inflows of Resources			
(Increase)/Decrease in Other Accounts Receivable	1,512		1,512
(Increase)/Decrease in Inventory	2,007		2,007
Increase/(Decrease) in Accounts Payable	(24,435)	(120)	(24,555)
Increase/(Decrease) in Unearned Revenue	(2,326)	(18,709)	(21,035)
Increase/(Decrease) in Deferred Commodities Revenue	1,036	-	1,036
Total Adjustments	10,463	(18,829)	(8,366)
Net Cash Provided (Used) By Operating Activities	\$ (404,451)	\$ (5,453)	\$ (409,904)
Non- Cash Investing, Capital and Financing Activities:			
Value Received - Food Distribution Program	\$ 32,699		\$ 32,699

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, 2021**

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 and is responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District. 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 various enrichment programs and student related activities of the District.

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

B. New Accounting Standards

During fiscal year 2021, the District adopted the following GASB statement:

- GASB No. 84, *Fiduciary Activities*. 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. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB No. 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, 2021**

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. Currently the District has no fiduciary funds.

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 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 the 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, 2021

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, student activity funds derived from athletic events or other activities of pupil organizations and private donations for scholarship awards.

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 fund which is organized to be self-supporting through user charges:

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

Property taxes, tuition, transportation fees, 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.

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. Restricted Assets

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

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amount on refunding of debt which results from a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the difference 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, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types 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. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years. The other item is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities inventory at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

7. Compensated Absences

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

8. Pensions

In the district-wide financial statements 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.

9. Long-Term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Differences resulting from debt refundings are classified as deferred outflows of resources. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. Differences 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.

LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Long-Term Obligations (Continued)*

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

10. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

Capital Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2021/2022 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 (NJS 18A:7G-9) for a thorough and efficient education. (See Note 2C).

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 2021/2022 District budget certified for taxes

Unemployment Compensation Reserve – This restriction was created in accordance with R.S. 43:21-7.3 to reserve funds for unemployment compensation claims reimbursable to the State under the District's election for payment in lieu of contributions (benefit reimbursement method). (See Note 4A).

LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2021 audited excess surplus that is required to be appropriated in the 2022/2023 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2020 audited excess surplus that was appropriated in the 2021/2022 original budget certified for taxes.

Student Activities – This restriction was created in accordance with NJAC 6A:23A-16.12 to represent the accumulation of funds derived from athletic events and other student organizations reserved for the payment of student group activities.

Scholarships – This restriction was created to represent the accumulation of donor restricted funds specifically earmarked for student scholarship awards.

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

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

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

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

FFCRA/SEMI - Represents fund balance assigned specifically for the Family First Coronavirus Response Act in the General Fund that was not appropriated in the 2020/2021 school year. These funds are available for appropriation in subsequent year's budgets.

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 (special revenue, 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.

11. 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.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. Fund Balance Policies (Continued)

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

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 2019-2020 and 2020-2021 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 and the enrichment program 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, 2021**

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 2020/2021. Also, during 2020/2021 the Board increased the original budget by \$676,640. The increase was funded by the additional appropriation of unassigned fund balance, grant awards, student activity revenues, scholarship donations and the reappropriation of prior year general fund encumbrances. In addition, the District reduced the budget by \$69,070 for the loss of budgeted state aid.

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, 2021**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2021 is as follows:

Balance, July 1, 2020	\$ 875,907
Increased by	
Deposits Approved by Board Resolution	<u>1,724,882</u>
	2,600,789
Decreased by	
Withdrawals Approved in District Budget	<u>275,000</u>
Balance, June 30, 2021	<u>\$ 2,325,789</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. \$385,000 of the capital reserve balance at June 30, 2021 was designated and appropriated for use in the 2021/2022 original budget certified for taxes.

C. Maintenance Reserve

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

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

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve (Continued)

The activity of the maintenance reserve for the fiscal year ended June 30, 2021 is as follows:

Balance, July 1, 2020	\$ 450,000
Increased by	
Deposits Approved by Board Resolution	<u>500,000</u>
	950,000
Decreased by	
Withdrawals Approved in District Budget	<u>100,000</u>
Approved by Commissioner of Education	
Balance, June 30, 2021	<u>\$ 850,000</u>

The June 30, 2021 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$1,933,257. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities. \$275,000 of the maintenance reserve balance at June 30, 2021 was designated and appropriated for use in the 2021/2022 original budget certified for taxes.

D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 4% 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, 2021 is \$1,240,000. Of this amount, \$640,000 was designated and appropriated in the 2021/2022 original budget certified for taxes and the remaining amount of \$600,000 will be appropriated in the 2022/2023 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2021, the book value of the Board's deposits were \$6,832,635 and bank and brokerage firm balances of the Board's deposits amounted to \$7,135,165. 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>7,135,165</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, 2021 none of the Board's bank balances were exposed to custodial credit risk.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2021, the Board had the following investments:

<u>Investment Type:</u>	<u>Fair Value</u>
TD Wealth Government Securities Fund	\$ <u>1,732,447</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial risk. As of June 30, 2021, \$1,732,447 of the Board's investments was exposed to custodial credit risk as follows:

<u>Investment Type:</u>	<u>Fair Value</u>
Uninsured and Collateralized:	
Collateral held by pledging financial institutions' trust department or agent but not in the Board's name	\$ <u>1,732,447</u>

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. 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 – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. 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. As of June 30, 2021 TD Wealth was rated Aa2 by Moody’s Investor Services.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Board’s investment in a single issuer. The Board places no limit in the amount the District may invest in any one issuer. More than five (5) percent of the Board’s investments are in TD Wealth government securities funds. These investments are 100% of the District’s total investments.

Fair Value of Investments. The Leonia Board of Education measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than those in Level 1; and
- *Level 3:* Unobservable inputs.

Investments are valued based on price data obtained from observed transactions and market price quotations provided by the fiscal agent TD Wealth. Since the value is not obtained from a quoted price in an active market the investments held by the District at June 30, 2021 are categorized as Level 2.

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, 2021 for the district’s individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental-				
Federal		\$214,620	\$ 26,192	\$ 240,812
State	\$ 57,286		1,284	58,570
Local	263,005			263,005
Accounts	<u>2,706</u>	<u>14,201</u>	<u>5,476</u>	<u>22,383</u>
Gross Receivables	322,997	228,821	32,952	584,770
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 322,997</u>	<u>\$228,821</u>	<u>\$ 32,952</u>	<u>\$ 584,770</u>

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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	\$	36,800
Special Revenue Fund		
Unencumbered Grant Draw Downs		59,498
Grant Draw Downs Reserved for Encumbrances		<u>68,658</u>
Total Unearned Revenue for Governmental Funds	\$	<u>164,956</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

	<u>Balance, July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2021</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 109,368			\$ 109,368
Construction in Progress	<u>227,772</u>	\$ 1,500,000	\$ (227,772)	<u>1,500,000</u>
Total Capital Assets, Not Being Depreciated	<u>337,140</u>	<u>1,500,000</u>	<u>(227,772)</u>	<u>1,609,368</u>
Capital Assets, Being Depreciated:				
Land Improvements	450,590			450,590
Buildings and Building Improvements	52,410,461	207,771		52,618,232
Machinery and Equipment	<u>3,662,354</u>	<u>34,482</u>	<u>(48,322)</u>	<u>3,648,514</u>
Total Capital Assets Being Depreciated	<u>56,523,405</u>	<u>242,253</u>	<u>(48,322)</u>	<u>56,717,336</u>
Less Accumulated Depreciation for:				
Land Improvements	(436,673)	(1,226)		(437,899)
Buildings and Building Improvements	(21,377,274)	(1,625,451)		(23,002,725)
Machinery and Equipment	<u>(1,976,274)</u>	<u>(159,443)</u>	<u>48,322</u>	<u>(2,087,395)</u>
Total Accumulated Depreciation	<u>(23,790,221)</u>	<u>(1,786,120)</u>	<u>48,322</u>	<u>(25,528,019)</u>
Total Capital Assets, Being Depreciated, Net	<u>32,733,184</u>	<u>(1,543,867)</u>	<u>-</u>	<u>31,189,317</u>
Governmental Activities Capital Assets, Net	<u>\$ 33,070,324</u>	<u>\$ (43,867)</u>	<u>\$ (227,772)</u>	<u>\$ 32,798,685</u>

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, July 1, 2020	Increases	Decreases	Balance, June 30, 2021
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 423,047	-	-	\$ 423,047
Total Capital Assets, Being Depreciated	423,047	-	-	423,047
Less Accumulated Depreciation for:				-
Machinery and Equipment	(338,017)	\$ (1,006)	-	(339,023)
Total Accumulated Depreciation	(338,017)	(1,006)	-	(339,023)
Total Capital Assets, Being Depreciated, Net	(338,017)	(1,006)	-	(339,023)
Business-Type Activities Capital Assets, Net	\$ 85,030	\$ (1,006)	\$ -	\$ 84,024

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

Governmental Activities:

Instruction

Regular	\$ 795,700
Special Education	248,386
Other Instruction	49,516
School-Sponsored/Activities and Athletics	44,154
Total Instruction	<u>1,137,756</u>

Support Services

Student and Instruction Related Services	258,432
General Administrative Services	29,400
School Administrative Services	161,144
Central Administrative Services	29,177
Plant Operations and Maintenance	133,789
Student Transportation	36,422
Total Support Services	<u>648,364</u>

Total Governmental Funds

\$ 1,786,120

Business-Type Activities:

Food Service Fund	\$ 1,006
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Total Depreciation Expense-Business-Type Activities

\$ 1,006

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has other significant commitments at June 30, 2021 as follows:

<u>Project</u>	<u>Remaining Commitment</u>
Technology Infrastructure Upgrade Project	<u>\$ 1,732,400</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2021, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 32,188
General Fund	Capital Projects Fund	<u>217</u>
Total		<u>\$ 32,405</u>

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

Interfund Transfers

	<u>Transfer In</u>		
	<u>General Fund</u>	<u>Special Revenue</u>	<u>Total</u>
Transfer Out:			
General Fund		\$ 30,000	\$ 30,000
Capital Projects Fund	\$ 217		217
Enrichment Program Fund	<u>261</u>	<u>-</u>	<u>261</u>
Total	<u>\$ 478</u>	<u>\$ 30,000</u>	<u>\$ 30,478</u>

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

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Capital Leases

The District is leasing copiers totaling \$390,000, school buses totaling \$333,076 and building improvements totaling \$5,848,098 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>

The unexpended proceeds from capital leases in the amount of \$1,732,447 at June 30, 2021 are held with the Fiscal Agent.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021 were as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Governmental Activities</u>
2022	\$ 1,375,581
2023	526,287
2024	451,084
2025	354,975
2026	<u>354,975</u>
 Total minimum lease payments	 3,062,902
Less: amount representing interest	<u>(95,244)</u>
 Present value of minimum lease payments	 <u>\$ 2,967,658</u>

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2021 are comprised of the following issues:

\$11,685,000, 2011 Bonds, due in annual installments of \$1,250,000 to \$1,305,000 through August 15, 2023, interest at 3.85% to 5.00%	\$3,820,000
\$9,725,000, 2020 Refunding Bonds, due in annual installments of \$765,000 to \$1,225,000 through July 15, 2030, interest at 3.00% to 5.00%	<u>9,725,000</u>
Total	<u>\$13,545,000</u>

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

Governmental Activities:

Fiscal Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2022	\$ 2,015,000	\$ 540,425	\$ 2,555,425
2023	2,065,000	459,747	2,524,747
2024	2,150,000	379,747	2,529,747
2025	890,000	319,900	1,209,900
2026	935,000	283,400	1,218,400
2027-2031	<u>5,490,000</u>	<u>711,850</u>	<u>6,201,850</u>
Total	<u>\$ 13,545,000</u>	<u>\$ 2,695,069</u>	<u>\$ 16,240,069</u>

Shared Service Agreement

The Board has entered into a shared service agreement with the Borough of Leonia to jointly undertake a project to make certain improvements to the school fields, including but not limited to installation of synthetic turf surface, appropriate site drainage and accessory buildings and appurtenances, including but not limited to field house, snack bar, locker rooms, rest rooms, press box, bleachers, field lighting and markings (“the Project”). The Borough will jointly fund the Project with the Board in exchange for use of the school fields. The Board and the Borough will each be responsible to fund fifty percent of the total costs of the Project. The total estimated cost of the project is \$3 million. The Borough adopted a bond ordinance on June 15, 2020 for \$3,000,000 to provide the funding for the Project.

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Shared Service Agreement (Continued)

The Board's estimated schedule of principal and interest for repayment of their share of the Project under the shared service agreement is as follows and is subject to change based on final project costs and interest rates of debt issued to finance the project.

Governmental Activities:

Fiscal Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	-	\$ 14,250	\$ 14,250
2023	\$ 142,500	35,625	178,125
2024	147,500	32,063	179,563
2025	150,000	28,375	178,375
2026	155,000	24,625	179,625
2027-2031	<u>830,000</u>	<u>63,313</u>	<u>893,313</u>
 Total	 <u>\$ 1,425,000</u>	 <u>\$ 198,251</u>	 <u>\$ 1,623,251</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2021 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 59,687,756
Less: Net Debt	<u>13,545,000</u>
 Remaining Borrowing Power	 <u>\$ 46,142,756</u>

Current Refunding of Debt

On July 16, 2020 the District issued \$9,725,000 in School District Refunding Bonds having an interest rate of 3.00% to 5.00%. These Bonds were issued in order to currently refund certain principal maturities of the 2010 school district bonds. The total principal currently refunded was \$11,350,000. The reacquisition price exceeded the net carrying amount of the old debt by \$38,144. This amount has been reported as Deferred Outflows of Resources on the District-wide statement of net position and will be amortized over the new debt's life, which is the same as the refunded debt. This current refunding was undertaken to reduce total debt service payments over the next 10 years by \$1,548,210 and resulted in an economic gain of \$1,470,074.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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, 2021, was as follows:

	Balance <u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2021</u>	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 17,270,000	\$ 9,725,000	\$ 13,450,000	\$ 13,545,000	\$ 2,015,000
Add: Unamortized Premium	<u>147,935</u>	<u>1,788,150</u>	<u>180,735</u>	<u>1,755,350</u>	<u>-</u>
	17,417,935	11,513,150	13,630,735	15,300,350	2,015,000
Capital Leases	2,191,911	\$ 1,732,400	956,653	2,967,658	1,332,745
Compensated Absences	458,810		35,013	423,797	42,379
Shared Service Agreement	-	1,500,000	75,000	1,425,000	-
Net Pension Liability	<u>7,224,080</u>	<u>-</u>	<u>653,183</u>	<u>6,570,897</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 27,292,736</u>	<u>\$ 14,745,550</u>	<u>\$ 15,350,584</u>	<u>\$ 26,687,702</u>	<u>\$ 3,390,124</u>

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

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

SAIF provide 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, interest earnings, reimbursements to the State for benefits paid and the ending balance of the District's restricted fund balance for unemployment compensation claims in the General Fund for the current and previous two years:

Fiscal Year Ended June 30,	District Contributions	Employee Contributions	Interest Earnings	Amount Paid	Ending Balance
2021		\$ 54,608	\$ 1,255		\$ 180,207
2020		54,133	1,937	\$ 91,961	178,952
2019	\$ 1,212	52,595	-	40,936	214,843

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.

Pending Litigation – There are three pending cases in which allegations of sexual abuse committed by a former teacher in which the alleged abuse occurred between the years of 1967 and 1980. The complaint allege that the District knew or should have known about the alleged abuse. At this time plaintiffs have no provided any proof in support of their claims, but has made claims of \$50,000,000 each. In the opinion of the Board Attorney these demands are far in excess of the case value even if all of the allegations can be proven true. In the opinion of the Board Attorney the odds of success will be determined by the evidence, or lack thereof, and can not be evaluated at this time.

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, 2021, 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, 2021, 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, 2021**

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, 2021**

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 reaching 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 or TPAF on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS or TPAF on or after November 2, 2008 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, 2021**

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 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, 2021**

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, 2020 is \$16.4 billion and the plan fiduciary net position as a percentage of the total pension liability is 58.32%. The collective net pension liability of the State funded TPAF at June 30, 2020 is \$66.0 billion and the plan fiduciary net position as a percentage of total pension liability is 24.60%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2019 which were rolled forward to June 30, 2020.

Actuarial Methods and Assumptions

In the July 1, 2019 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 employer's annual compensation for fiscal year 2021.

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, 2021 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 local 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 2021, 2020 and 2019 were equal to the required contributions.

During the fiscal years ended June 30, 2021, 2020 and 2019 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 <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2021	\$ 440,797	\$ 4,132,217	\$ 75,801
2020	389,985	3,093,734	65,674
2019	402,465	2,774,141	62,755

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

In addition for fiscal years 2021, 2020 and 2019 the District contributed \$0, \$895 and \$518, respectively for PERS and the State contributed \$2,644, \$2,904 and \$3,376, 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 \$1,176,396 during the fiscal year ended June 30, 2021 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 both 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, 2019 through June 30, 2020. 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, 2020 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2020.

At June 30, 2021, the District reported in the statement of net position (accrual basis) a liability of \$6,570,897 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. 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, 2020. At June 30, 2020, the District's proportionate share was .04029 percent, which was an increase of .00020 percent from its proportionate share measured as of June 30, 2019 of .04009 percent.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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, 2021, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$149,685 for PERS. The pension contribution made by the District during the current 2020/2021 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, 2021 with a measurement date of the prior fiscal year end of June 30, 2020. 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, 2021 for contributions made subsequent to the measurement date. At June 30, 2021, 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	\$ 119,645	\$ 23,238
Changes of Assumptions	213,167	2,751,297
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	224,599	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>330,416</u>	<u>99,711</u>
Total	<u>\$ 887,827</u>	<u>\$ 2,874,246</u>

At June 30, 2021, 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 June 30,</u>	<u>Total</u>
2022	\$ (863,592)
2023	(797,169)
2024	(407,149)
2025	(152,920)
2026	<u>234,411</u>
	<u>\$ (1,986,419)</u>

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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-2020.

The actuarial assumptions used in the July 1, 2019 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, 2021**

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, 2020) 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, 2020 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%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
High Yield	2.00%	5.95%
Real Assets	3.00%	9.73%
Private Credit	8.00%	7.59%
Real Estate	8.00%	9.56%
Private Equity	13.00%	11.42%

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>
2021	June 30, 2020	7.00%
2020	June 30, 2019	6.28%

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

There was no crossover period for the PERS defined benefit plan. Therefore the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability

The following presents the District’s proportionate share of the PERS net pension liability calculated using the discount rate of 7.00%, as well as what the District’s proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 8,271,663</u>	<u>\$ 6,570,897</u>	<u>\$ 5,127,750</u>

The sensitivity analysis was based on the proportionate share of the District’s net pension liability as of the measurement date of June 30, 2020. A sensitivity analysis specific to the District’s net pension liability at June 30, 2020 was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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, 2019 through June 30, 2020. 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, 2020, 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, 2021, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$5,673,898 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, 2021 the State's proportionate share of the net pension liability attributable to the District is \$91,243,313. The net pension liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. 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, 2020. At June 30, 2020, the State's share of the net pension liability attributable to the District was .13856 percent, which was an increase of .00040 percent from its proportionate share measured as of June 30, 2019 of .13816 percent.

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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-2020.

The actuarial assumptions used in the July 1, 2019 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, 2021**

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, 2020) 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, 2020 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%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
High Yield	2.00%	5.95%
Real Assets	3.00%	9.73%
Private Credit	8.00%	7.59%
Real Estate	8.00%	9.56%
Private Equity	13.00%	11.42%

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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
2021	June 30, 2020	5.40%
2020	June 30, 2019	5.60%

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, 2062
Municipal Bond Rate *	From July 1, 2062 and Thereafter

* The municipal bond return rate used is 2.21% as of the measurement date of June 30, 2020. 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 5.40%, 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 (4.40 percent) or 1-percentage-point higher (6.40 percent) than the current rate:

	1% Decrease (4.40%)	Current Discount Rate (5.40%)	1% Increase (6.40%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	\$ 107,175,957	\$ 91,243,313	\$ 78,013,926

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, 2020. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2020 was not provided by the pension system.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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, 2020. In addition, the plan is administered on a pay-as-you-go basis. 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 multiple-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, 2021**

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, 2019:

Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	149,304
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u> -</u>
 Total	 <u>366,108</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, 2020 is \$67.8 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, 2019 which were rolled forward to June 30, 2020.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2019 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 \$1.18 billion to the OPEB plan in fiscal year 2020.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution an 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. 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, 2021, 2020 and 2019 were \$1,294,072, \$1,147,719 and \$1,258,346, 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, 2019 through June 30, 2020. 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, 2021, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$4,434,877. 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, 2021 the State's proportionate share of the OPEB liability attributable to the District is \$78,616,378. 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, 2020 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2020. At June 30, 2020, the state's share of the OPEB liability attributable to the District was .11594 percent, which was an increase of .00165 percent from its proportionate share measured as of June 30, 2019 of .11429 percent.

**LEONIA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. 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 4.45%
Rate Thereafter	1.55% to 4.45%
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-2020.
TPAF	Pre-retirement and Post-retirement based on Pub-2010 Healthy "Teachers" and "General" classifications respectively, headcount-weighted mortality tables with fully generational mortality improvement projections from the central year using Scale MP-2020.

*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, 2020 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven 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, 2021**

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, 2020 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.

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>
2021	June 30, 2020	2.21%
2020	June 30, 2019	3.50%

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, 2021**

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, 2021 (measurement date June 30, 2020) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2019 Measurement Date	\$ <u>47,691,643</u>
Changes Recognized for the Fiscal Year:	
Service Cost	2,359,758
Interest on the Total OPEB Liability	1,728,773
Differences Between Expected and Actual Experience	13,802,855
Changes of Assumptions	14,360,511
Gross Benefit Payments	(1,368,646)
Contributions from the Member	41,484
Net Changes	\$ <u>30,924,735</u>
Balance, June 30, 2020 Measurement Date	\$ <u>78,616,378</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 % percent in 2019 to 2.21% percent in 2020.

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, 2020.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 2.21%, 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 (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current rate:

	1% Decrease <u>(1.21%)</u>	Current Discount Rate <u>(2.21%)</u>	1% Increase <u>(3.21%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>94,776,102</u>	\$ <u>78,616,378</u>	\$ <u>65,981,031</u>

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ <u>63,461,791</u>	\$ <u>78,616,378</u>	\$ <u>96,662,122</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020 were not provided by the pension system.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

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.

NOTE 5 RESTATEMENT

On July 1, 2020, the Leonia Board of Education implemented GASB Statement No. 84 "Fiduciary Activities". The Leonia Board of Education has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2020 are as follows:

Governmental Activities

The financial statements of the governmental activities as of June 30, 2020 have been restated to reflect the reclassification of certain activities related to unemployment compensation, student activities, scholarships and payroll related activities which were previously reported as fiduciary activities to governmental activities. The effect of this restatement is to increase net position of governmental activities by \$433,815 from \$6,786,774 as previously reported to \$7,220,589 as of June 30, 2020.

Governmental Funds

The financial statements of the governmental funds as of June 30, 2020 have been restated to reflect the reclassification of certain activities related to unemployment compensation, student activities, scholarships and payroll activities previously reported as fiduciary funds to governmental funds. The effect of this restatement is to increase fund balances of governmental funds by \$433,815 from \$2,783,368 as previously reported to \$3,217,183 as of June 30, 2020. General Fund fund balance increased \$178,952 from \$2,722,861 as previously reported to \$2,901,813 as of June 30, 2020. Special Revenue Fund fund balance increased \$254,863 from \$0 as previously reported to \$254,863 as of June 30, 2020.

Fiduciary Funds

The financial statements of the fiduciary funds as of June 30, 2020 have been restated to reflect the reclassification of certain activities to governmental funds as noted above. The effect of this restatement is to decrease total fiduciary net position by \$198,336 from \$198,336 as previously reported to \$0 as of June 30, 2020.

**LEONIA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 6 SUBSEQUENT EVENT

A. Hurricane Ida

On September 1, 2021 Hurricane Ida arrived in New Jersey and resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The District has incurred significant costs in the clean up and recovery from this federal disaster. In addition there was extensive damage to the middle/high school that may have materially impaired the value of the middle/high school. The Federal Emergency Management Agency (“FEMA”) provides emergency grant assistance (voluntary nonexchange transaction) to help government’s cope with losses. Although the District has and will apply for reimbursement from FEMA the total amount to be received is unknown at this time. The District anticipates costs not reimbursed by FEMA will be covered under the District insurance policy.

NOTE 7 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 has been 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.

Governor Phil Murphy (the “Governor”) of the State of New Jersey (the “State”) declared a state of emergency and a public health emergency on March 9, 2020 due to the outbreak of COVID-19, which spread to the State and to all counties within the State. The Governor also instituted mandatory measures via various executive orders to contain the spread of the virus. These measure, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey’s economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the governor’s pandemic-related executive orders in early July. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) will terminate on January 1, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place.

Recently, the United States Congress has passed relief and stimulus legislations including the American Rescue Plan Act signed into law by President Biden on March 12, 2021, comprising of \$1.9 trillion in funding to address the COVID-19 Pandemic. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and alleviate the health effects of the COVID-19 pandemic. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the School District. It is too early to predict if the legislation will have its intended affect.

The largest portion of the School District’s revenues is derived from local tax revenues levied by the Borough. In that regard, under applicable State statutes, the Borough annually is required to pay 100% of the amount levied for operations and debt service to the School District regardless of delinquencies in applicable property tax collections. The ability of the Borough to fully collect property taxes on a timely basis may be affected by the economic impact of the Pandemic; however, the District does not anticipate an interruption in the timely collection of property taxes from the Borough.

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, 2021**

	Original <u>Budget</u>	Budget <u>Adjustments</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to <u>Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 20,777,801		\$ 20,777,801	\$ 20,777,801	
Tuition from Individuals	351,225		351,225	256,358	\$ (94,867)
Tuition from Other LEAs within the State	9,075,460		9,075,460	9,304,411	228,951
Tuition from Summer School	83,000		83,000	28,000	(55,000)
Transportation Fees from Other LEAs	700,000		700,000	903,790	203,790
Interest on Unemployment Reserve				1,255	1,255
Rents and Royalties	165,000		165,000	84,150	(80,850)
Miscellaneous Revenue	240,000	-	240,000	307,620	67,620
Total Local Sources	<u>31,392,486</u>	<u>-</u>	<u>31,392,486</u>	<u>31,663,385</u>	<u>270,899</u>
State Sources					
Equalization Aid	2,569,576		2,569,576	2,569,576	-
Security Aid	36,798	-	36,798	36,798	-
Special Education Categorical Aid	997,733	\$ (69,070)	928,663	928,663	-
Extraordinary Aid	300,000		300,000	363,804	63,804
TPAF On-Behalf Contributions					
Pension Contribution				4,055,064	4,055,064
Pension - NCGI Premium				77,153	77,153
Post Retirement Medical Benefits				1,294,972	1,294,972
Long Term Disability Insurance				2,644	2,644
TPAF Social Security Reimbursements (On-Behalf)	-	-	-	1,176,396	1,176,396
Total State Sources	<u>3,904,107</u>	<u>(69,070)</u>	<u>3,835,037</u>	<u>10,505,070</u>	<u>6,670,033</u>
Federal Source					
Medicaid Reimbursement	54,352	-	54,352	56,390	2,038
FFCRA/SEMI and ARRA SEMI Revenue	-	-	-	3,934	3,934
Total Federal Sources	<u>54,352</u>	<u>-</u>	<u>54,352</u>	<u>60,324</u>	<u>5,972</u>
Total Revenues	<u>35,350,945</u>	<u>(69,070)</u>	<u>35,281,875</u>	<u>42,228,779</u>	<u>6,946,904</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	236,450	24,741	261,191	236,236	24,955
Kindergarten	404,442	-	404,442	329,513	74,929
Grades 1-5	2,634,380	145,893	2,780,273	2,780,273	-
Grades 6-8	2,405,686	135,316	2,541,002	2,371,190	169,812
Grades 9-12	4,136,520	175,262	4,311,782	4,111,136	200,646
Regular Programs - Home Instruction					
Salaries of Teachers	42,000	-	42,000	15,489	26,511
Purchased Professional Educational Services	20,000	(19,900)	100		100
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	105,226	-	105,226	70,600	34,626
Unused Vacation Payment to Terminated/Retired Staff	75,000	4,101	79,101	79,101	-
Purchased Professional-Educational Services	5,500	(5,000)	500	238	262
Other Purchased Services	11,421	(6,954)	4,467	2,483	1,984
General Supplies	502,725	(29,940)	472,785	382,083	90,702
Textbooks	134,150	(39,552)	94,598	84,519	10,079
Other Objects	2,000	(1,900)	100	-	100
Total Regular Programs	<u>10,715,500</u>	<u>382,067</u>	<u>11,097,567</u>	<u>10,462,861</u>	<u>634,706</u>
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	326,835	(45)	326,790	222,885	103,905
Other Salaries for Instruction	50,450	60,370	110,820	110,820	-
General Supplies	3,000	(1,437)	1,563	1,561	2
Textbooks	2,400	(2,000)	400	208	192
Total Learning and/or Language Disabilities	<u>382,685</u>	<u>56,888</u>	<u>439,573</u>	<u>335,474</u>	<u>104,099</u>

**LEONIA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<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	\$ 463,767	\$ 93,875	\$ 557,642	\$ 434,640	\$ 123,002
Other Salaries for Instruction	130,785	2,765	133,550	103,289	30,261
General Supplies	6,100	(2,765)	3,335	2,838	497
Textbooks	1,500	(1,077)	423	330	93
Total Multiple Disabilities	<u>602,152</u>	<u>92,798</u>	<u>694,950</u>	<u>541,097</u>	<u>153,853</u>
Resource Room/Resource Center					
Salaries of Teachers	1,006,209	108,125	1,114,334	953,119	161,215
Other Salaries for Instruction	192,802	2,239	195,041	195,041	-
General Supplies	1,500	388	1,888	1,686	202
Textbooks	900	(306)	594	489	105
Total Resource Room	<u>1,201,411</u>	<u>110,446</u>	<u>1,311,857</u>	<u>1,150,335</u>	<u>161,522</u>
Autistic Program					
Salaries of Teachers	302,425	17,067	319,492	319,492	-
Other Salaries of Instruction	324,600	50,418	375,018	247,350	127,668
Purchased Professional-Educational Services	20,000	(6,180)	13,820	450	13,370
General Supplies	2,800	-	2,800	872	1,928
Textbooks	1,600	-	1,600	374	1,226
Total Autistic Program	<u>651,425</u>	<u>61,305</u>	<u>712,730</u>	<u>568,538</u>	<u>144,192</u>
Preschool Disabilities - Full-Time					
Salaries of Teachers	59,575	59,754	119,329	62,622	56,707
Other Salaries for Instruction	102,642	53,952	156,594	156,594	-
General Supplies	2,400	-	2,400	1,312	1,088
Total Preschool Disabilities - Full-Time	<u>164,617</u>	<u>113,706</u>	<u>278,323</u>	<u>220,528</u>	<u>57,795</u>
Home Instruction					
Salaries of Teachers	-	2,040	2,040	2,040	-
Total Home Instruction	<u>-</u>	<u>2,040</u>	<u>2,040</u>	<u>2,040</u>	<u>-</u>
Total Special Education	<u>3,002,290</u>	<u>437,183</u>	<u>3,439,473</u>	<u>2,818,012</u>	<u>621,461</u>
Basic Skills/Remedial					
Salaries of Teachers	189,705	-	189,705	107,044	82,661
Other Purchased Services	1,000	-	1,000	-	1,000
General Supplies	1,000	(85)	915	-	915
Textbooks	3,000	(1,900)	1,100	-	1,100
Total Basic Skills/Remedial	<u>194,705</u>	<u>(1,985)</u>	<u>192,720</u>	<u>107,044</u>	<u>85,676</u>
Bilingual Education					
Salaries of Teachers	323,794	-	323,794	287,748	36,046
General Supplies	1,500	-	1,500	387	1,113
Textbooks	1,500	-	1,500	979	521
Total Bilingual Education	<u>326,794</u>	<u>-</u>	<u>326,794</u>	<u>289,114</u>	<u>37,680</u>
School Sponsored Co-Curricular Activities					
Salaries	123,773	27,350	151,123	148,842	2,281
Supplies & Materials	7,500	7,000	14,500	12,474	2,026
Total School Sponsored Co-Curricular Activities	<u>131,273</u>	<u>34,350</u>	<u>165,623</u>	<u>161,316</u>	<u>4,307</u>
School Sponsored Athletics - Instruction					
Salaries	293,196	115,133	408,329	408,329	-
Supplies & Materials	79,000	(5,335)	73,665	29,472	44,193
Other Objects	10,000	2,035	12,035	11,483	552
Total School Sponsored Athletics - Instruction	<u>382,196</u>	<u>111,833</u>	<u>494,029</u>	<u>449,284</u>	<u>44,745</u>
Total - Instruction	<u>14,752,758</u>	<u>963,448</u>	<u>15,716,206</u>	<u>14,287,631</u>	<u>1,428,575</u>

**LEONIA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<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	\$ 477,601	\$ (375,000)	\$ 102,601	\$ 71,756	\$ 30,845
Tuition to County Vocational School District-Regular		375,000	375,000	248,615	126,385
Tuition to CSSD and Regular Day Schools	398,456	-	398,456	312,938	85,518
Tuition to APSSD within State	525,072	(84,429)	440,643	293,543	147,100
Tuition - State Facilities	-	-	-	-	-
Total Undistributed Expenditures - Instruction (Tuition)	<u>1,401,129</u>	<u>(84,429)</u>	<u>1,316,700</u>	<u>926,852</u>	<u>389,848</u>
Attendance and Social Work					
Salaries	178,865	(15,426)	163,439	93,959	69,480
Other Purchased Services	1,200	(156)	1,044	899	145
Total Attendance and Social Work	<u>180,065</u>	<u>(15,582)</u>	<u>164,483</u>	<u>94,858</u>	<u>69,625</u>
Health Services					
Salaries	326,738	757	327,495	323,872	3,623
Purchased Professional & Technical Services	44,109	(27,090)	17,019	15,769	1,250
Supplies and Materials	8,350	(4,508)	3,842	2,871	971
Total Health Services	<u>379,197</u>	<u>(30,841)</u>	<u>348,356</u>	<u>342,512</u>	<u>5,844</u>
Speech, OT, PT & Related Services					
Salaries	530,273	(35,296)	494,977	485,668	9,309
Purchased Professional/Educational Services	235,500	(76,501)	158,999	51,359	107,640
Supplies and Materials	2,700	118	2,818	1,120	1,698
Total Speech, OT, PT & Related Services	<u>768,473</u>	<u>(111,679)</u>	<u>656,794</u>	<u>538,147</u>	<u>118,647</u>
Extra Services					
Salaries	456,614	(45,976)	410,638	405,816	4,822
Purchased Professional-Educational Services	45,000	(45,000)	-	-	-
Total Extra Services	<u>501,614</u>	<u>(90,976)</u>	<u>410,638</u>	<u>405,816</u>	<u>4,822</u>
Guidance					
Salaries of Other Professional Staff	476,964	43,834	520,798	520,798	-
Salaries of Secretarial and Clerical Assistants	66,631	-	66,631	66,240	391
Other Purchased Prof. and Tech. Services	10,215	(1,000)	9,215	8,864	351
Other Purchased Services	1,500	(1,500)	-	-	-
Supplies and Materials	9,750	(1,308)	8,442	8,247	195
Other Objects	1,225	(891)	334	334	-
Total Guidance	<u>566,285</u>	<u>39,135</u>	<u>605,420</u>	<u>604,483</u>	<u>937</u>
Child Study Teams					
Salaries of Other Professional Staff	1,009,293	(23,447)	985,846	958,605	27,241
Salaries of Secretarial and Clerical Assistants	45,590	-	45,590	45,590	-
Other Salaries	39,000	(39,000)	-	-	-
Purchased Professional-Educational Services	16,000	(15,480)	520	520	-
Other Purchased Prof. and Tech. Services	20,000	(4,415)	15,585	7,250	8,335
Supplies and Materials	7,500	(4,207)	3,293	2,793	500
Total Child Study Teams	<u>1,137,383</u>	<u>(86,549)</u>	<u>1,050,834</u>	<u>1,014,238</u>	<u>36,596</u>
Improvement of Instruction Services/ Other Support Services-Instructional Staff					
Salaries of Other Professional Staff	130,953	3,330	134,283	134,283	-
Purchased Professional-Educational Services	5,000	(5,000)	-	-	-
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	<u>135,953</u>	<u>(1,670)</u>	<u>134,283</u>	<u>134,283</u>	<u>-</u>
Educational Media Services/School Library					
Salaries	189,095	(49,980)	139,115	134,370	4,745
Salaries of Technology Coordinators	293,659	31,728	325,387	272,362	53,025
Other Purchased Services	21,075	(20,975)	100	100	-
Supplies and Materials	27,497	(7,873)	19,624	16,273	3,351
Total Educational Media Services/School Library	<u>531,326</u>	<u>(47,100)</u>	<u>484,226</u>	<u>423,005</u>	<u>61,221</u>

**LEONIA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<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	\$ (43,115)	\$ 5,885	\$ 4,810	\$ 1,075
Other Purchased Services	25,000	(12,729)	12,271	12,268	3
Total Instructional Staff Training Services	74,000	(55,844)	18,156	17,078	1,078
Support Services General Administration					
Salaries	350,691	23,408	374,099	374,099	-
Legal Services	40,000	-	40,000	26,642	13,358
Audit Fees	42,000	30,500	72,500	49,731	22,769
Architectural/Engineering Services	12,000	44,200	56,200	42,700	13,500
Other Purchased Professional Services	39,492	(14,700)	24,792	18,235	6,557
Communications/Telephone	71,345	44,100	115,445	100,257	15,188
BOE Other Purchased Services	11,800	(7,900)	3,900	3,835	65
Misc. Purchased Services	118,769	98,966	217,735	205,774	11,961
Supplies and Materials	3,313	(2,300)	1,013	401	612
Miscellaneous Expenditures	25,000	(3,672)	21,328	21,308	20
BOE Membership Dues and Fees	65,000	(44,132)	20,868	14,868	6,000
Total Support Services General Administration	779,410	168,470	947,880	857,850	90,030
Support Services School Administration					
Salaries of Principals/Asst. Principals	865,221	15,190	880,411	865,720	14,691
Salaries of Other Professional Staff	838,774	-	838,774	828,845	9,929
Salaries of Secretarial and Clerical Assistants	301,370	56,596	357,966	355,577	2,389
Purchased Professional and Technical Services	50,000	(40,831)	9,169	9,069	100
Other Purchased Services	8,750	(8,750)	-	-	-
Supplies and Materials	45,753	(19,766)	25,987	-	25,987
Other Objects	120,000	(81,802)	38,198	28,541	9,657
Total Support Services School Administration	2,229,868	(79,363)	2,150,505	2,087,752	62,753
Central Services					
Salaries	330,466	10,779	341,245	330,412	10,833
Purchased Professional Services	13,987	(698)	13,289	9,365	3,924
Purchased Technical Services	69,423	(6,061)	63,362	60,214	3,148
Misc. Purchased Services	1,840	(1,750)	90	90	-
Supplies and Materials	17,000	(3,137)	13,863	11,608	2,255
Interest on Lease Purchase Agreements	58,000	-	58,000	57,951	49
Miscellaneous Expenditures	9,000	(5,105)	3,895	3,895	-
Total Central Services	499,716	(5,972)	493,744	473,535	20,209
Administration - Information Technology Services					
Salaries	-	7,733	7,733	7,733	-
Purchased Technical Services	6,000	-	6,000	6,000	-
Total Administration Information Technology Svcs.	6,000	7,733	13,733	13,733	-
Required Maintenance for School Facilities					
Salaries	403,514	26,033	429,547	429,547	-
Cleaning, Repair and Maintenance Services	345,443	18,930	364,373	272,154	92,219
General Supplies	25,640	(6,991)	18,649	11,925	6,724
Other Objects	2,000	-	2,000	-	2,000
Total Required Maint. For School Facilities	776,597	37,972	814,569	713,626	100,943
Custodial Services					
Salaries	1,034,731	34,876	1,069,607	999,311	70,296
Salaries - Non-Instructional Aides	268,722	147,870	416,592	416,592	-
Purchased Professional and Technical Services	3,672	-	3,672	-	3,672
Cleaning, Repair and Maintenance Services	25,113	2,080	27,193	7,678	19,515
Rental of Land & Bldg - Other than Lease Purchase	4,000	(3,900)	100	-	100
Other Purchased Property Services	23,300	17,466	40,766	26,759	14,007
Insurance	232,222	2,785	235,007	235,007	-
General Supplies	154,500	44,458	198,958	91,495	107,463
Energy (Natural Gas)	117,000	-	117,000	111,595	5,405
Energy (Electricity)	450,000	(12,251)	437,749	298,102	139,647
Energy (Gasoline)	17,626	-	17,626	13,235	4,391
Other Objects	1,000	-	1,000	125	875
Total Custodial Services	2,331,886	233,384	2,565,270	2,199,899	365,371

**LEONIA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<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)					
Care and Upkeep of Grounds					
Salaries	\$ 64,436	\$ 9,746	\$ 74,182	\$ 59,202	\$ 14,980
Cleaning, Repair and Maintenance Svc.	40,000	-	40,000	31,414	8,586
General Supplies	5,000	-	5,000	1,000	4,000
Total Care and Upkeep of Grounds	109,436	9,746	119,182	91,616	27,566
Security					
Salaries	235,617	17,343	252,960	199,990	52,970
Total Security	235,617	17,343	252,960	199,990	52,970
Student Transportation Services					
Salaries for Pupil Trans (Bet. Home & Sch)-Regular	385,752	-	385,752	297,374	88,378
Salaries for Pupil Trans (Bet. Home & Sch)-Sp. Ed.	86,266	-	86,266	68,265	18,001
Cleaning, Repair and Maintenance Services	125,000	3,112	128,112	61,343	66,769
Contracted Services (Other Than Between Home & School) - Vendors	16,000	10,275	26,275	-	26,275
Contracted Services (Between Home & School)-Joint Agreements	22,558	(21,773)	785	-	785
Contracted Services (Special Education Students)- Joint Agreements	300,000	(299,900)	100	-	100
Transportation Supplies	38,929	(25,000)	13,929	-	13,929
Other Objects	7,000	(4,000)	3,000	-	3,000
Total Student Transportation Services	981,505	(337,286)	644,219	426,982	217,237
Allocated Benefits					
Unused Vacation Payment to Terminated/Retired Staff	75,000	(56,000)	19,000	1,782	17,218
Total Regular Programs - Instruction	75,000	(56,000)	19,000	1,782	17,218
Total Allocated Benefits	75,000	(56,000)	19,000	1,782	17,218
Unallocated Benefits - Employee Benefits					
Social Security Contributions	550,000	-	550,000	480,874	69,126
Other Retirement Contribution-PERS	410,000	30,797	440,797	440,797	-
Other Retirement Contribution-Regular	61,000	19,000	80,000	75,801	4,199
Unemployment Compensation	35,028	(4,999)	30,029	-	30,029
Worker's Compensation	215,500	17,000	232,500	232,294	206
Health Benefits	5,339,150	(593,617)	4,745,533	4,361,295	384,238
Tuition Reimbursement	25,000	21,172	46,172	30,036	16,136
Other Employee Benefits	135,000	300	135,300	96,846	38,454
Total Unallocated Benefits - Employee Benefits	6,770,678	(510,347)	6,260,331	5,717,943	542,388
TPAF On Behalf Contributions (Non Budgeted)					
Pension Contribution				4,055,064	(4,055,064)
Pension - NCGI Premium				77,153	(77,153)
Post Retirement Medical Benefits				1,294,972	(1,294,972)
Long Term Disability Insurance				2,644	(2,644)
TPAF Social Security Reimbursements (Non Budgeted)	-	-	-	1,176,396	(1,176,396)
	-	-	-	6,606,229	(6,606,229)
Total Undistributed Expenditures	20,471,138	(999,855)	19,471,283	23,892,209	(4,420,926)
Total Current Expenditures	35,223,896	(36,407)	35,187,489	38,179,840	(2,992,351)
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures					
Preschool Disabilities-Full Time	-	4,069	4,069	-	4,069
Total Equipment	-	4,069	4,069	-	4,069
Facilities and Acquisitions					
Construction Services		215,000	215,000	75,000	140,000
Lease Purchase Agreements - Principal	958,510	(89,725)	868,785	867,785	1,000
Assessment for Debt Service on SDA Funding	44,993	-	44,993	44,993	-
Total Facilities and Acquisitions	1,003,503	125,275	1,128,778	987,778	141,000

**LEONIA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<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)					
Assets Acquired under Shared Services Agreement (Non Budget)					
Acquisition and Installation of Turf Field	-	-	-	\$ 1,500,000	\$ (1,500,000)
Total Capital Outlay	\$ 1,003,503	\$ 129,344	\$ 1,132,847	2,487,778	(1,354,931)
Transfer of Funds to Charter Schools	12,822	-	12,822	12,822	-
Total Expenditures - General Fund	36,240,221	92,937	36,333,158	40,680,440	(4,347,282)
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	(889,276)	(162,007)	(1,051,283)	1,548,339	2,599,622
Other Financing Sources (Uses)					
Shared Service Agreement Proceeds				1,500,000	1,500,000
Transfers In - Capital Projects Fund				217	217
Transfers In - Enrichment Program Enterprise Fund				261	261
Transfers Out - Special Revenue Fund	(52,000)	22,000	(30,000)	(30,000)	-
Transfers Out - Capital Outlay to Capital Projects	(75,000)	15,000	(60,000)	-	60,000
Total Other Financing Sources (Uses)	(127,000)	37,000	(90,000)	1,470,478	1,560,478
Excess (Deficiency) of Revenues					
Over (Under) Expenditures and Financing Sources	(1,016,276)	(125,007)	(1,141,283)	3,018,817	4,160,100
Fund Balances, Beginning of Year (Restated)	3,528,915	-	3,528,915	3,528,915	-
Fund Balances, End of Year	\$ 2,512,639	\$ (125,007)	\$ 2,387,632	\$ 6,547,732	\$ 4,160,100
Recapitulation of Fund Balance					
Restricted					
Capital Reserve				\$ 1,940,789	
Capital Reserve - Designated for Subsequent Year's Expenditures				385,000	
Maintenance Reserve				575,000	
Maintenance Reserve - Designated for Subsequent Year's Expenditures				275,000	
Unemployment Compensation Reserve				180,207	
Excess Surplus				600,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				640,000	
Assigned					
Year End Encumbrances				579,830	
FFCRA / SEMI				3,934	
Unassigned				1,367,972	
Fund Balance Per State Budgetary Basis of Accounting				6,547,732	
Reconciliation to Governmental Funds Statements (GAAP)					
Less State Aid not Recognized on a GAAP Basis				(689,799)	
Fund Balance per Governmental Funds (GAAP)				\$ 5,857,933	

**LEONIA BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Federal	\$ 595,775	\$ 374,729	\$ 970,504	\$ 854,480	\$ (116,024)
Local Sources					
Miscellaneous	-	267,974	267,974	157,615	(110,359)
Total Revenues	<u>595,775</u>	<u>642,703</u>	<u>1,238,478</u>	<u>1,012,095</u>	<u>(226,383)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	102,000	(60,000)	42,000	19,000	23,000
Tuition	383,601	21,018	404,619	404,619	-
General Supplies	23,619	131,671	155,290	97,446	57,844
Textbooks		11,213	11,213		11,213
Co-Curricular / Extracurricular Activities	52,000	159,065	211,065	211,065	-
Athletic Activities		29,011	29,011	29,011	-
Other Objects	-	500	500	-	500
Total Instruction	<u>561,220</u>	<u>292,478</u>	<u>853,698</u>	<u>761,141</u>	<u>92,557</u>
Support Services					
Other Salaries		46,950	46,950	46,950	-
Purchased Prof. Tech. Svc.	46,898	20,884	67,782	63,118	4,664
Other Purchased Services	6,972	8,049	15,021	11,601	3,420
General Supplies	1,572	248,867	250,439	204,828	45,611
Scholarship Awards	-	12,500	12,500	12,500	-
Total Support Services	<u>55,442</u>	<u>337,250</u>	<u>392,692</u>	<u>338,997</u>	<u>53,695</u>
Unallocated Benefits					
Personal Services - Employee Benefits	<u>31,113</u>	<u>(9,025)</u>	<u>22,088</u>	<u>8,286</u>	<u>13,802</u>
Total Unallocated Employee Benefits	<u>31,113</u>	<u>(9,025)</u>	<u>22,088</u>	<u>8,286</u>	<u>13,802</u>
Total Expenditures	<u>647,775</u>	<u>620,703</u>	<u>1,268,478</u>	<u>1,108,424</u>	<u>160,054</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(52,000)	22,000	(30,000)	(96,329)	(66,329)
OTHER FINANCING SOURCES (USES)					
Transfers In	<u>52,000</u>	<u>(22,000)</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Net Changes in Fund Balances	-	-	-	(66,329)	(66,329)
Fund Balance, Beginning of Year, (Restated)	<u>254,863</u>	<u>-</u>	<u>254,863</u>	<u>254,863</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 254,863</u>	<u>\$ -</u>	<u>\$ 254,863</u>	<u>\$ 188,534</u>	<u>(66,329)</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance					
Student Activities				\$ 175,223	
Scholarships				<u>13,311</u>	
				<u>\$ 188,534</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, 2021**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual revenue amounts (budgetary basis) (Exhibits C-1 and C-2)	\$ 42,228,779	\$ 1,012,095
Difference - Budget to GAAP:		
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2020-21)	(689,799)	
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2019-20)	627,102	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances - June 30, 2021	-	(68,658)
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	\$ 42,166,082	\$ 943,437
Uses/Outflows of Resources		
Actual expenditure amounts (budgetary basis) (Exhibits C-1 and C-2)	\$ 40,680,440	\$ 1,108,424
Differences-Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes. Adjust for Encumbrances:		
Encumbrances - June 30, 2021	-	(68,658)
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	\$ 40,680,440	\$ 1,039,766

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 Eight Fiscal Years*

	<u>2021</u>	<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)	0.04029%	0.04009%	0.04046%	0.03769%	0.03766%	0.04003%	0.04161%	0.04079%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,570,897	\$ 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	\$ 2,947,835	\$ 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	222.91%	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	58.32%	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 Eight Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 440,797	\$ 389,985	\$ 402,465	\$ 349,167	\$ 334,552	\$ 344,139	\$ 343,033	\$ 307,353
Contributions in Relation to the Contractually Required Contribution	<u>440,797</u>	<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>	<u>\$ -</u>
District's Covered Payroll	\$ 3,014,496	\$ 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	14.62%	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 Eight Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Position Liability (Asset)	0.00%	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>\$ 91,243,313</u>	<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>\$ 91,243,313</u>	<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	16,017,099	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%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.60%	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, 2021**

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 Four Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service Cost	\$ 2,359,758	\$ 2,215,784	\$ 2,513,156	\$ 3,067,118
Interest on Total OPEB Liability	1,728,773	2,053,152	2,218,628	1,895,658
Changes of Benefit Terms				
Differences Between Expected and Actual Experience	13,802,855	(7,408,581)	(6,064,997)	
Changes of Assumptions	14,360,511	711,086	(5,914,564)	(7,942,606)
Gross Benefit Payments	(1,368,646)	(1,463,991)	(1,378,183)	(1,463,960)
Contribution from the Member	<u>41,484</u>	<u>43,397</u>	<u>47,632</u>	<u>53,907</u>
Net Change in Total OPEB Liability	30,924,735	(3,849,153)	(8,578,328)	(4,389,883)
Total OPEB Liability - Beginning	<u>47,691,643</u>	<u>51,540,796</u>	<u>60,119,124</u>	<u>64,509,007</u>
Total OPEB Liability - Ending	<u>\$ 78,616,378</u>	<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>78,616,378</u>	<u>47,691,643</u>	<u>51,540,796</u>	<u>60,119,124</u>
Total OPEB Liability - Ending	<u>\$ 78,616,378</u>	<u>\$ 47,691,643</u>	<u>\$ 51,540,796</u>	<u>\$ 60,119,124</u>
District's Covered Payroll	\$ 18,964,934	\$ 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%	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, 2021**

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, 2021**

	IDEA Basic	IDEA Preschool	Title I	Title II A	Title III	Title III Immigrant	Title IV	From Exhibit E-1 A	Total
REVENUES									
Local								\$ 157,615	\$ 157,615
Federal	\$ 416,599	\$ 12,319	\$ 147,796	\$ 36,021	\$ 11,058	\$ 2,061	\$ 12,634	215,992	854,480
Total Revenues	\$ 416,599	\$ 12,319	\$ 147,796	\$ 36,021	\$ 11,058	\$ 2,061	\$ 12,634	\$ 373,607	\$ 1,012,095
EXPENDITURES									
Instruction									
Salaries of Teachers				\$ 19,000					\$ 19,000
Tuition	\$ 404,619								404,619
General Supplies	6,717	\$ 8,417	\$ 36,054		\$ 4,575	\$ 449	\$ 2,769	\$ 38,465	97,446
Co-Curricular / Extracurricular Activities								211,065	211,065
Athletic Activities	-	-	-	-	-	-	-	29,011	29,011
Total Instruction	411,336	8,417	36,054	19,000	4,575	449	2,769	278,541	761,141
Support Services									
Other Salaries					4,000	1,500		41,450	46,950
Personal Services - Employee Benefits				7,600	303	112		271	8,286
Purchased Professional and Technical Services	500		53,778				8,293	547	63,118
Other Purchased Services				9,421	2,180			-	11,601
Supplies and Materials	4,763	3,902	57,964	-	-	-	1,572	136,627	204,828
Scholarship Awards	-	-	-	-	-	-	-	12,500	12,500
Total Support Services	5,263	3,902	111,742	17,021	6,483	1,612	9,865	191,395	347,283
Total Expenditures	416,599	12,319	147,796	36,021	11,058	2,061	12,634	469,936	1,108,424
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	-	-	-	-	-	-	-	(96,329)	(96,329)
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	-	-	-	30,000	30,000
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	30,000	30,000
Net Changes in Fund Balances	-	-	-	-	-	-	-	(66,329)	(66,329)
Fund Balance, Beginning of Year, (Restated)	-	-	-	-	-	-	-	254,863	254,863
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 188,534	\$ 188,534

**LEONIA BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Perkins Grant	CARES Act	Bergen County CARES	COVID Relief Fund	Local Grants	Student Activities	Scholarships	To Exhibit E-1
REVENUES								
Local					\$ 1,368	\$ 149,820	\$ 6,427	\$ 157,615
Federal	\$ 10,780	\$ 113,044	\$ 34,222	\$ 57,946	-	-	-	215,992
Total Revenues	\$ 10,780	\$ 113,044	\$ 34,222	\$ 57,946	\$ 1,368	\$ 149,820	\$ 6,427	\$ 373,607
EXPENDITURES								
Instruction								
Salaries of Teachers								
Tuition								
General Supplies	\$ 3,680		\$ 34,222		\$ 563			\$ 38,465
Co-Curricular / Extracurricular Activities	-	-	-	-	-	\$ 211,065	-	211,065
Athletic Activities	-	-	-	-	-	29,011	-	29,011
Total Instruction	3,680	-	34,222	-	563	240,076	-	278,541
Support Services								
Other Salaries	3,650	\$ 37,800						41,450
Personal Services - Employee Benefits	271							271
Employee Benefits								-
Purchased Professional and Technical Services	547							547
Other Purchased Services								-
Supplies and Materials	2,632	75,244	-	\$ 57,946	805	-	-	136,627
Scholarship Awards	-	-	-	-	-	-	\$ 12,500	12,500
Total Support Services	7,100	113,044	-	57,946	805	-	12,500	191,395
Total Expenditures	10,780	113,044	34,222	57,946	1,368	240,076	12,500	469,936
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	-	-	-	-	-	(90,256)	(6,073)	(96,329)
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	-	-	30,000	-	30,000
Total Other Financing Sources (Uses)	-	-	-	-	-	30,000	-	30,000
Net Changes in Fund Balances	-	-	-	-	-	(60,256)	(6,073)	(66,329)
Fund Balance, Beginning of Year, (Restated)	-	-	-	-	-	235,479	19,384	254,863
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 175,223	\$ 13,311	\$ 188,534

**LEONIA BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION PROGRAM AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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, 2021**

<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Transfer to Debt Service Fund</u>	<u>Balance, June 30, 2021</u>
		<u>Prior Year</u>	<u>Current Year</u>		
Lighting & Security Project	\$ 654,467	\$ 628,932			\$ 25,535
High School Addition and Renovation Project	7,217,985	7,183,013			34,972
Technology Infrastructure Upgrade Project	<u>1,732,447</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,732,447</u>
	<u>\$ 9,604,899</u>	<u>\$ 7,811,945</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,792,954</u>
Project Balances, June 30, 2021					<u>\$ 1,792,954</u>
Fund Balance, June 30, 2021 GAAP Basis					<u>\$ 1,792,954</u>
<u>Recapitulation of Fund Balance</u>					
Restricted For Capital Projects:					
Reserve for Encumbrances					\$ 1,732,400
Available for Capital Projects Expenditures					<u>60,554</u>
Total Fund Balance - Restricted for Capital Projects					<u>\$ 1,792,954</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, 2021**

REVENUES AND OTHER FINANCING SOURCES

Revenues

Interest Income	\$ 264
Lease Proceeds	<u>1,732,400</u>
Total Revenues	<u>1,732,664</u>

EXPENDITURES AND OTHER FINANCING USES

Transfer to General Fund	<u>217</u>
Total Expenditures and Other Financing Uses	<u>217</u>

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,732,447
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Fund Balance, Beginning of Year	<u>60,507</u>
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Fund Balance, End of Year	<u>\$ 1,792,954</u>
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Reconciliation to GAAP

Fund Balance, June 30, 2021 - Budgetary Basis	<u>\$ 1,792,954</u>
Fund Balance, June 30, 2021 - GAAP Basis	<u>\$ 1,792,954</u>

LEONIA BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
LIGHTING & SECURITY EQUIPMENT PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>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>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	19,000
Purchased Professional and Technical Services	28,037		28,037	28,037
Construction Services	573,495		573,495	599,030
Other Objects	<u>8,400</u>	<u>-</u>	<u>8,400</u>	<u>8,400</u>
Total Expenditures and Other Financing Uses	<u>628,932</u>	<u>-</u>	<u>628,932</u>	<u>654,467</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 25,535</u>	<u>\$ -</u>	<u>\$ 25,535</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 651,000			
Additional Authorized Cost	<u>3,467</u>			
Revised Authorized Cost	<u>\$ 654,467</u>			
Percentage Increase over Original Authorized				
Cost	100%			
Percentage Completion	100%			
Original Target Completion Date	6/30/2010			
Revised Target Completion Date	6/30/2010			

**LEONIA BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
HIGH SCHOOL ADDITION AND RENOVATION PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Capital Lease Proceeds	\$ 3,600,000		\$ 3,600,000	\$ 3,600,000
Transfers from Capital Reserve Fund	3,600,000		3,600,000	3,600,000
Earnings on Investment	17,985	-	17,985	17,985
	<u>7,217,985</u>	<u>-</u>	<u>7,217,985</u>	<u>7,217,985</u>
Expenditures and Other Financing Uses				
Legal Services	19,424		19,424	19,424
Architectural/Engineering	663,877		663,877	663,877
Other Purchased Professional and Technical Services	229,979		229,979	229,979
Construction Services	6,055,110		6,055,110	6,090,082
Supplies and Materials	193,602		193,602	193,602
Other Objects	21,021	-	21,021	21,021
	<u>7,183,013</u>	<u>-</u>	<u>7,183,013</u>	<u>7,217,985</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 34,972</u>	<u>\$ -</u>	<u>\$ 34,972</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 7,200,000			
Additional Authorized Cost	17,985			
Revised Authorized Cost	<u>\$ 7,217,985</u>			
Percentage Increase from Original Authorized Cost	0.25%			
Percentage Completion	0%			
Original Target Completion Date	August 2018			
Revised Target Completion Date	August 2018			

**LEONIA BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
TECHNOLOGY INFRASTRUCTURE UPGRADE PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Capital Lease Proceeds	\$ -	\$ 1,732,400	\$ 1,732,400	\$ 1,732,400
Earnings on Investment	-	47	47	47
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	-	1,732,447	1,732,447	1,732,447
Expenditures and Other Financing Uses				
Acquisition of Equipment	-	-	-	1,732,447
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	-	-	-	1,732,447
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 1,732,447	\$ 1,732,447	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>
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	\$ 1,732,400			
Additional Authorized Cost	47			
Revised Authorized Cost	<u>\$ 1,732,447</u>			
Percentage Increase from Original Authorized Cost	0%			
Percentage Completion	0%			

ENTERPRISE FUNDS

LEONIA BOARD OF EDUCATION
 ENRICHMENT PROGRAM ENTERPRISE FUND
 COMBINING SCHEDULE OF ENRICHMENT PROGRAM NET POSITION
 AS OF JUNE 30, 2021

	<u>Afterschool Enrichment</u>	<u>LMS Here We Come</u>	<u>SAT Prep</u>	<u>SMILE</u>	<u>Total Enrichment Program</u>
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 3,009	\$ 25,772	\$ 2,198	\$ 32,399	\$ 63,378
Total Current Assets	<u>3,009</u>	<u>25,772</u>	<u>2,198</u>	<u>32,399</u>	<u>63,378</u>
Total Assets	<u>3,009</u>	<u>25,772</u>	<u>2,198</u>	<u>32,399</u>	<u>63,378</u>
LIABILITIES					
Current Liabilities					
Accounts Payable					-
Unearned Revenue	-	10,072	-	29,068	39,140
Total Current Liabilities	<u>-</u>	<u>10,072</u>	<u>-</u>	<u>29,068</u>	<u>39,140</u>
NET POSITION					
Unrestricted	<u>3,009</u>	<u>15,700</u>	<u>2,198</u>	<u>3,331</u>	<u>24,238</u>
Total Net Position	<u>\$ 3,009</u>	<u>\$ 15,700</u>	<u>\$ 2,198</u>	<u>\$ 3,331</u>	<u>\$ 24,238</u>

**LEONIA BOARD OF EDUCATION
ENRICHMENT PROGRAM ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Afterschool Enrichment</u>	<u>LMS Here We Come</u>	<u>SAT Prep</u>	<u>SMILE</u>	<u>Total Enrichment Program</u>
OPERATING REVENUES					
Charges for Services					
Program Fees		\$ 5,000	\$ 36,629	\$ 59,798	\$ 101,427
Miscellaneous	\$ 1,976	-	-	-	1,976
Total Operating Revenues	<u>1,976</u>	<u>5,000</u>	<u>36,629</u>	<u>59,798</u>	<u>103,403</u>
OPERATING EXPENSES					
Salaries and Employee Benefits		3,445	29,647	49,279	82,371
Supplies and Materials	25	2,846	4,785	-	7,656
Total Operating Expenses	<u>25</u>	<u>6,291</u>	<u>34,432</u>	<u>49,279</u>	<u>90,027</u>
Operating Income (Loss)	<u>1,951</u>	<u>(1,291)</u>	<u>2,197</u>	<u>10,519</u>	<u>13,376</u>
NONOPERATING REVENUES					
Investment Interest					
Interest Income	12	100	46	100	258
Total Nonoperating Revenues	<u>12</u>	<u>100</u>	<u>46</u>	<u>100</u>	<u>258</u>
Income (Loss) Before Transfers	1,963	(1,191)	2,243	10,619	13,634
Transfers Out	<u>(11)</u>	<u>(105)</u>	<u>(45)</u>	<u>(100)</u>	<u>(261)</u>
Change in Net Position	1,952	(1,296)	2,198	10,519	13,373
Net Position, Beginning of Year	<u>1,057</u>	<u>16,996</u>	<u>-</u>	<u>(7,188)</u>	<u>10,865</u>
Net Position, End of Year	<u>\$ 3,009</u>	<u>\$ 15,700</u>	<u>\$ 2,198</u>	<u>\$ 3,331</u>	<u>\$ 24,238</u>

**LEONIA BOARD OF EDUCATION
ENRICHMENT PROGRAM ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>After School Enrichment</u>	<u>LMS Here We Come</u>	<u>SAT Prep</u>	<u>SMILE</u>	<u>Total Enrichment Program</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$ 1,976	\$ 10,791	\$ 36,629	\$ 35,298	\$ 84,694
Cash Payments for Employees' Salaries and Benefits		(3,445)	(29,647)	(49,279)	(82,371)
Cash Payments to Suppliers for Goods and Services	(145)	(2,846)	(4,785)	-	(7,776)
Net Cash Provided (Used) By Operating Activities	<u>1,831</u>	<u>4,500</u>	<u>2,197</u>	<u>(13,981)</u>	<u>(5,453)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Payments to Other Funds	(11)	(105)	(45)	(100)	(261)
Net Cash Provided (Used) by Noncapital and Related Activities	<u>(11)</u>	<u>(105)</u>	<u>(45)</u>	<u>(100)</u>	<u>(261)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Earnings Received	12	100	46	100	258
Net Cash Provided by Investing Activities	<u>12</u>	<u>100</u>	<u>46</u>	<u>100</u>	<u>258</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,832	4,495	2,198	(13,981)	(5,456)
Cash and Cash Equivalents, Beginning of Year	1,177	21,277	-	46,380	68,834
Cash and Cash Equivalents, End of Year	<u>\$ 3,009</u>	<u>\$ 25,772</u>	<u>\$ 2,198</u>	<u>\$ 32,399</u>	<u>\$ 63,378</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 1,951	\$ (1,291)	\$ 2,197	\$ 10,519	\$ 13,376
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	-	5,791	-	(24,500)	(18,709)
Total Adjustments	<u>(120)</u>	<u>5,791</u>	<u>-</u>	<u>(24,500)</u>	<u>(18,829)</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 1,831</u>	<u>\$ 4,500</u>	<u>\$ 2,197</u>	<u>\$ (13,981)</u>	<u>\$ (5,453)</u>

FIDUCIARY FUNDS

NOT APPLICABLE

LONG-TERM DEBT

**LEONIA BOARD OF EDUCATION
LONG TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<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, 2020</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2021</u>
			<u>Date</u>	<u>Amount</u>					
School Improvement Bonds	7/15/2010	\$ 17,350,000				\$ 12,250,000		\$ 12,250,000	
School Refunding Bonds	12/1/2011	11,685,000	8/15/2021	\$ 1,250,000	5.000 %				
			8/15/2022	1,265,000	3.471				
			8/15/2023	1,305,000	3.854	5,020,000	-	1,200,000	\$ 3,820,000
School Refunding Bonds	7/16/2020	9,725,000	7/15/2021	765,000	3.000				
			7/15/2022	800,000	4.000				
			7/15/2023	845,000	4.000				
			7/15/2024	890,000	4.000				
			7/15/2025	935,000	4.000				
			7/15/2026	980,000	4.000				
			7/15/2027	1,035,000	5.000				
			7/15/2028	1,095,000	5.000				
			7/15/2029	1,155,000	5.000				
			7/15/2030	1,225,000	5.000	\$ -	\$ 9,725,000	\$ -	\$ 9,725,000
						<u>\$ 17,270,000</u>	<u>\$ 9,725,000</u>	<u>\$ 13,450,000</u>	<u>\$ 13,545,000</u>

Paid by Budget Appropriation	\$ 2,100,000
Paid by Refunding Bond Proceeds	<u>11,350,000</u>
	<u>\$ 13,450,000</u>

**LEONIA BOARD OF EDUCATION
LONG TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Amount of Original Issue	Interest Rate	Balance, July 1, 2020	Issued	Retired	Balance, June 30, 2021
<u>Capital Leases</u>						
Copier Leases	\$ 390,000	10.36%	\$ 275,685		\$ 75,211	\$ 200,474
Leonia High School Addition and Renovations	3,600,000	1.8961%	1,461,253		723,764	737,489
LED Lighting Upgrade	515,698	1.798%	190,494	-	94,398	96,096
Bus Lease	333,076	2.934%	264,479	-	63,280	201,199
Technology Infrastructure Project	1,732,400	1.098%	<u> -</u>	<u>\$ 1,732,400</u>	<u> -</u>	<u>1,732,400</u>
		4,115,698				
Total			<u>\$ 2,191,911</u>	<u>\$ 1,732,400</u>	<u>\$ 956,653</u>	<u>\$ 2,967,658</u>
				Paid by Budget Appropriation	<u>\$ 956,653</u>	

**LEONIA BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 2,272,403		\$ 2,272,403	\$ 2,272,403	
Miscellaneous				3,888	\$ 3,888
State Sources					
Debt Service Aid Type II	<u>456,272</u>	<u>-</u>	<u>456,272</u>	<u>456,272</u>	<u>-</u>
Total Revenues	<u>2,728,675</u>	<u>-</u>	<u>2,728,675</u>	<u>2,732,563</u>	<u>3,888</u>
EXPENDITURES					
Regular Debt Service					
Principal	2,100,000		2,100,000	2,100,000	
Interest	628,675	-	628,675	626,478	2,197
Cost of Issuance of Refunding Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,625</u>	<u>(123,625)</u>
Total Expenditures	<u>2,728,675</u>	<u>-</u>	<u>2,728,675</u>	<u>2,850,103</u>	<u>(121,428)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(117,540)</u>	<u>(121,428)</u>
Other Financing Sources (Uses)					
Refunding Bond Proceeds				9,725,000	9,725,000
Premium on Refunding Bonds Issued				1,788,150	1,788,150
Payments to Refunded Bonds Escrow Agent	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,388,144)</u>	<u>(11,388,144)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,006</u>	<u>125,006</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,466</u>	<u>3,578</u>
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,466</u>	<u>\$ 3,578</u>
<u>Recapitulation of Fund Balance:</u>					
Restricted for Debt Service:					
Available for Expenditures				<u>\$ 7,466</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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 15,026,093
Restricted	6,844,553	8,394,947	8,361,485	7,878,190	3,465,366	4,307,587	3,093,100	983,807	1,759,722	3,577,531
Unrestricted	<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>	<u>(6,785,464)</u>
Total Governmental Activities Net Position	\$ 10,017,295	\$ 13,563,942	\$ 15,304,926	\$ 8,755,970	\$ 9,113,335	\$ 6,480,157	\$ 6,763,538	\$ 6,237,523	\$ 7,220,589	\$ 11,818,160
Business-Type Activities										
Net Investment in Capital Assets	\$ 116,591	\$ 98,431	\$ 81,694	\$ 70,160	\$ 56,877	\$ 33,088	\$ 40,822	\$ 82,977	\$ 85,030	\$ 84,024
Unrestricted	<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>	<u>70,683</u>
Total Business-Type Activities Net Position	\$ 158,081	\$ 137,049	\$ 161,511	\$ 191,041	\$ 215,629	\$ 253,415	\$ 265,084	\$ 311,164	\$ 251,512	\$ 154,707
District-Wide										
Net Investment in Capital Assets	\$ 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	\$ 15,110,117
Restricted	6,844,553	8,394,947	8,361,485	7,878,190	3,465,366	4,307,587	3,093,100	983,807	1,759,722	3,577,531
Unrestricted	<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>	<u>(6,714,781)</u>
Total District Net Position	\$ 10,175,376	\$ 13,700,991	\$ 15,466,437	\$ 8,947,011	\$ 9,328,964	\$ 6,733,572	\$ 7,028,622	\$ 6,548,687	\$ 7,472,101	\$ 11,972,867

Note 1 - Net Position at June 30, 2020 has been restated to reflect the implementation of GASB Statement No. 84 "Fiduciary Activities".

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 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	\$ 19,710,908
Special Education	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	6,189,802
Other Instruction	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	773,611
School Sponsored Activities and Athletics					1,068,739	1,276,705	1,237,176	1,151,268	1,279,518	1,350,608
Support Services:										
Tuition			939,292	1,201,853						
Student and Instruction Related Services	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	6,671,478
General Administration	743,030	835,755	862,726	975,965	1,027,863	1,038,399	1,005,807	1,114,915	923,605	1,204,657
School Administrative Services	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	3,809,080
Central Services and Info. Technology	501,602	517,856	532,921	534,720	672,407	776,196	774,779	662,263	647,616	668,540
Administrative Technology Information	51,104	49,927	342,135	52,041						
Plant Operations And Maintenance	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	4,357,316
Pupil Transportation	864,890	869,404	735,952	1,219,968	1,010,974	1,229,918	1,159,054	1,163,416	1,032,284	642,324
Interest On Long-Term Debt	1,203,519	1,102,316	1,174,041	971,609	963,811	910,328	859,269	867,139	763,656	551,298
Unallocated Depreciation	612,347	609,110	613,111	1,245,092	-	-	-	-	-	-
Total Governmental Activities Expenses	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	45,929,622
Business-Type Activities										
Food Service	654,910	597,490	594,031	610,360	599,559	598,168	636,420	621,841	541,572	417,894
Enrichment Program	-	-	-	-	41,143	35,075	44,192	49,359	146,480	90,027
Total Business-Type Activities Expense	654,910	597,490	594,031	610,360	640,702	633,243	680,612	671,200	688,052	507,921
Total District Expenses	\$ 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	\$ 46,437,543
Program Revenues										
Governmental Activities										
Charges For Services	\$ 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	\$ 10,807,764
Operating Grants and Contributions	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	13,525,396
Capital Grants and Contributions	-	-	-	-	-	-	-	160,703	11,440	3,000
Total Governmental Activities Program Revenues	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	24,336,160
Business-Type Activities										
Charges For Services										
Food Service	434,217	391,202	402,676	404,103	407,154	425,997	447,251	469,379	341,262	2,980
Enrichment Program			32,885	50,190	57,750	42,985	53,919	63,350	99,279	103,403
Operating Grants And Contributions	151,451	185,256	182,932	185,976	200,385	202,047	189,718	182,226	185,864	303,842
Total Business Type Activities Program Revenues	585,668	576,458	618,493	640,269	665,289	671,029	690,888	714,955	626,405	410,225
Total District Program Revenues	\$ 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	\$ 24,746,385
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (21,593,462)
Business-Type Activities	(69,242)	(21,032)	24,462	29,909	24,587	37,786	10,276	43,755	(61,647)	(97,696)
Total District-Wide Net Expenses	\$ (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)	\$ (21,691,158)

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Assets										
Governmental Activities										
Property Taxes Levied For General Purposes, Net	\$ 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	\$ 20,777,801
Taxes Levied For Debt Service	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	2,272,403
Federal and State Aid - Unrestricted	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	2,557,344
Federal and State Aid Restricted	366,712	337,697	399,928	411,785	271,843	286,683	303,189	316,701	332,615	351,432
Miscellaneous Income	386,138	576,366	437,312	449,432	45,936	40,718	477,220	195,538	138,200	231,792
Transfers	-	-	-	-	-	-	-	-	-	261
Total Governmental Activities	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	26,191,033
Business-Type Activities										
Miscellaneous Income	-	-	-	-	-	-	1,393	2,325	1,995	1,152
Transfers	-	-	-	-	-	-	-	-	-	(261)
Total Business-Type Activities	-	-	-	-	-	-	1,393	2,325	1,995	891
Total District-Wide	\$ 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	\$ 26,191,924
Change in Net Position										
Governmental Activities	\$ 2,318,603	\$ 3,546,647	\$ 1,740,984	\$ 1,247,045	\$ 599,027	\$ (2,633,178)	\$ 283,381	\$ (526,015)	\$ 549,251	\$ 4,597,571
Business-Type Activities	(69,242)	(21,032)	24,462	29,909	24,587	37,786	11,669	46,080	(59,652)	(96,805)
Total District	\$ 2,249,361	\$ 3,525,615	\$ 1,765,446	\$ 1,276,954	\$ 623,614	\$ (2,595,392)	\$ 295,050	\$ (479,935)	\$ 489,599	\$ 4,500,766

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Restricted	\$ 4,102,406	\$ 6,270,780	\$ 7,399,276	\$ 7,332,373	\$ 8,183,692	\$ 9,033,535	\$ 4,996,501	\$ 3,238,778	\$ 2,786,135	\$ 4,595,996
Assigned	530,138	760,823	657,372	1,520,191	606,319	85,917	560,253	365,823	35,250	583,764
Unassigned	<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>	<u>678,173</u>
Total General Fund	<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>\$ 2,901,813</u>	<u>\$ 5,857,933</u>
All Other Governmental Funds										
Restricted	\$ 2,498,255	\$ 2,132,104	\$ 962,209	\$ 959,618	\$ 1,028,416	\$ 4,466,564	\$ 2,859,066	\$ 433,340	\$ 315,370	\$ 1,988,954
Committed	425,533		879,928	115,546						
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<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>\$ 315,370</u>	<u>\$ 1,988,954</u>

Note 1 - Fund Balance at June 30, 2020 has been restated to reflect the implementation of GASB Statement No. 84 "Fiduciary Activities".

**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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Tax Levy	\$ 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	\$ 23,050,204
Tuition Charges	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	9,588,769
Transportation	472,442	598,244	546,141	557,067	482,141	539,967	586,457	650,494	540,589	903,790
Miscellaneous	410,492	622,312	499,934	496,979	575,702	429,541	795,821	474,880	542,290	554,792
State Sources	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	10,898,645
Federal Sources	660,516	533,549	530,046	546,460	608,387	656,210	597,568	614,349	653,373	846,146
Total Revenues	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	45,842,346
Expenditures										
Instruction										
Regular Instruction	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	16,668,932
Special Education Instruction	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	5,422,765
Other Instruction	1,766,825	1,907,323	1,040,983	1,028,180	603,795	760,353	878,046	984,940	938,447	634,382
School Sponsored Activities and Athletics					874,030	897,077	951,417	1,007,357	1,156,439	1,179,840
Support Services										
Tuition			939,292	1,201,853						
Student and Inst. Related Services	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	5,756,452
General Administrative Services	743,030	835,755	723,608	750,821	997,939	934,715	920,643	1,030,327	875,143	993,592
School Administrative Services	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	3,234,150
Central Administrative Services	501,602	517,856	387,404	313,598	595,405	614,669	641,536	599,517	604,841	593,016
Administrative Information Technology	51,104	49,926	51,175	52,041						
Plant Operations And Maintenance	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	4,053,607
Student Transportation Services	863,341	869,404	733,727	883,266	975,778	1,111,305	1,056,321	1,091,891	998,920	576,382
Unallocated Employee Benefits			7,274,017	7,890,539						
Capital Outlay	546,524	824,652	458,958	966,653	348,458	1,325,907	4,768,691	2,775,454	804,329	1,511,481
Debt Service										
Principal	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	3,131,653
Interest	2,139,381	1,120,872	1,060,742	1,006,478	964,967	900,044	865,434	863,649	784,821	690,432
Cost of Issuance	-	-	-	-	-	-	-	-	-	123,635
Total Expenditures	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	44,570,319
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	306,307	1,915,210	457,739	(96,004)	(107,067)	(342,651)	(5,075,424)	(4,780,259)	(1,803,502)	1,272,027
Other Financing Sources (Uses)										
Capital Lease Proceeds					281,629	4,115,698		390,000	333,076	1,732,400
Shared Service Agreement Proceeds										1,500,000
Bond Proceeds	871,565	-	-	-	-	-	-	-	-	9,725,000
Premium on Bonds Issued										1,788,150
Payments to Refunding Bond Escrow Agent										(11,388,114)
Transfers In								358,510	356,516	30,478
Transfers Out								(358,510)	(356,516)	(30,217)
Total Other Financing Sources (Uses)	871,565	-	-	-	281,629	4,115,698	-	390,000	333,076	3,357,697
Net Change in Fund Balances	\$ 1,177,872	\$ 1,915,210	\$ 457,739	\$ (96,004)	\$ 174,562	\$ 3,773,047	\$ (5,075,424)	\$ (4,390,259)	\$ (1,470,426)	\$ 4,629,724
Debt Service as a Percentage of Noncapital Expenditures	10.55%	8.14%	8.18%	7.96%	7.83%	7.71%	9.26%	8.71%	8.80%	8.88%

* 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>
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
2021	23,209	84,150		81,236	135,285	69,145	393,025

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
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
2021	6,222,800	1,067,258,700	75,091,400	22,454,500	70,884,800	1,241,912,200	772,624	1,242,684,824	1,559,500,435	1.928

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	
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
2021	1.928	0.956	0.317	3.201

Source: County Abstract of Ratables

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

Taxpayer	2021		2012	
	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%	\$ 9,500,000	0.71%
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%
Center Point Willow Trees, LLC	8,000,000	0.64%	8,937,300	0.67%
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%	7,000,000	0.52%
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%
	<u>\$ 71,996,300</u>	<u>5.79%</u>	<u>\$ 68,534,700</u>	<u>5.10%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount Collected	Percentage of Levy
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%
2021	23,050,204	23,050,204	100.00%		23,050,204	100.00%

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases			
2012	\$ 31,730,000	\$ 121,088	\$ 31,851,088	8,954	\$ 3,557
2013	30,230,000	92,424	30,322,424	9,010	3,365
2014	28,545,000	62,714	28,607,714	9,038	3,165
2015	26,805,000	31,919	26,836,919	9,060	2,962
2016	25,010,000	231,901	25,241,901	9,072	2,782
2017	23,155,000	4,245,163	27,400,163	9,088	3,015
2018	21,245,000	3,364,082	24,609,082	9,106	2,703
2019	19,295,000	2,798,296	22,093,296	9,074	2,435
2020	17,270,000	2,191,911	19,461,911	9,035	2,154
2021	13,545,000	2,967,658	16,512,658	8,988	1,837

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			
2012	\$ 31,730,000		\$ 31,730,000	2.36%	\$ 3,544
2013	28,545,000		28,545,000	2.14%	3,168
2014	28,545,000		28,545,000	2.33%	3,158
2015	26,805,000		26,805,000	2.19%	2,959
2016	25,010,000		25,010,000	2.05%	2,757
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%	2,124
2020	17,270,000		17,270,000	1.39%	1,911
2021	13,545,000	7,466	13,537,534	1.09%	1,506

Source: District records

**LEONIA BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2020
(Unaudited)**

Gross Debt

Municipal Debt: (1)	
Leonia Board of Education (As of June 30, 2021)	\$ 13,545,000
Borough of Leonia	<u>19,118,978</u>
	<u>32,663,978</u>
Overlapping Debt Apportioned to the Municipality:	
Bergen County	
County of Bergen (A)	12,297,557
Bergen County Utilities Authority (B)	<u>1,603,872</u>
	<u>13,901,429</u>
Total Direct and Overlapping Debt	<u><u>\$ 46,565,407</u></u>

Source:

(1) Borough of Leonia's 2020 Annual Debt Statement

(A) The debt for this entity was apportioned to Leonia by dividing the municipality's 2020 equalized value by the total 2020 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)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 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	\$ 59,687,756
Total Net Debt Applicable to Limit	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	13,545,000
Legal Debt Margin	<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>	<u>\$ 46,142,756</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	55.46%	57.89%	57.25%	52.02%	47.77%	43.28%	38.64%	34.45%	29.94%	22.69%

Legal Debt Margin Calculation for Fiscal Year 2020

Equalized Valuation Basis	
2020	\$ 1,551,667,626
2019	1,497,179,540
2018	<u>1,427,734,497</u>
	<u>\$ 4,476,581,663</u>
3 Year Average	<u>\$ 1,492,193,888</u>
4% of Avg. Equalized Valuation	\$ 59,687,756
Less Net Debt	<u>13,545,000</u>
Remaining Borrowing Power	<u>\$ 46,142,756</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>
2012	8.1%	\$ 66,068	8,954
2013	5.1%	69,056	9,010
2014	4.5%	72,164	9,038
2015	3.7%	71,699	9,060
2016	3.3%	74,480	9,072
2017	3.1%	77,767	9,088
2018	2.9%	79,407	9,106
2019	2.1%	81,676	9,074
2020	2.1% *	86,404	9,035
2021	9.0%	89,456	8,988

Source: (1) NJ Department of Labor, Bureau of Labor Force Statistics
(2) County Per Capital Personal Income
* Estimated

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

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>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>2021</u>
Instruction										
Regular	120	145	147	145	145	146	147	180	182	142
Special Education	52	87	49	44	44	46	46	26	28	55
Other Instruction										4
Support Services:										
General Administrative Services	5	9	10	10	10	10	10	6	6	4
School Administrative Services	12	31	17	12	12	12	12	11	11	19
Plant Operations and Maintenance	24	26	26	23	23	23	23	30	34	41
Total	<u>213</u>	<u>298</u>	<u>249</u>	<u>234</u>	<u>234</u>	<u>237</u>	<u>238</u>	<u>253</u>	<u>261</u>	<u>265</u>

Source: District Personnel Records

N/A - Not Available

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Pupil/Teacher Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School	Senior High School				
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%
2021	2,082	39,113,118	18,786	-1.98%	175	11:1	11:1	12:1	2,073	2,031	2.57%	97.97%

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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
District Building										
<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	641	649	673	686	718	728
<u>Middle School</u>										
Leonida Middle School										
Square Feet	115,540	115,540	115,540	115,540	115,540	115,540	115,540	115,540	115,540	115,540
Capacity (students)	550	550	550	550	550	550	550	550	550	550
Enrollment	490	490	490	490	499	515	533	534	525	534
<u>High School</u>										
Leonida High School										
Square Feet	120,790	120,790	120,790	120,790	120,790	120,790	120,790	120,790	134,996	134,996
Capacity (students)	700	700	700	700	700	700	700	700	700	700
Enrollment	616	616	616	616	675	659	687	739	784	820
<u>Other</u>										
Central Administration										
Square Feet	1800	1800	1800	1800	1800	1800	1800	1800	2500	2500

Number of Schools at June 30, 2021

- 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>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>2021</u>
<u>School Facilities</u>										
Anna C. Scott	\$ 111,088	\$ 179,600	\$ 287,314	\$ 256,955	\$ 240,027	\$ 249,715	\$ 187,057	\$ 219,120	\$ 273,317	\$ 301,659
Middle School	174,431	161,588	256,253	229,176	239,222	186,815	134,033	157,007	195,840	216,148
High School	<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>	<u>195,819</u>
	464,599	488,709	776,524	694,473	788,364	662,260	442,516	518,367	646,578	713,626
Other Facilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Grand Total	<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>	<u>\$ 713,626</u>

**LEONIA BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2021
(Unaudited)**

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
School Alliance Insurance Fund:		
Commercial Package Policy		
Property - Blanket Building and Contents	\$ 99,365,556	\$ 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		
Blanket Employee Dishonesty	500,000	1,000
Forgery and Alterations	50,000	1,000
Theft, Disappearance and Destruction - Inside/Outside	50,000	1,000
Computer Fraud	50,000	1,000
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, 2021
(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.		
Rashon Hasan	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
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ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, 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, 2021 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 April 4, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Leonia of Education's internal control over financial reporting (internal control) as a basis for designing 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 have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which is described in the accompanying schedule of findings and questioned costs as item 2021-001.

We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Leonia Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated April 4, 2022.

Leonía Board of Education's Responses to Findings


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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Leonia Board of Education's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Leonia Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lerch, Vinci & Higgins, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
April 4, 2022



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, 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, 2021. 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, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with 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 2021-002 and 2021-003. 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 have not been 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 2021-002 that we consider to be a significant deficiency.

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

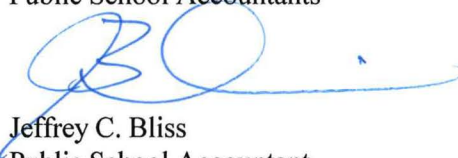
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable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

Report on 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, 2021 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 April 4, 2022, 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
April 4, 2022

LEONIA BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2020			Carryover/ Deferred Revenue	Carryover/ (Accounts Receivable)	Cash Received	Budgetary Expenditures	June 30, 2021				Memo GAAP Receivable
						(Accounts Receivable)	Unearned Revenue	Due to Grantor					Refund of Prior Years' Balances	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	211NJ304N1099	N/A	7/1/20-6/30/21	\$ 32,699					\$ 32,699	\$ 30,516				\$ 2,183		
Food Distribution Commodities Program	10.555	201NJ304N1099	N/A	7/1/19-6/30/20	43,800		\$ 1,147				1,147				-		
National School Lunch Program	10.555	211NJ304N1099	N/A	7/1/20-6/30/21	176,884					158,859	176,884		\$ (18,025)			\$ (18,025)	
National School Lunch Program	10.555	201NJ304N1099	N/A	7/1/19-6/30/20	115,558	\$ (6,803)				6,803						-	
National School Breakfast Program	10.553	211NJ304N1099	N/A	7/1/20-6/30/21	84,963					76,796	84,963		(8,167)			(8,167)	
National School Breakfast Program	10.553	201NJ304N1099	N/A	7/1/19-6/30/20	20,894	(3,597)				3,597						-	
Total U.S. Department of Agriculture - Child Nutrition Program Cluster						(10,400)	1,147	-	-	-	278,754	293,510	-	(26,192)	2,183	-	(26,192)
U.S. Department of Education Passed-through State Department Special Revenue Fund																	
ESEA																	
Title I	84.010	S010A200030	NCLB031345-21	7/1/20-9/30/21	157,587			\$ 21,078	\$ (21,078)	98,228	147,796		(80,437)	30,869	-	(49,568)	
Title I	84.010	S010A190030	NCLB031345-20	7/1/19-9/30/20	141,913	(132,364)	25,092	-	21,078	111,286	-	-	-	-	\$ 4,014	-	
Total ESEA Title I						(132,364)	25,092	-	-	209,514	147,796	-	(80,437)	30,869	4,014	(49,568)	
Title II, Part A	84.367A	S367A200029	NCLB031345-21	7/1/20-9/30/21	35,252			3,369	(3,369)	23,011	36,021		(15,610)	2,600	-	(13,010)	
Title II, Part A	84.367A	S367A190029	NCLB031345-20	7/1/19-9/30/20	30,871	(23,938)	14,890	-	3,369	20,569	-	-	-	-	11,521	-	
Total ESEA Title II, Part A						(23,938)	14,890	-	-	43,580	36,021	-	(15,610)	2,600	11,521	(13,010)	
Title III	84.365	S365A2000030	NCLB031345-21	7/1/20-9/30/21	19,489			13,532	(13,532)	6,755	11,058		(26,266)	21,963	-	(4,303)	
Title III	84.365	S365A1900030	NCLB031345-20	7/1/19-9/30/20	13,179	(20,793)	13,195	-	13,532	8,761	-	-	-	-	1,163	-	
Title III Immigrant	84.365	S365A2000030	NCLB031345-21	7/1/20-9/30/21	-			2,550	(2,550)	-	2,061		(2,550)	489	-	(2,061)	
Title III Immigrant	84.365	S365A1900030	NCLB031345-20	7/1/19-9/30/20	8,011	(8,011)	5,697	-	2,550	3,961	-	-	-	-	1,647	-	
Total ESEA Title III Cluster						(28,804)	18,892	-	-	19,477	13,119	-	(28,816)	22,452	2,810	(6,364)	
Title IV	84.424	S424A2000031	NCLB031345-21	7/1/20-9/30/21	10,477			3,344	(3,344)	6,548	12,634		(7,273)	1,187	-	(6,086)	
Title IV	84.424	S424A1900031	NCLB031345-20	7/1/19-9/30/20	10,000	(10,172)	10,037	-	3,344	6,828	-	-	-	-	6,693	-	
Total ESEA Title IV						(10,172)	10,037	-	-	13,376	12,634	-	(7,273)	1,187	6,693	(6,086)	
I.D.E.I.A. Part B, Basic Regular																	
I.D.E.I.A. Part B, Basic Regular	84.027	H027A210100	NCLB031345-21	7/1/20-9/30/21	415,819			3,427	(3,427)	296,813	416,599		(122,433)	2,647	-	(119,786)	
I.D.E.I.A. Part B, Basic Regular	84.027	H027A200100	NCLB031345-20	7/1/19-9/30/20	380,509	(213,064)	10,800	-	3,427	209,637	-	-	-	-	7,373	-	
I.D.E.I.A. Part B, Basic Regular	84.027	H027A180100	NCLB031345-18	7/1/17-6/30/18	362,165			\$ 21,091							-	-	
I.D.E.I.A. Part B, Preschool	84.173	H173A200114	NCLB031345-21	7/1/20-9/30/21	11,491			6,664	(6,664)	3,135	12,319		(15,020)	5,836	-	(9,184)	
I.D.E.I.A. Part B, Preschool	84.173	H173A200114	NCLB031345-20	7/1/19-9/30/20	11,292	(22,215)	6,664	-	(6,664)	15,551	-	-	-	-	-	-	
Total Special Education Cluster IDEA						(235,279)	17,464	21,091	-	-	525,136	428,918	21,091	(137,453)	8,483	7,373	(128,970)
Perkins Secondary																	
Perkins Secondary	84.048A	V048A210030	N/A	7/1/20-6/30/21	11,776					442	10,780		(11,334)	996	-	(10,338)	
Perkins Secondary	84.048A	V048A200030	N/A	7/1/19-6/30/20	10,064	(4,494)	171	-	-	4,323	-	-	-	-	-	-	
Perkins Secondary	84.048A	V048A160030	N/A	7/1/16-6/30/17	11,614	(284)	-	-	-	-	-	-	(284)	-	-	(284)	
Total Perkins Secondary						(4,778)	171	-	-	4,765	10,780	-	(11,618)	996	-	(10,622)	

**LEONIA BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2020			Carryover/ Deferred Revenue	Carryover/ (Accounts Receivable)	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	June 30, 2021			Memo GAAP Receivable
						(Accounts Receivable)	Unearned Revenue	Due to Grantor						Accounts Receivable	Unearned Revenue	Due to Grantor	
Elementary and Secondary School Emergency Relief (ESSER)																	
Coronavirus Aid, Relief, and Economic Security (CARES) Act																	
CARES Emergency Relief Grant	84.425D	5425D200027	N/A	3/13/20-9/30/22	\$ 120,304	-	-	-	-	\$ 114,140	\$ 113,044	-	\$ (6,164)	\$ 7,260	-	-	
Elementary and Secondary School Emergency Relief (ESSER II)																	
Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act																	
ESSER II	84.425D	S425D210027	N/A	3/13/20-9/30/23	500,121	-	-	-	-	-	-	-	(500,121)	500,121	-	-	
Learning Acceleration	84.425D	S425D210027	N/A	3/13/20-9/30/23	32,096	-	-	-	-	-	-	-	(32,096)	32,096	-	-	
Mental Health	84.425D	S425D210027	N/A	3/13/20-9/30/23	45,000	-	-	-	-	-	-	-	(45,000)	45,000	-	-	
Total ESSER Cluster						<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,140</u>	<u>113,044</u>	<u>-</u>	<u>(583,381)</u>	<u>584,477</u>	<u>-</u>	<u>-</u>	
Coronavirus Relief Fund																	
CARES Act - Bergen County Pass Thru	21.019	N/A	N/A	3/1/20-12/31/21	57,946	-	-	-	-	57,946	57,946	-	-	-	-	-	
Coronavirus Relief Fund	21.019	N/A	N/A	3/1/20-12/31/21	34,222	-	-	-	-	34,222	34,222	-	-	-	-	-	
Total CRF Program Cluster						<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,168</u>	<u>92,168</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total Special Revenue Fund						<u>\$ (435,335)</u>	<u>\$ 86,546</u>	<u>\$ 21,091</u>	<u>-</u>	<u>-</u>	<u>1,022,156</u>	<u>854,480</u>	<u>\$ 21,091</u>	<u>(864,588)</u>	<u>651,064</u>	<u>\$ 32,411</u>	<u>\$ (214,620)</u>
U.S. Department of Health and Human Services																	
General Fund																	
Medical Assistance Program (SEMI)	93.778	1805NJSMAP	N/A	7/1/20-6/30/21	60,324	-	-	-	-	60,324	60,324	-	-	-	-	-	
Total General Fund						<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,324</u>	<u>60,324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total Federal Financial Awards						<u>(445,735)</u>	<u>87,693</u>	<u>21,091</u>	<u>-</u>	<u>-</u>	<u>1,361,234</u>	<u>1,208,314</u>	<u>21,091</u>	<u>(890,780)</u>	<u>653,247</u>	<u>32,411</u>	<u>(240,812)</u>

LEONIA BOARD OF EDUCATION
 SCHEDULE OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2020			Refund of Prior Years' Balances	Balance, June 30, 2021			Memo		
				(Accounts Receivable)	Due to Grantor	Cash Received		Budgetary Expenditures	(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education													
<i>General Fund</i>													
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	\$ 2,569,576			\$ 2,332,614	\$ 2,569,576		\$ (236,962)			\$ 2,569,576	
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	2,569,576	\$ (224,730)		224,730							
Special Education Categorical Aid	21-495-034-5120-089	7/1/20-6/30/21	928,663			843,023	928,663		(85,640)			928,663	
Special Education Categorical Aid	20-495-034-5120-089	7/1/19-6/30/20	896,489	(78,405)		78,405							
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	36,798			33,405	36,798		(3,393)			36,798	
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	36,798	(3,218)		3,218							
Total State Aid Public Cluster				(306,353)		3,515,395	3,535,037		(325,995)			3,535,037	
Extraordinary Aid	21-495-034-5120-044	7/1/20-6/30/21	363,804				363,804		(363,804)			363,804	
Extraordinary Aid	20-495-034-5120-044	7/1/19-6/30/20	320,749	(320,749)		320,749							
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	7/1/20-6/30/21	1,176,396			1,119,110	1,176,396		(57,286)		\$ (57,286)	1,176,396	
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19-6/30/20	1,148,124	(114,330)		114,330							
On Behalf TPAF Pension and OPEB Pension Benefit Contribution	21-495-034-5094-002	7/1/20-6/30/21	4,055,064			4,055,064	4,055,064					4,055,064	
Pension - NCGI Premium	21-495-034-5094-004	7/1/20-6/30/21	77,153			77,153	77,153					77,153	
Post Retirement Medical Benefit Contribution	21-495-034-5094-001	7/1/20-6/30/21	1,294,972			1,294,972	1,294,972					1,294,972	
Long Term Disability Insurance	21-495-034-5094-004	7/1/20-6/30/21	2,644			2,644	2,644					2,644	
Total General Fund				(741,432)		10,499,417	10,505,070		(747,085)		(57,286)	10,505,070	
<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					
Nursing Services	20-100-034-5120-070	7/1/19-6/30/20	3,201		3,201			3,201					
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					
Total Special Revenue Fund					11,078			11,078					
Debt Service Fund													
Type II Debt Service Aid	21-495-034-5120-017	7/1/20-6/30/21	456,272			456,272	456,272					456,272	
State Department of Agriculture													
<i>Enterprise Fund</i>													
State School Lunch Program	21-100-010-3350-023	7/1/20-6/30/21	8,744			7,460	8,744		(1,284)		(1,284)	8,744	
State School Lunch Program	20-100-010-3350-023	7/1/19-6/30/20	4,700	(108)		1,696	1,588					1,588	
				(108)		9,156	10,332		(1,284)		(1,284)	10,332	
Total State Financial Assistance Subject to Single Audit Determination				(741,540)	11,078	10,964,845	10,971,674	11,078	(748,369)		(58,570)	10,971,674	
State Financial Assistance Not Subject to Single Audit Determination													
<i>General Fund</i>													
On-Behalf TPAF Pension System Contributions	21-495-034-5094-002	7/1/20-6/30/21	4,055,064			(4,055,064)	(4,055,064)					(4,055,064)	
On-Behalf TPAF Pension-NCGI Premium	21-495-034-5094-004	7/1/20-6/30/21	77,153			(77,153)	(77,153)					(77,153)	
On-Behalf TPAF Post-Retirement Medical Contribution	21-495-034-5094-001	7/1/20-6/30/21	1,294,972			(1,294,972)	(1,294,972)					(1,294,972)	
On-Behalf TPAF Long Term Disability Insurance	21-495-034-5094-004	7/1/20-6/30/21	2,644			(2,644)	(2,644)					(2,644)	
Total State Financial Assistance Subject to Major Program Determination				\$ (741,540)	\$ 11,078	\$ 5,535,012	\$ 5,541,841	\$ 11,078	\$ (748,369)	\$ -	\$ -	\$ (58,570)	\$ 5,541,841

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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, 2021**

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 \$62,697 for the general fund and a decrease of \$68,658 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 60,324	\$ 10,442,373	\$ 10,502,697
Special Revenue Fund	785,822		785,822
Debt Service Fund		456,272	456,272
Food Service Fund	293,510	10,332	303,842
	<u>293,510</u>	<u>10,332</u>	<u>303,842</u>
Total Awards and Financial Assistance	<u>\$ 1,139,656</u>	<u>\$ 10,908,977</u>	<u>\$ 12,048,633</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, 2021**

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 \$1,176,396 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, 2021. The amount reported as TPAF Pension System Contributions in the amount of \$4,132,217, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,294,972 and TPAF Long-Term Disability Insurance in the amount of \$2,644 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2021.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

**LEONIA BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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? yes X no

Federal Awards Section

Internal Control over major programs:

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

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

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

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

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>FAIN</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>H027A180100</u>	<u>IDEA Part B Basic</u>
<u>84.173</u>	<u>H173A180114</u>	<u>IDEA Part B Preschool</u>
<u>84.425D</u>	<u>N/A</u>	<u>ESSER Cluster</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

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

Auditee qualified as low-risk auditee? yes X no

**LEONIA BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Part I – Summary of Auditor’s Results

State Awards Section

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

\$750,000

Auditee qualified as low-risk auditee?

 yes X no

Internal Control over major programs:

(1) Material weakness(es) identified?

 yes X no

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

 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)
495-034-5120-078
495-034-5120-089
495-034-5120-084
495-034-5120-017

Name of State Program
Equalization Aid
Special Education Aid
Security Aid
Type II Debt Service Aid

**LEONIA BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 2021-001

We were not provided with purchase orders and vendor invoices or other supporting documentation for numerous payments made during the fiscal year. Additionally in certain instances the purchase order copy was not available for audit. We also noted in certain instances the purchase order amount and the documentation supporting the payment amount were not in agreement.

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 or 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 (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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

CURRENT YEAR FEDERAL AWARDS

There are none.

**LEONIA BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 2021-002

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:

- Certain purchases exceeding the bid threshold that were awarded through State contract and cooperative purchasing programs were not approved in the minutes.
- State contract and cooperative purchasing program contract award documentation was not on file or available for audit for certain vendors.
- We noted payments made that exceeded the quote threshold, for which documentation to support competitive quotes were sought was not available for audit.
- The post award advertisement for a professional service contract award in excess of the bid threshold was not available for audit.
- 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, 2021**

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 2021-002 (Continued)

Context:

- Purchases and contracts for technology infrastructure upgrades and classroom supplies were made in excess of the bid threshold were made through a state contract and cooperative purchasing program.
- Contract award documentation was not on file and available for audit for purchase of chromebooks, technology infrastructure upgrades and classroom supplies made through a state contract and cooperative purchasing program.
- 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.
- Copy of the post-award advertisement was not available for audit for a professional services contracts award.

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, 2021**

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 2021-003

Our audit of the A.S.S.A. indicated variances when comparing the number of students reported on the ASSA with the number of students on the District's supporting workpapers for Resident Low Income, LEP Low Income and LEP Not Low Income categories.

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:

See Finding 2021-003.

Questioned Costs:

Unknown.

Context:

The District reported 179 students as Resident Low Income on the ASSA. Supporting workpapers reflected 191 students for a net variance of 12 students.

The District reported 25 students as LEP Low Income on the ASSA. Supporting workpapers reflected 27, for a net variance of 2.

The District reported 60 students as LEP Not Low Income. Supporting workpapers reflected 54 for a net variance of 2.

Effect:

Noncompliance with State Aid Public Compliance Requirements.

Cause:

Unknown.

Recommendation:

Greater care be taken over the preparation of the Application for State School Aid (A.S.S.A.) to ensure students reported on the ASSA agree with District workpapers.

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, 2021**

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 2020-001

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.

Current Status

See Finding 2021-001.

Finding 2020-002

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

Corrective action was taken.

Finding 2020-003

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

Corrective action was taken.

**LEONIA BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 2020-004

Condition

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

Current Status

Corrective action was taken.

Finding 2020-005

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.

Current Status

See Finding 2021-002.

Finding 2020-006

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.

Current Status

See Finding 2021-003.