

VERONA BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Verona, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Verona Board of Education

Verona, New Jersey

For The Fiscal Year Ended June 30, 2012

Prepared by

Business Office

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INTRODUCTORY SECTION

JOHN QUATTROCCHI,
BOARD PRESIDENT

JOSEPH T. BELLINO,
BOARD VICE PRESIDENT

DAWN DUBOIS
GLENN ELLIOTT
MICHAEL UNIS

VERONA BOARD OF EDUCATION

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SUPERINTENDENT OF SCHOOLS

CHERYL A. NARDINO, CPA
BUSINESS ADMINISTRATOR/
BOARD SECRETARY

DOROTHY M. TRIMMER,
TREASURER OF SCHOOL MONIES

Honorable President and
Members of the Board of Education
Verona Public Schools
Verona, New Jersey 07044

Dear Board Members:

The comprehensive annual financial report of the Verona Public Schools for the fiscal year ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rest with the management of the Board of Education. 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.

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 it. The MD&A can be found immediately following the "Independent Auditors' Report".

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

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act as amended and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments" and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: Verona School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The Verona Board of Education and all its schools constitute the District's reporting entity.

1) REPORTING ENTITY AND ITS SERVICES (Continued)

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, vocational, as well as special education programs for handicapped youngsters. The District completed the 2011-2012 fiscal year with an enrollment of 2,218 students, which is 49 students more than the previous year's enrollment. The following details the changes in the student enrollment of the District for the last five years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2007-2008	2,043	-.02%
2008-2009	2,080	+1.8%
2009-2010	2,152	+3.46%
2010-2011	2,169	+1%
2011-2012	2,218	+2%

2) ECONOMIC CONDITION AND OUTLOOK: The Township of Verona is a fully developed community, which has a middle class socio-economic character to it. The community is primarily residential in character; however, it does have intensive commercial use on Bloomfield Avenue and Pompton Avenue, which gives the Township an urban downtown shopping district. Industrial use is limited in nature.

3) MAJOR INITIATIVES:

District Goals 2011-2012

1. Plan for the implementation a new system of teacher evaluation.
2. Create a system of internships for VHS students.
3. Improve District Technology Department
4. Reduce Administrative spending
5. Increase outside revenue

Other Initiatives Underway

5th year: Strategic Plan

- Align, modify K-12 Curriculum
- Curricular and Co-Curricular focus on programs of character
- Expanded community partnerships
- Curricular initiative training
- Expansion of Professional Development Sharing with Caldwell, Glen Ridge and Montclair Public Schools
- Improve HIB reporting to the BOE
- Create new field trip procedures
- Update Code of Conduct and 24/7 policy
- Create uniform non-union staff contracts

Other Initiatives Underway (Continued)

- Understanding by Design training
- Community Resource Committee
- Scope & Sequence Development

4) INTERNAL ACCOUNTING CONTROLS: The administration of the district is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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.

The Board of Trustees has created a Finance Committee, comprised of two board members, Superintendent of Schools and the Business Administrator/Board Secretary, to oversee the fiscal policies, practices and budget controls of the District. The Committee meets on a monthly basis and reports to the full Board with the findings and recommendations.

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, the special revenue and the debt service funds. Project-length budgets are approved for the capital improvements accounted for in the capital projects 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 reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2012.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds, which are explained in "Notes to the Basic Financial Statements", Note 1.

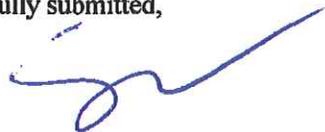
7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 4. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from 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.

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

9) 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 of Trustees. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of a single audit in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04. The auditors' report on the basic financial statements and individual fund financial statements and schedules are included in the financial section of this report. The auditors' report related specifically to the single audit is included in the single audit section of this report.

10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Verona Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

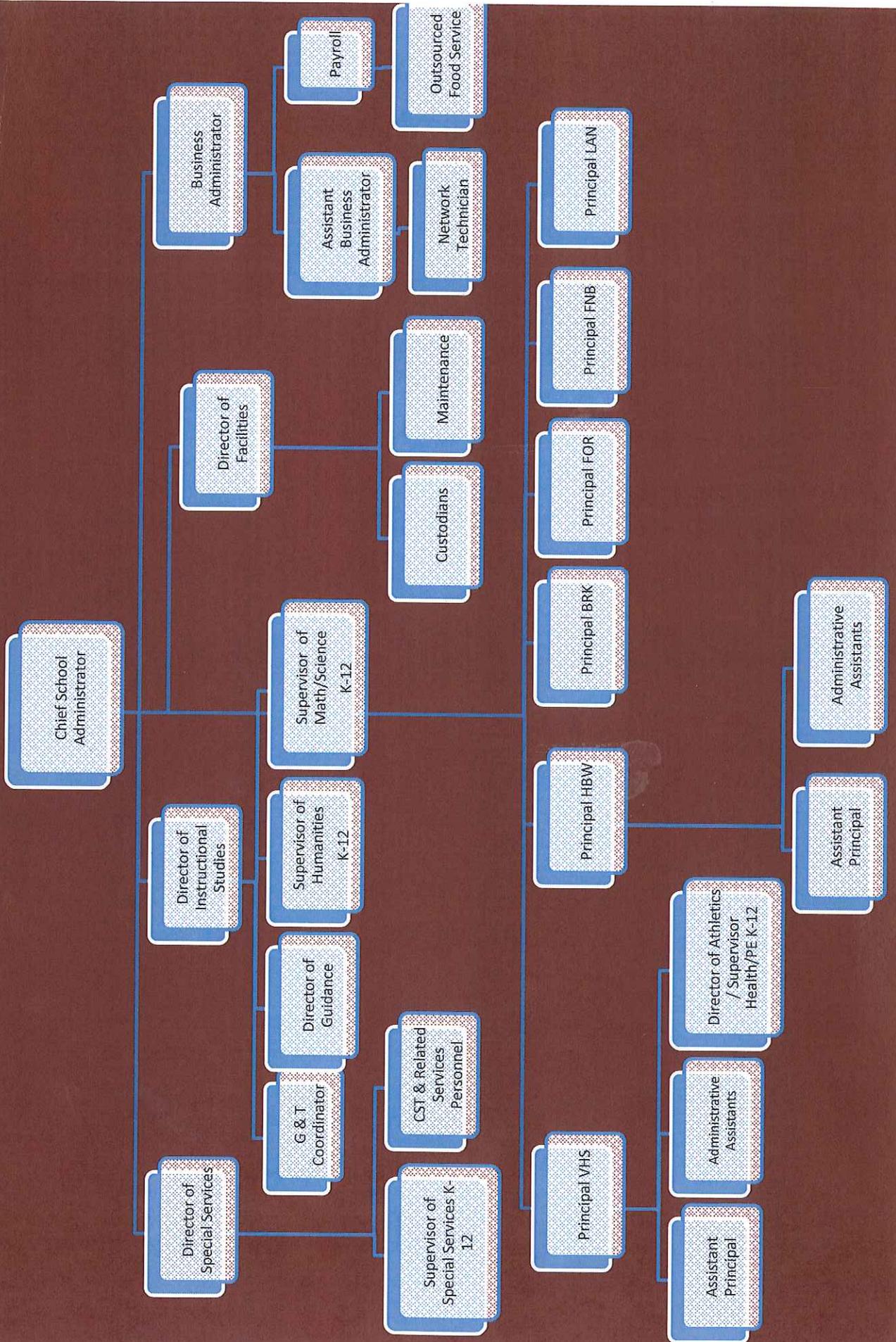


Steven Forte
Superintendent



Cheryl A. Nardino, CPA
Business Administrator/Board Secretary

Verona Public Schools



**VERONA BOARD OF EDUCATION
VERONA, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2012**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
John A. Quattrocchi , President	2012
Joseph T. Bellino, Vice President	2012
Dawn DuBois	2014
Glenn Elliott	2013
Michael Unis	2013

Other Officials

Steven Forte, Superintendent of Schools

Cheryl A. Nardino, CPA, Business Administrator/Board Secretary

Dorothy Trimmer, Treasurer of School Monies

Michael J. Gross, Board Attorney

**VERONA BOARD OF EDUCATION
Consultants and Advisors**

Architect of Record

Lan Associates
Midland Park, New Jersey 07432

Independent Auditor

Lerch, Vinci & Higgins, LLP
17-17 Route 208N
Fair Lawn, New Jersey 07410

Attorney

Michael J. Gross
Kenney, Gross & Kovats
130 Maple Avenue – Building 8
P.O. Box 8610
Red Bank, New Jersey 07701

Official Depository

JP Morgan/Chase

Wells Fargo

TD Bank

NJ ARM

FINANCIAL SECTION

LERCH, VINCI & HIGGINS, LLP

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REGISTERED MUNICIPAL ACCOUNTANTS

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PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

INDEPENDENT AUDITORS' REPORT

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

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 Verona Board of Education as of and for the fiscal year ended June 30, 2012, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Verona Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously 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 Verona Board of Education as of June 30, 2012, and the respective changes in financial position and where applicable, cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 19, 2012 on our consideration of the Verona Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Verona Board of Education's basic financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are also 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 combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and 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.



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



Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
October 19, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

VERONA BOARD OF EDUCATION

Management's Discussion and Analysis

This section of the Verona Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2011-2012 fiscal year include the following:

- The net assets of the Verona Board of Education at the close of the fiscal year was \$5,980,943.
- Overall revenues were \$34,621,996. General revenues accounted for \$29,986,882 or 87% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,635,114 or 13% of total revenues.
- The school district had \$34,109,993 in expenses for governmental activities; only \$4,242,786 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$29,986,882 were adequate to provide funding for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$982,618.
- The General Fund fund balance at June 30, 2012 was \$974,691, a decrease of \$92,268 when compared with the beginning balance at July 1, 2011.

VERONA BOARD OF EDUCATION

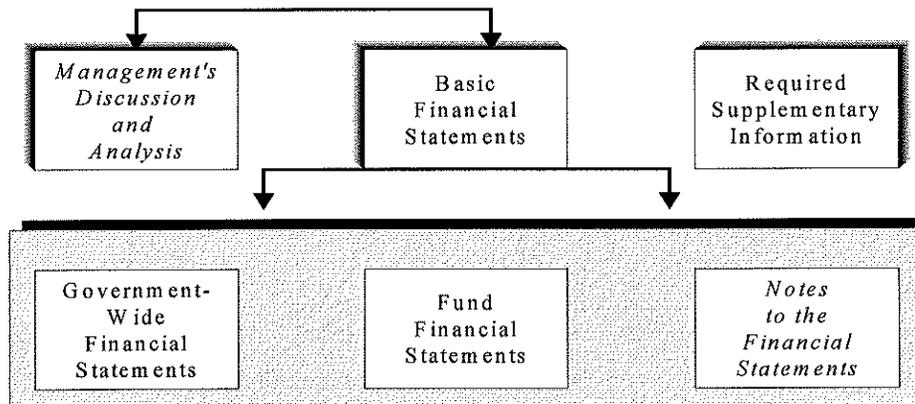
Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The various parts of this annual report are arranged and related to one another as follows:



VERONA BOARD OF EDUCATION

Management's Discussion and Analysis

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

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as regular and special education and building maintenance.	Activities the district operates similar to a private business: food service enterprise fund	Instances in which the district administers resources on behalf of someone else, such as unemployment, payroll agency, and student activities
Required financial statements	Statements of net assets Statement of activities	Balance Sheet Statement of revenues, expenditures and changes in fund balances	Statement of net assets Statement of revenues, expenses, and changes in fund net assets Statement of cash flows	Statements of fiduciary net assets, Statement of changes in fiduciary net assets
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, 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 thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term funds do not currently contain capital assets.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or Paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

District-wide financial 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 assets includes all of the District's assets and liabilities. 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 assets and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

VERONA BOARD OF EDUCATION

Management's Discussion and Analysis

District-wide financial statements (continued)

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position 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.

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 operations and maintenance. Property taxes and state aid finances most of these activities.
- *Business type activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The District's Food Service Fund and VSEA Fund are included under this category.

Fund financial statements

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

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

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets 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.

VERONA BOARD OF EDUCATION

Management's Discussion and Analysis

Fund financial statements (continued)

Enterprise Funds –These funds are 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.

- *Fiduciary funds* – The District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the basic 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 basic financial statements can be found following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process. The District adopts an annual expenditure budget for the general, special revenue and debt service funds. A budgetary comparison statement has been provided for these funds as required supplementary information. The required supplementary information can be found following the notes to the financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets were more than liabilities by \$5,980,943 as of June 30, 2012. The following schedule summarizes this analysis as of June 30, 2012 and 2011.

VERONA BOARD OF EDUCATION

Management's Discussion and Analysis

By far the largest portion of the District's net assets 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 is 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.

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current Assets	\$ 1,087,223	\$ 1,368,959	\$ 88,399	\$ 81,096	\$ 1,175,622	\$ 1,450,055
Capital Assets	<u>39,854,309</u>	<u>40,880,506</u>	<u>19,226</u>	<u>22,558</u>	<u>39,873,535</u>	<u>40,903,064</u>
Total Assets	<u>40,941,532</u>	<u>42,249,465</u>	<u>107,625</u>	<u>103,654</u>	<u>41,049,157</u>	<u>42,353,119</u>
Other Liabilities	565,818	752,067	75,012	74,086	640,830	826,153
Long-Term Liabilities	<u>34,427,384</u>	<u>35,668,743</u>	<u>-</u>	<u>-</u>	<u>34,427,384</u>	<u>35,668,743</u>
Total Liabilities	<u>34,993,202</u>	<u>36,420,810</u>	<u>75,012</u>	<u>74,086</u>	<u>35,068,214</u>	<u>36,494,896</u>
Net Assets:						
Invested in capital assets, net						
of related debt	6,966,652	6,705,998	19,226	22,558	6,985,878	6,728,556
Restricted	164,783	171,777			164,783	171,777
Unrestricted	<u>(1,183,105)</u>	<u>(1,049,120)</u>	<u>13,387</u>	<u>7,010</u>	<u>(1,169,718)</u>	<u>(1,042,110)</u>
Total Net Assets	<u>\$ 5,948,330</u>	<u>\$ 5,828,655</u>	<u>\$ 32,613</u>	<u>\$ 29,568</u>	<u>\$ 5,980,943</u>	<u>\$ 5,858,223</u>

VERONA BOARD OF EDUCATION

Management's Discussion and Analysis

Changes in Net Assets For the Fiscal Years Ended June 30, 2012 and 2011

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues						
Program Revenues						
Charges for Services	\$ 257,108	\$ 208,284	\$ 387,011	\$ 300,549	\$ 644,119	\$ 508,833
Operating Grants and Contributions	3,985,678	3,449,371	5,317	5,000	3,990,995	3,454,371
General Revenues						
Property Taxes	29,396,707	28,844,582			29,396,707	28,844,582
State Aid	429,506	423,263			429,506	423,263
Other	160,669	191,904	-	16,778	160,669	208,682
Total Revenues	<u>34,229,668</u>	<u>33,117,404</u>	<u>392,328</u>	<u>322,327</u>	<u>34,621,996</u>	<u>33,439,731</u>
Expenses						
Instruction						
Regular	14,274,188	13,559,950			14,274,188	13,559,950
Special Education	4,658,751	4,503,628			4,658,751	4,503,628
Other Instruction	402,188	352,996			402,188	352,996
School Sponsored Activities and Ath.	919,157	851,004			919,157	851,004
Community Services	6,450				6,450	-
Support Services						
Student and Instruction Related Serv.	4,607,480	3,812,349			4,607,480	3,812,349
School Administrative Services	2,367,908	2,932,971			2,367,908	2,932,971
General Administrative Services	612,146	626,250			612,146	626,250
Plant Operations and Maintenance	3,778,372	3,727,693			3,778,372	3,727,693
Pupil Transportation	478,843	466,844			478,843	466,844
Business and Other Support Services	502,522	540,371			502,522	540,371
Food Services			342,468	288,527	342,468	288,527
VSEA			46,815	49,526	46,815	49,526
Interest on Long-Term Debt and Other Chg	1,501,988	1,552,194	-	-	-	1,552,194
Total Expenses	<u>34,109,993</u>	<u>32,926,250</u>	<u>389,283</u>	<u>338,053</u>	<u>34,499,276</u>	<u>33,264,303</u>
Increase/(Decrease) in Net Assets	119,675	191,154	3,045	(15,726)	122,720	175,428
Net Assets, Beginning of Year	<u>5,828,655</u>	<u>5,637,501</u>	<u>29,568</u>	<u>45,294</u>	<u>5,858,223</u>	<u>5,682,795</u>
Net Assets, End of Year	<u>\$ 5,948,330</u>	<u>\$ 5,828,655</u>	<u>\$ 32,613</u>	<u>\$ 29,568</u>	<u>\$ 5,980,943</u>	<u>\$ 5,858,223</u>

VERONA BOARD OF EDUCATION

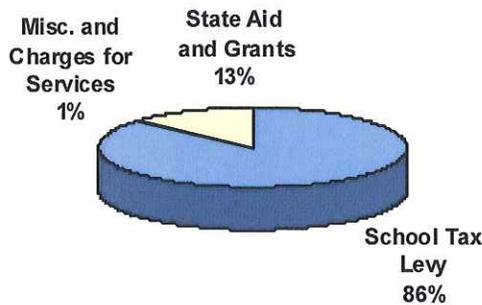
Management's Discussion and Analysis

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$34,229,668 for the fiscal year ended June 30, 2012. Property taxes of \$29,396,707 represented 86% percent of revenues. Another significant portion of revenues came from State aid; total State, Federal and formula aid was \$4,415,184. Another source of revenue is miscellaneous income which includes items such as tuition from other LEAs, interest, rentals, prior year refunds, etc.

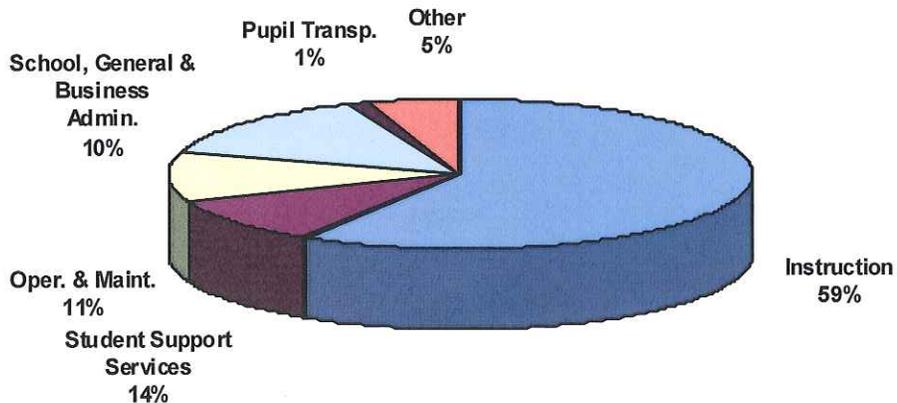
The total cost of all governmental activities programs and services was \$34,109,993. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$20,260,734 (59%) of total expenditures. Student and instruction related support services, total \$4,607,480 or (14%) of total expenditures.

Total governmental activities revenues surpassed expenditures increasing net assets \$119,675 from the previous year.

Revenues by Source- Governmental Activities
For Fiscal Year 2012



Expenditures by Type- Governmental Activities
For Fiscal Year 2012



VERONA BOARD OF EDUCATION

Management's Discussion and Analysis

Total and Net Cost of Governmental Activities. The District's total cost of services was \$34,109,993. After applying program revenues, derived from charges for services of \$257,108 and operating grants and contributions of \$3,985,678; the net cost of services of the District is \$29,867,207.

Total and Net Cost of Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Instruction				
Regular	\$ 14,274,188	\$ 13,559,950	\$ 12,085,195	\$ 11,794,992
Special Education	4,658,751	4,503,628	3,353,285	3,276,004
Other Instruction	402,188	352,996	352,713	312,747
School Sponsored Activities and Athletics	919,157	851,004	851,153	796,170
Community Services	6,450		6,450	
Support Services				
Student and Instruction Related Svcs.	4,607,480	3,812,349	4,240,450	3,561,284
School Administrative Services	2,367,908	2,932,971	2,181,066	2,897,588
General Administrative Services	612,146	626,250	583,444	402,984
Plant Operations and Maintenance	3,778,372	3,727,693	3,778,372	3,692,512
Pupil Transportation	478,843	466,844	457,511	441,749
Business and Other Support Services	502,522	540,371	475,580	540,371
Interest on Long-Term Debt	<u>1,501,988</u>	<u>1,552,194</u>	<u>1,501,988</u>	<u>1,552,194</u>
Total	<u>\$ 34,109,993</u>	<u>\$ 32,926,250</u>	<u>\$ 29,867,207</u>	<u>\$ 29,268,595</u>

Business-Type Activities – The District's total business-type activities revenues were \$392,328 for the year ended June 30, 2012. Charges for services accounted for 99% of total revenues. Operating grants and contributions accounted for 1% of total revenue for the year.

The total cost of all business-type activities programs and services was \$389,283. The District's expenses are related to Food Service and VSEA programs provided to all students, teachers and administrators within the District.

Total business-type activities revenue surpassed expenses, increasing net assets by \$3,045 over the previous year.

VERONA BOARD OF EDUCATION

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

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 \$982,618. At June 30, 2011 the fund balance was \$1,082,380.

Revenues for the District's governmental funds were \$34,229,668, while total expenses were \$34,329,430.

General Fund - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students from pre-kindergarten through grade 12 including pupil transportation activities and capital outlay projects.

The following schedule presents a summary of General Fund Revenues.

	Fiscal Year Ended <u>June 30, 2012</u>	Fiscal Year Ended <u>June 30, 2011</u>	Amount of Increase <u>(Decrease)</u>	Percent Increase <u>(Decrease)</u>
Local Sources:				
Property Taxes	\$ 27,158,547	\$ 26,626,026	\$ 532,521	2.00%
Tuition	257,108	208,284	48,824	23.44%
Miscellaneous	160,660	195,940	(35,280)	-18.01%
State Sources	3,230,241	2,481,445	748,796	30.18%
Federal Sources	<u>49,389</u>	<u>-</u>	<u>49,389</u>	
Total General Fund Revenues	<u>\$ 30,855,945</u>	<u>\$ 29,511,695</u>	<u>\$ 1,344,250</u>	<u>4.55%</u>

Local property taxes increased approximately 2% over the previous year. State aid revenues increased \$748,796. This increase is attributed primarily to additional state aid awarded. Tuition revenues increased \$48,824 or 23%. This increase was attributable to an increase in the enrollment of the preschool program.

VERONA BOARD OF EDUCATION

Management's Discussion and Analysis

The following schedule presents a summary of General Fund expenditures.

	<u>Fiscal</u> <u>Year Ended</u> <u>June 30, 2012</u>	<u>Fiscal</u> <u>Year Ended</u> <u>June 30, 2011</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Instruction	\$ 19,620,756	\$ 18,368,953	\$ 1,251,803	6.81%
Support Services	11,195,245	10,870,901	324,344	2.98%
Debt Service	132,712	103,287	29,425	28.49%
Capital Outlay	<u>-</u>	<u>90,204</u>	<u>(90,204)</u>	-100.00%
 Total Expenditures	 <u>\$ 30,948,713</u>	 <u>\$ 29,433,345</u>	 <u>\$ 1,515,368</u>	 <u>5.15%</u>

Total General Fund expenditures increased \$1,515,368 or slightly more than 5% from the previous year.

In 2011-2012 General Fund expenditures exceeded revenues by \$92,768. As a result, total fund balance decreased to \$974,691 at June 30, 2012. After deducting statutory transfers and reserves, the unassigned fund balance decreased from \$414,056 at June 30, 2011 to \$341,544 at June 30, 2012.

Special Revenue Fund - The Special Revenue Fund includes all restricted Federal and State sources utilized in the operations of the district in providing educational services to students with special needs.

Revenues of the Special Revenue Fund were \$706,048 for the year ended June 30, 2012. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 74% of the total revenue for the year.

Total Special Revenue Fund revenues decreased \$261,878 from the previous year.

Expenditures of the Special Revenue Fund were \$706,048. Instructional expenditures were \$468,275 or 66% of total expended for the year ended June 30, 2012.

Proprietary Funds

The District maintains an Enterprise Fund to account for activities that are supported in part through user fees.

Enterprise Funds - The District uses the Enterprise Fund to report activities related to the Food Services program. The District's Enterprise Fund provides the same type of found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of these Funds have already been addressed in the discussion of the District's business-type activities.

VERONA BOARD OF EDUCATION

Management's Discussion and Analysis

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to New Jersey Department of Education guidelines, and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgetary fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. These budget amendments are detailed on Exhibits C-1 and C-2 of the CAFR.

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business type activities as of June 30, 2012 amounts to \$39,873,535 (net of accumulated depreciation). The capital assets consist of land, land improvements, buildings, building improvements, computers, specialized machinery and various other types of equipment and construction in progress on the district's referendum. Depreciation charges for fiscal year 2011-2012 amounted to \$1,073,072 for governmental activities and \$3,332 for business-type activities.

Capital Assets at June 30, 2012 and 2011 (Net of Accumulated Depreciation)

	Governmental		Business-Type		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 1,679,937	\$ 1,679,937			\$ 1,679,937	\$ 1,679,937
Improvements Other Than Buildings	206,579	234,793			206,579	234,793
Buildings	36,738,642	37,679,230			36,738,642	37,679,230
Machinery and Equipment	<u>1,229,151</u>	<u>1,286,546</u>	<u>\$ 19,226</u>	<u>\$ 22,558</u>	<u>1,248,377</u>	<u>1,309,104</u>
Total Net Assets	<u>\$ 39,854,309</u>	<u>\$ 40,880,506</u>	<u>\$ 19,226</u>	<u>\$ 22,558</u>	<u>\$ 39,873,535</u>	<u>\$ 40,903,064</u>

Additional information on the District's capital assets is presented in the Notes to the Basic Financial Statements.

VERONA BOARD OF EDUCATION

Management's Discussion and Analysis

LONG TERM LIABILITIES

At year end, the District's long-term liabilities consisted of compensated absences payable of \$1,518,632, and bonds payable of \$32,771,000 and capital leases payable of \$175,266 for a total of \$34,464,898.

Additional information of the District's long-term liabilities is presented in the Notes to the Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Currently, the District is in good financial condition. At June 30, 2012 the District has in excess of \$1 million of general fund surplus (Budgetary Basis). Everyone associated with Verona School District is grateful for the community support, as evidenced by the successful passage of the District's annual budget for the past seven consecutive years.

Many factors were considered by the District's administration during the process of developing the fiscal year 2012/2013 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 2012-2013. Budgeted expenditures in the General Fund increased \$917,859 to \$29,599,477 in fiscal year 2012-2013.

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 School Business Administrator, Verona Board of Education, 121 Fairview Avenue, Verona, NJ 07044.

BASIC FINANCIAL STATEMENTS

**VERONA BOARD OF EDUCATION
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 813,024	\$ 80,525	\$ 893,549
Cash and Cash Equivalents - Restricted with Fiscal Agent	35,638		35,638
Receivables, net			
Receivables from Other Governments	164,655	91	164,746
Accounts Receivable	56,949	233	57,182
Prepaid Items		1,830	1,830
Internal Balance	1,322	(1,322)	-
Inventory		7,042	7,042
Deferred Charge	15,635		15,635
Capital Assets			
Not Being Depreciated	1,679,937		1,679,937
Being Depreciated, net	<u>38,174,372</u>	<u>19,226</u>	<u>38,193,598</u>
Total Assets	<u>40,941,532</u>	<u>107,625</u>	<u>41,049,157</u>
LIABILITIES			
Accounts Payable	50,765	16,509	67,274
Intergovernmental Payable	21,275		21,275
Accrued Interest Payable	476,848		476,848
Unearned Revenue	16,930	58,503	75,433
Noncurrent Liabilities			
Due Within One Year	1,318,012		1,318,012
Due Beyond One Year	<u>33,109,372</u>	<u>-</u>	<u>33,109,372</u>
Total Liabilities	<u>34,993,202</u>	<u>75,012</u>	<u>35,068,214</u>
NET ASSETS			
Invested in Capital Assets, net of related debt	6,966,652	19,226	6,985,878
Restricted for:			
Capital Projects	162,316		162,316
Debt Service	2,467		2,467
Unrestricted	<u>(1,183,105)</u>	<u>13,387</u>	<u>(1,169,718)</u>
Total Net Assets	<u>\$ 5,948,330</u>	<u>\$ 32,613</u>	<u>\$ 5,980,943</u>

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

**VERONA BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction						
Regular	\$ 14,274,188	\$ 257,108	\$ 1,931,885	\$ (12,085,195)	\$	\$ (12,085,195)
Special Education	4,658,751		1,305,466	(3,353,285)		(3,353,285)
Other Instruction	402,188		49,475	(352,713)		(352,713)
School Sponsored Activities and Athletics	919,157		68,004	(851,153)		(851,153)
Community Services	6,450			(6,450)		(6,450)
Support Services						
Student and Instruction Related Services	4,607,480		367,030	(4,240,450)		(4,240,450)
School Administrative Services	2,367,908		186,842	(2,181,066)		(2,181,066)
General Administrative Services	612,146		28,702	(583,444)		(583,444)
Plant Operations and Maintenance	3,778,372			(3,778,372)		(3,778,372)
Pupil Transportation	478,843		21,332	(457,511)		(457,511)
Business and Other Support Services	502,522		26,942	(475,580)		(475,580)
Interest on Long-Term Debt and Other Charges	1,501,988	-	-	(1,501,988)	-	(1,501,988)
Total Governmental Activities	34,109,993	257,108	3,985,678	(29,867,207)	-	(29,867,207)
Business-Type Activities:						
VSEA	46,815	55,109			\$ 8,294	8,294
Food Service	342,468	331,902	5,317	-	(5,249)	(5,249)
Total Business-Type Activities	389,283	387,011	5,317	-	3,045	3,045
Total Primary Government	\$ 34,499,276	\$ 644,119	\$ 3,990,995	(29,867,207)	3,045	(29,864,162)

Continued

**VERONA BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-Type Activities	Total
Total Primary Government (Carried Forward)	\$ (29,867,207)	\$ 3,045	\$ (29,864,162)
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes	27,158,547		27,158,547
Taxes Levied for Debt Service	2,238,160		2,238,160
State Aid Restricted for Debt Service	429,506		429,506
Investment Earnings	9		9
Miscellaneous Income	160,660	-	160,660
Total General Revenues	29,986,882	-	29,986,882
Change in Net Assets	119,675	3,045	122,720
Net Assets, Beginning of Year	5,828,655	29,568	5,858,223
Net Assets, End of Year	\$ 5,948,330	\$ 32,613	\$ 5,980,943

FUND FINANCIAL STATEMENTS

**VERONA BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 813,024				\$ 813,024
Cash and Cash Equivalents - Restricted with Fiscal Agent			\$ 35,638		35,638
Receivables, Net					
Receivables From Other Governments	138,816	25,839			164,655
Accounts	47,876	8,800			56,676
Due from Other Funds	38,403	-	-	3,994	42,397
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,038,119</u>	<u>\$ 34,639</u>	<u>\$ 35,638</u>	<u>\$ 3,994</u>	<u>\$ 1,112,390</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 32,069	\$ 130			\$ 32,199
Due to Other Funds	19,199	8,464	\$ 30,178	\$ 1,527	59,368
Payable to State Governments		21,275			21,275
Deferred Revenue	12,160	4,770	-	-	16,930
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>63,428</u>	<u>34,639</u>	<u>30,178</u>	<u>1,527</u>	<u>129,772</u>
Fund Balances					
Restricted					
Excess Surplus-Designated for Subsequent Year's Budget	265,849			2,458	268,307
Excess Surplus	204,982				204,982
Capital Reserve	87,316				87,316
Capital Reserve-Designated for Subsequent Year's Budget	75,000				75,000
Capital Projects			5,460		5,460
Debt Service				9	9
Unassigned	341,544	-	-	-	341,544
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>974,691</u>	<u>-</u>	<u>5,460</u>	<u>2,467</u>	<u>982,618</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 1,038,119</u>	<u>\$ 34,639</u>	<u>\$ 35,638</u>	<u>\$ 3,994</u>	<u>\$ 1,112,390</u>

Amounts reported for governmental activities in the statement of net assets (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 \$55,064,818 and the accumulated depreciation is \$15,210,509. 39,854,309

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is: (476,848)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 2) (34,411,749)

Net assets of governmental activities (Exhibit A-1) \$ 5,948,330

**VERONA BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 27,158,547			\$ 2,238,160	\$ 29,396,707
Tuition	257,108				257,108
Interest			\$ 9		9
Miscellaneous	160,660	\$ 100,656	-	-	261,316
Total - Local Sources	27,576,315	100,656	9	2,238,160	29,915,140
State Sources	3,230,241	84,441		429,506	3,744,188
Federal Sources	49,389	520,951	-	-	570,340
Total Revenues	30,855,945	706,048	9	2,667,666	34,229,668
EXPENDITURES					
Current					
Regular Instruction	13,990,582	142,806			14,133,388
Special Education Instruction	4,336,345	325,469			4,661,814
Other Instruction	402,188				402,188
School Sponsored Activities and Athletics	885,191				885,191
Community Services	6,450				6,450
Support Services					-
Student and Instruction Related Services	4,436,049	169,566			4,605,615
General Administrative Services	603,465				603,465
School Administrative Services	2,289,114				2,289,114
Plant Operations and Maintenance	2,906,584				2,906,584
Pupil Transportation	457,511	21,332			478,843
Business and Other Support Services	502,522				502,522
Debt Service					
Principal	123,922			1,190,000	1,313,922
Interest	8,790			1,484,669	1,493,459
Capital Outlay	-	46,875	-	-	46,875
Total Expenditures	30,948,713	706,048	-	2,674,669	34,329,430
Excess (Deficiency) of Revenues Over (Under) Expenditures	(92,768)	-	9	(7,003)	(99,762)
OTHER FINANCING SOURCES (USES)					
Transfers In	500			9	509
Transfers Out	-	-	(509)	-	(509)
Total Other Financing Sources and Uses	500	-	(509)	9	-
Net Change in Fund Balances	(92,268)	-	(500)	(6,994)	(99,762)
Fund Balance, Beginning of Year	1,066,959	-	5,960	9,461	1,082,380
Fund Balance, End of Year	\$ 974,691	\$ -	\$ 5,460	\$ 2,467	\$ 982,618

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

**VERONA 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, 2012**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ (99,762)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the period.

Depreciation Expense	\$ (1,073,072)	
Capital Outlays	<u>46,875</u>	
		(1,026,197)

The issuance of long term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount represents the net effect of these activities

General Obligation Bonds	1,190,000	
Capital Leases	<u>123,922</u>	
		1,313,922

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+)

Decrease in Accrued Interest		18,042
------------------------------	--	--------

In the statement of activities, some expenses do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This amount represents the net effect of these activities (See Note 2)

		<u>(86,330)</u>
--	--	-----------------

Change in net assets of governmental activities (Exhibit A-2) \$ 119,675

**VERONA BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012**

**Business-Type Activities
Enterprise Fund**

Other Non-Major

Food Services

(VSEA)

Total

ASSETS

Current Assets

Cash	\$ 14,475	\$ 66,050	\$ 80,525
Intergovernmental Receivable			
Federal	91		91
Other	233		233
Prepaid Items		1,830	1,830
Due from Other Funds	633		633
Inventories	7,042	-	7,042

Total Current Assets

22,474

67,880

90,354

Capital Assets

Furniture, Machinery and Equipment	49,999		49,999
Less: Accumulated Depreciation	(30,773)	-	(30,773)

Total Capital Assets

19,226

-

19,226

Total Assets

41,700

67,880

109,580

LIABILITIES

Current Liabilities

Accounts Payable	16,509		16,509
Due to Other Funds		1,955	1,955
Deferred Revenue	2,670	55,833	58,503

Total Current Liabilities

19,179

57,788

76,967

NET ASSETS

Invested in Capital Assets	19,226		19,226
Unrestricted	3,295	10,092	13,387

Total Net Assets

\$ 22,521

\$ 10,092

\$ 32,613

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

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**VERONA BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Business-Type Activities Enterprise Fund		<u>Total</u>
	<u>Food Services</u>	<u>Other Non-Major (VSEA)</u>	
OPERATING REVENUES			
Charges for Services			
Daily Sales	\$ 331,902		\$ 331,902
Program Fees	-	\$ 55,109	55,109
	<u>331,902</u>	<u>55,109</u>	<u>387,011</u>
OPERATING EXPENSES			
Salaries and Wages	126,260	39,614	165,874
Food Costs	150,817		150,817
Purchased Professional Services	4,715		4,715
Other Expenses	21,766		21,766
Insurance	16,279		16,279
Miscellaneous	-	7,201	7,201
Depreciation Expense	3,332		3,332
Administrative and Management Fees	19,299	-	19,299
	<u>342,468</u>	<u>46,815</u>	<u>389,283</u>
Operating Income (Loss)	<u>(10,566)</u>	<u>8,294</u>	<u>(2,272)</u>
NONOPERATING REVENUES			
Federal Sources			
Special Milk Program	5,317	-	5,317
	<u>5,317</u>	<u>-</u>	<u>5,317</u>
Total Nonoperating Revenues	<u>5,317</u>	<u>-</u>	<u>5,317</u>
Change in Net Assets	(5,249)	8,294	3,045
Net Assets, Beginning of Year	<u>27,770</u>	<u>1,798</u>	<u>29,568</u>
Net Assets, End of Year	<u>\$ 22,521</u>	<u>\$ 10,092</u>	<u>\$ 32,613</u>

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

**VERONA BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Business-Type Activities		
	Enterprise Fund		
	<u>Food Services</u>	<u>Other Non-Major (VSEA)</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 328,839	\$ 55,833	\$ 384,672
Cash Payments to General Fund			-
Cash Payments for Employees' Salaries and Benefits	(126,260)	(39,614)	(165,874)
Cash Payments to Suppliers for Goods and Services	(211,902)	(7,076)	(218,978)
Net Cash Provided (Used) By Operating Activities	<u>(9,323)</u>	<u>9,143</u>	<u>(180)</u>
CASH FLOWS FROM NONCAPITAL AND RELATED ACTIVITIES			
Transfers from Other Funds	<u>5,803</u>	<u>-</u>	<u>5,803</u>
Net Cash Provided by Noncapital and Related Activities	<u>5,803</u>	<u>-</u>	<u>5,803</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,520)	9,143	5,623
Cash and Cash Equivalents, Beginning of Year	<u>17,995</u>	<u>56,907</u>	<u>74,902</u>
Cash and Cash Equivalents, End of Year	<u>\$ 14,475</u>	<u>\$ 66,050</u>	<u>\$ 80,525</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) FOR OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (10,566)	\$ 8,294	\$ (2,272)
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities			
Depreciation	3,332		3,332
Change in Assets and Liabilities			
(Increase)/Decrease in Accounts Receivable	1,899		1,899
(Increase)/Decrease in Inventory	(3,071)		(3,071)
(Increase)/Decrease in Prepaid Expense		(1,830)	(1,830)
Increase/(Decrease) in Due from Other Funds	(243)	1,955	1,712
Increase/(Decrease) in Accounts Payable	4,045		4,045
Increase/(Decrease) in Deferred Revenue	(4,719)	724	(3,995)
Total Adjustments	<u>1,243</u>	<u>849</u>	<u>2,092</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ (9,323)</u>	<u>\$ 9,143</u>	<u>\$ (180)</u>

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

**VERONA BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2012**

	<u>Private Purpose Trust Fund</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 19,808	\$ 13,396	\$ 144,399
Due from Other Funds	<u>-</u>	<u>18,566</u>	<u>-</u>
Total Assets	<u>19,808</u>	<u>31,962</u>	<u>144,399</u>
LIABILITIES			
Due to Other Funds			273
Payroll Deductions and Withholdings			6,333
Intergovernmental Payable		31,962	
Due to Student Groups	<u>-</u>	<u>-</u>	<u>137,793</u>
Total Liabilities	<u>-</u>	<u>31,962</u>	<u>\$ 144,399</u>
NET ASSETS			
Held In Trust For Unemployment Claims and Other Purposes	<u>\$ 19,808</u>	<u>\$ -</u>	

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

**VERONA BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Private Purpose Trust Fund</u>	<u>Unemployment Compensation Trust Fund</u>
ADDITIONS		
Contributions		
District		\$ 18,566
Employee		46,155
Donations	\$ 850	
Investment Earnings		
Interest	5	-
	<hr/>	<hr/>
Total Additions	855	64,721
	<hr/>	<hr/>
DEDUCTIONS		
Unemployment Claims		72,593
Miscellaneous Fees	13	
Scholarship Awards	1,300	-
	<hr/>	<hr/>
Total Deductions	1,313	72,593
	<hr/>	<hr/>
Change in Net Assets	(458)	(7,872)
Net Assets, Beginning of Year	20,266	7,872
	<hr/>	<hr/>
Net Assets, End of Year	\$ 19,808	\$ -
	<hr/>	<hr/>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

**VERONA BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Verona 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 five elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Verona Board of Education this includes general operations, food service, Verona Summer Enrichment Academy (VSEA) 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. Basic Financial Statements

The basic 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.

The district-wide financial statements (i.e., the statement of net assets 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 assets, 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.

**VERONA BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements (Continued)

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.

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. The District considers all of its governmental funds and the food service enterprise fund to be major funds.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

Property taxes, tuition, 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.

**VERONA BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The District reports the following major governmental funds:

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

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

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

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

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

The *VSEA enterprise fund* accounts for the activities of the Verona Summer Enrichment Academy (VSEA) which provides a continuum that bridges essential skills from one grade level to the next.

Additionally, the government reports the following fund type:

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow private-sector guidance issued subsequent to December 1, 1989.

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

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.

**VERONA BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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

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

D. Assets, Liabilities and Net Assets or Equity

1. Deposits 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 and Payables

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".

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

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 2010-2011 and 2011-2012 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.

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenue is 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 revenues. 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.

**VERONA BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

3. *Inventories*

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

Food Service Fund inventories are valued at cost, using the first-in first-out (FIFO) method.

4. *Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements.

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 estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

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

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

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	40
Building Improvements	20
Heavy Equipment	10
Office Equipment and Furniture	10
Computer Equipment	5

6. *Restricted Assets*

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and/or their use is limited by state or county regulations for capital projects.

VERONA BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

7. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused personal and sick leave benefits. A long-term liability of accumulated personal and 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 do not permit the accumulation of unused accumulated personal and sick leave. 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. *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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and refunding gains or losses. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, 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 while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. *Fund Equity*

With the implementation of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during 2010/11 fiscal year, 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. 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.

Excess Surplus – Designated for Subsequent Year's Budget - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2011 audited excess surplus that was appropriated in the 2012/2013 original budget certified for taxes.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2012 audited excess surplus that is required to be appropriated in the 2013/2014 original budget certified for taxes.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 3.)

**VERONA BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

9. Fund Equity(Continued)

Capital Reserve – Designated for Subsequent Year’s Budget - This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2012/2013 District budget certified for taxes.

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

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

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

10. Reclassifications

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

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the district-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the district-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The detail difference is as follows:

Bonds Payable	\$ 32,771,000
Add: Issuance premium (to be amortized as interest expense)	25,725
Less:	
Deferred charge on refunding (to be amortized as interest expense)	(63,239)
Deferred charge for issuance costs (to be amortized over life of debt)	(15,635)
Capital Leases Payable	175,266
Compensated Absences Payable	<u>1,518,632</u>
 Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Assets - Governmental Activities	 <u>\$ 34,411,749</u>

**VERONA BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

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

B. Excess Expenditures Over Appropriations

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Guidance			
Salaries of Other Professional/Staff	\$442,376	\$443,854	\$(1,478)

The above variances were offset with other available resources.

C. Capital Reserve

A capital reserve account was established by the District on October 10, 2000. 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.

**VERONA BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2012 is as follows:

Balance, July 1, 2011	\$ <u>162,316</u>
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Balance, June 30, 2012	\$ <u>162,316</u>
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Analysis of Balance, June 30, 2012

Restricted	
Capital Reserve	\$ 87,316
Capital Reserve Designated for Subsequent Year's Budget	<u>75,000</u>
	<u>\$ 162,316</u>

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 reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2012 is \$470,831. Of this amount, \$265,849 was designated and appropriated in the 2012/2013 original budget certified for taxes and the remaining amount of \$204,982 will be appropriated in the 2013/2014 original budget certified for taxes.

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

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

**VERONA BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2012, the book value of the Board's deposits was \$1,071,152 and bank balances of the Board's cash and deposits amounted to \$1,897,559. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>1,897,559</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, 2012 none of the Board's bank balances were exposed to custodial credit risk.

Investments

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

As of June 30, 2012, the Board had the following investments:

	<u>Fair Value</u>
<u>Investment Type:</u>	
U.S. Government Securities	\$ <u>35,638</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, 2012, \$35,638 of the Board's investments were exposed to custodial credit risk.

**VERONA BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Investments (Continued)

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

The fair value of the above-listed investment was based on quoted market prices.

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

B. Receivables

Receivables as of June 30, 2012 for the district's individual major and non-major funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Accounts	\$ 47,876	\$ 8,800	\$ 233	\$ 56,909
Intergovernmental	<u>138,816</u>	<u>25,839</u>	<u>91</u>	<u>164,746</u>
Gross Receivables	186,692	34,639	324	221,655
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 186,692</u>	<u>\$ 34,639</u>	<u>\$ 324</u>	<u>\$ 221,655</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
General Fund	
Tuition Charges Receivable	\$ 12,160
Special Revenue Fund	
Unencumbered Grant Draw Downs	<u>4,770</u>
 Total Deferred Revenue for Governmental Funds	 <u>\$ 16,930</u>

**VERONA BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	Balance, July 1, 2011	Increases	Adjustment	Balance, June 30, 2012
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 1,679,937	-	-	\$ 1,679,937
Total Capital Assets, Not Being Depreciated	<u>1,679,937</u>	<u>-</u>	<u>-</u>	<u>1,679,937</u>
Capital Assets, Being Depreciated				
Buildings	47,307,659			47,307,659
Improvements Other than Buildings	930,209			930,209
Machinery and Equipment	5,100,138	\$ 46,875	-	5,147,013
Total Capital Assets Being Depreciated	<u>53,338,006</u>	<u>46,875</u>	<u>-</u>	<u>53,384,881</u>
Less Accumulated Depreciation for				
Buildings	(9,628,429)	(940,588)		(10,569,017)
Improvements Other than Buildings	(695,416)	(28,214)		(723,630)
Machinery and Equipment	(3,813,592)	(104,270)	-	(3,917,862)
Total Accumulated Depreciation	<u>(14,137,437)</u>	<u>(1,073,072)</u>	<u>-</u>	<u>(15,210,509)</u>
Total Capital Assets, Being Depreciated, Net	<u>39,200,569</u>	<u>(1,026,197)</u>	<u>-</u>	<u>38,174,372</u>
Governmental Activities Capital Assets, Net	<u>\$ 40,880,506</u>	<u>\$ (1,026,197)</u>	<u>\$ -</u>	<u>\$ 39,854,309</u>
Business-Type Activities				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 49,999	-	-	\$ 49,999
Total Capital Assets Being Depreciated	<u>49,999</u>	<u>-</u>	<u>-</u>	<u>49,999</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(27,441)	\$ (3,332)	-	(30,773)
Total Accumulated Depreciation	<u>(27,441)</u>	<u>(3,332)</u>	<u>-</u>	<u>(30,773)</u>
Total Capital Assets, Being Depreciated, Net	<u>22,558</u>	<u>(3,332)</u>	<u>-</u>	<u>19,226</u>
Business-Type Activities Capital Assets, Net	<u>\$ 22,558</u>	<u>\$ (3,332)</u>	<u>\$ -</u>	<u>\$ 19,226</u>

**VERONA BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

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

Governmental Activities:

Instruction

Regular	\$ 87,538
School-Sponsored/Other Instructional	33,401
Total Instruction	<u>120,939</u>

Support Services

Student and Instruction Services	9,946
General Administration	6,501
School Administration	65,230
Operations and Maintenance of Plant	870,456
Total Support Services	<u>952,133</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 1,073,072</u>
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Business-Type Activities:

Food Service Operations	\$ 3,332
Total Depreciation Expense-Business-Type Activities	<u>\$ 3,332</u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2012, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 26,184
General Fund	Special Revenue Fund	8,464
General Fund	Debt Service Fund	1,527
General Fund	Payroll Agency Fund	273
General Fund	VSEA Fund	1,955
Food Service Fund	General Fund	633
Unemployment Trust Fund	General Fund	18,566
Debt Service Fund	Capital Projects Fund	<u>3,994</u>
Total		<u>\$ 61,596</u>

**VERONA BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Receivables, Payables, and Transfers (Continued)

Due to/from other funds (Continued)

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

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

Interfund transfers

	<u>Transfer In:</u>		
	<u>Debt Service</u> <u>Fund</u>	<u>General</u> <u>Fund</u>	<u>Total</u>
Transfer Out:			
Capital Projects Fund	\$ 9	\$ 500	\$ 509
	<u>\$ 9</u>	<u>\$ 500</u>	<u>\$ 509</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

E. Leases

Capital Leases

The District has financed the acquisition of technology improvements, photocopiers, buses and computer equipment by a capital lease.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012 were as follows:

<u>Year Ending June 30</u>	<u>Governmental</u> <u>Activities</u>
2013	\$ 74,962
2014	74,962
2015	<u>37,908</u>
Total minimum lease payments	187,832
Less: amount representing interest	<u>(12,566)</u>
Present value of minimum lease payments	<u>\$ 175,266</u>

**VERONA BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. 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, 2012 are comprised of the following issues:

\$3,860,000, 2005 Refunding Bonds, due in annual installments of \$650,000 through March 1, 2013, interest at 4.00%	\$ 650,000
\$33,971,000, 2006 School Bonds, due in annual installments of \$600,000 to \$1,871,000 through March 1, 2031, interest at 4.25%-4.375%	<u>32,121,000</u>
	<u>\$32,771,000</u>

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

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2013	\$ 1,250,000	\$ 1,430,544	\$ 2,680,544
2014	1,500,000	1,379,044	2,879,044
2015	1,550,000	1,313,419	2,863,419
2016	1,600,000	1,245,606	2,845,606
2017	1,650,000	1,175,606	2,825,606
2018-2022	8,850,000	4,753,656	13,603,656
2022-2027	9,000,000	2,793,656	11,793,656
2028-2031	<u>7,371,000</u>	<u>810,862</u>	<u>8,181,862</u>
	<u>\$ 32,771,000</u>	<u>\$ 14,902,393</u>	<u>\$ 47,673,393</u>

**VERONA BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2012 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 95,210,285
Less: Net Debt	<u>32,771,170</u>
Remaining Borrowing Power	<u>\$ 62,439,115</u>

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2012, was as follows:

	<u>Balance, July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2012</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable	\$ 33,961,000		\$ 1,190,000	\$ 32,771,000	\$ 1,250,000
Add:					
Unamortized Premium	38,589		12,864	25,725	\$ -
Less:					
Unamortized Amount on Refunding	<u>(88,907)</u>	<u>-</u>	<u>(25,668)</u>	<u>(63,239)</u>	<u>-</u>
	33,910,682	-	1,177,196	32,733,486	1,250,000
Capital Leases	299,188		123,922	175,266	68,012
Compensated Absences	<u>1,458,873</u>	<u>59,759</u>	<u>-</u>	<u>1,518,632</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 35,668,743</u>	<u>\$ 59,759</u>	<u>\$ 1,301,118</u>	<u>\$ 34,427,384</u>	<u>\$ 1,318,012</u>

For the governmental activities, the liabilities for compensated absences are liquidated by the general fund.

**VERONA BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 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 Morris County Educational Services Commission Insurance Pool (MOCESCOM). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

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

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

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

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

Fiscal Year Ended <u>June 30,</u>	District <u>Contributions</u>	Employee <u>Contributions</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2012	\$ 18,566	\$ 46,155	\$ 72,593	\$ -
2011		44,783	107,157	7,872
2010		89,738	101,046	70,237

**VERONA BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 OTHER INFORMATION (Continued)

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. The Commissioner of Education has ruled in favor of a Petition of Appeal filed by a former school district employee. The Verona Board of Education has filed an appeal with the Appellate Division of the Superior Court of New Jersey. The Board will be seeking a reversal of the Commissioner's decision. There are potential back-pay issues that the District will need to pay in the event that the appeal is unsuccessful.

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, 2012, 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, 2012, the District had no estimated arbitrage earnings due to the IRS.

D. Employee Retirement Systems and Pension Plans

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

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

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

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.

**VERONA BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

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

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system.

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

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

Basis of Accounting

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

Investment Valuation

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. 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.

**VERONA BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.
- Active member contribution rates will increase. TPAF and PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Funding Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 78.5 percent and \$10.7 billion.

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

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

**VERONA BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Actuarial Methods and Assumptions

In the July 1, 2010 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.91 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.5% for PERS and TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2012 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997.

During the fiscal years ended June 30, 2012, 2011 and 2010 the Board was required to contribute for PERS and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2012	\$ 352,637	\$ 466,687	\$ 215
2011	325,155	43,871	
2010	224,396	46,258	

During the previous two fiscal years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$421,459 during 2011/2012 for normal cost pension, accrued liability and the NCGI premium. For fiscal years 2010/2011 and 2009/2010, the State contributed \$43,871 and \$46,258, respectively, for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,118,456 during the fiscal year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**VERONA BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 514 state and local participating employers and contributing entities for Fiscal Year 2010.

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

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for 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. Also, education employees are eligible for the PDP coverage after 60 days of employment.

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

Basis of Accounting

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

Significant Legislation

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

**VERONA BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the State had a \$59.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$21.1 billion for state active and retired members and \$38.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the June 30, 2010, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2010, there were 93,323 retirees receiving post-retirement medical benefits and the State contributed \$935.5 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 2010.

**VERONA BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions (Continued)

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2012, 2011 and 2010 were \$938,161, \$931,826 and \$868,795, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

BUDGETARY COMPARISON SCHEDULES

**VERONA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Exhibit C-1

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 27,158,547		\$ 27,158,547	\$ 27,158,547	
Tuition-Intergovernmental	61,894		61,894	105,121	\$ 43,227
Tuition-Individuals	55,925		55,925	43,868	(12,057)
Tuition-Preschool	98,000		98,000	108,119	10,119
Miscellaneous	211,971	-	211,971	160,660	(51,311)
Total Local Sources	<u>27,586,337</u>	<u>-</u>	<u>27,586,337</u>	<u>27,576,315</u>	<u>(10,022)</u>
State Sources					
Special Education Aid	345,983	\$ 275,171	621,154	621,154	
Extraordinary Aid	200,000		200,000	180,662	(19,338)
TPAF Pension Contribution (On-Behalf)					
Normal Pension Contribution				421,459	421,459
NCGI Contributions				45,228	45,228
Post Retirement				938,161	938,161
TPAF Social Security Contribution (On-Behalf)	-	-	-	1,118,456	1,118,456
Total State Sources	<u>545,983</u>	<u>275,171</u>	<u>821,154</u>	<u>3,325,120</u>	<u>2,503,966</u>
Federal Source					
Education Jobs Fund	47,889	1,500	49,389	49,389	-
Total Federal Sources	<u>47,889</u>	<u>1,500</u>	<u>49,389</u>	<u>49,389</u>	<u>-</u>
Total Revenues	<u>28,180,209</u>	<u>276,671</u>	<u>28,456,880</u>	<u>30,950,824</u>	<u>2,493,944</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool/Kindergarten	348,750	92,978	441,728	434,883	6,845
Grades 1-5	4,065,551	(17,375)	4,048,176	4,039,324	8,852
Grades 6-8	2,172,630	(69,935)	2,102,695	2,102,695	
Grades 9-12	3,158,844	(44,192)	3,114,652	3,108,601	6,051
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	6,421	43,579	50,000	46,698	3,302
Other Purchased Services	88,860	34,936	123,796	122,365	1,431
General Supplies	403,444	(49,136)	354,308	334,322	19,986
Textbooks	87,813	(12,404)	75,409	75,234	175
Other Objects	70,000	(63,605)	6,395	5,912	483
Total Regular Programs	<u>10,402,313</u>	<u>(85,154)</u>	<u>10,317,159</u>	<u>10,270,034</u>	<u>47,125</u>
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	167,197	5,680	172,877	172,876	1
Other Salaries for Instruction	55,912	-	55,912	48,465	7,447
General Supplies	1,154	-	1,154	1,125	29
Total Learning and/or Language Disabilities	<u>224,263</u>	<u>5,680</u>	<u>229,943</u>	<u>222,466</u>	<u>7,477</u>
Behavioral Disabilities					
Salaries of Teachers	157,123	1,023	158,146	158,146	-
Total Behavioral Disabilities	<u>157,123</u>	<u>1,023</u>	<u>158,146</u>	<u>158,146</u>	<u>-</u>
Multiple Disabilities					
Other Salaries for Instruction	54,011	29,375	83,386	82,088	1,298
Total Multiple Disabilities	<u>54,011</u>	<u>29,375</u>	<u>83,386</u>	<u>82,088</u>	<u>1,298</u>

**VERONA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Exhibit C-1

EXPENDITURES	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENDITURES (Continued)					
Resource Room/Resource Center					
Salaries of Teachers	\$ 869,752	\$ (31,766)	\$ 837,986	\$ 837,985	\$ 1
Other Salaries for Instruction	65,677	(11,448)	54,229	54,228	1
General Supplies	5,277	-	5,277	4,650	627
Total Resource Room	940,706	(43,214)	897,492	896,863	629
Autistic Program					
Salaries of Teachers	71,439	(6,993)	64,446	64,445	1
Other Salaries of Instruction	79,695	24,286	103,981	103,981	-
Total Autistic Program	151,134	17,293	168,427	168,426	1
Preschool Disabilities - Part-Time					
Salaries of Teachers	183,651	1,466	185,117	185,116	1
Other Salaries for Instruction	65,835	48,416	114,251	104,423	9,828
General Supplies	3,618	(168)	3,450	3,339	111
Total Preschool Disabilities - Part-Time	253,104	49,714	302,818	292,878	9,940
Preschool Disabilities - Full-Time					
Salaries of Teachers	71,439	(7,688)	63,751	63,750	1
Other Salaries for Instruction	77,915	12,473	90,388	90,388	-
General Supplies	2,500	157	2,657	2,644	13
Total Preschool Disabilities - Full-Time	151,854	4,942	156,796	156,782	14
Home Instruction					
Salaries of Teachers	15,000	22,905	37,905	37,905	-
Total Home Instruction	15,000	22,905	37,905	37,905	-
Total Special Education	1,947,195	87,718	2,034,913	2,015,554	19,359
Basic Skills/Remedial					
Salaries of Teachers	141,337	-	141,337	141,337	-
Total Basic Skills/Remedial	141,337	-	141,337	141,337	-
Bilingual Education					
Salaries of Teachers	71,091	-	71,091	71,091	-
General Supplies	1,000	11	1,011	1,005	6
Total Bilingual Education	72,091	11	72,102	72,096	6
School Sponsored Co-Curricular Activities					
Salaries	164,300	(8,020)	156,280	152,081	4,199
Other Objects	46,272	(697)	45,575	40,284	5,291
Total School Sponsored Co-Curricular Activities	210,572	(8,717)	201,855	192,365	9,490
School Sponsored Athletics - Instruction					
Salaries	353,108	25,768	378,876	378,602	274
Supplies & Materials	142,543	(11,591)	130,952	109,629	21,323
Other Objects	22,933	(5,170)	17,763	16,976	787
Total School Sponsored Athletics - Instruction	518,584	9,007	527,591	505,207	22,384

**VERONA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Exhibit C-1

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Other Instructional Programs - Instruction					
Salaries	\$ 55,617	\$ (1)	\$ 55,616	\$ 54,616	\$ 1,000
Purchased Services					
Supplies and Materials	5,605	-	5,605	3,384	2,221
Other Objects	-	24,496	24,496	24,315	181
Total Other Instructional Programs - Instruction	61,222	24,495	85,717	82,315	3,402
DECA					
Other Objects	2,000	500	2,500	2,385	115
Total DECA	2,000	500	2,500	2,385	115
Summer School					
Salaries		1,955	1,955	1,955	
Supplies & Materials	-	1,829	1,829	-	1,829
Total Summer School	-	3,784	3,784	1,955	1,829
Community Service Programs					
Salaries	-	6,450	6,450	6,450	-
Total Community Service Programs	-	6,450	6,450	6,450	-
Total - Instruction	13,355,314	38,094	13,393,408	13,289,698	103,710
Undistributed Expenditures					
Instruction					
Tuition to County Vocational School District-Spec.	13,656	(4,552)	9,104	9,104	-
Tuition to County Special Services - School Districts & Regional Day Schools	468,208	(66,566)	401,642	401,002	640
Tuition to Private Schools - Disabled w/i State	1,018,045	204,484	1,222,529	1,222,361	168
Total Undistributed Expenditures - Instruction	1,499,909	133,366	1,633,275	1,632,467	808
Health Services					
Salaries	433,956	(27,498)	406,458	403,336	3,122
Purchased Professional & Technical Services	10,000	(2,813)	7,187	7,187	-
Supplies and Materials	10,600	(897)	9,703	7,170	2,533
Other Objects	2,949	(1,750)	1,199	954	245
Total Health Services	457,505	(32,958)	424,547	418,647	5,900
Speech, OT, PT & Related Services					
Salaries	333,365	3,143	336,508	336,508	
Purchased Professional/Educational Services	55,117	(16,427)	38,690	30,080	8,610
Supplies and Materials	1,000	122	1,122	1,113	9
Total Speech, OT, PT & Related Services	389,482	(13,162)	376,320	367,701	8,619
Guidance					
Salaries of Other Professional Staff	440,512	1,864	442,376	443,854	(1,478)
Salaries of Secretarial and Clerical Assistants	48,263	-	48,263	48,263	-
Other Purchased Services	2,500	(1,578)	922	922	-
Supplies and Materials	8,883	(2,792)	6,091	5,880	211
Other Objects	2,240	-	2,240	2,200	40
Total Guidance	502,398	(2,506)	499,892	501,119	(1,227)

**VERONA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Exhibit C-1

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Child Study Teams					
Salaries of Other Professional Staff	\$ 852,093	\$ 12,385	\$ 864,478	\$ 855,416	\$ 9,062
Salaries of Secretarial and Clerical Assistants	77,715	13,258	90,973	77,134	13,839
Misc. Purchased Services	5,245	1,358	6,603	6,603	-
Supplies and Materials	4,354	-	4,354	3,991	363
Other Objects	-	-	-	-	-
Total Child Study Teams	939,407	27,001	966,408	943,144	23,264
Improvement of Instruction Services/ Other Support Services-Instructional Staff					
Salaries of Supervisor of Instruction	543,889	(42,011)	501,878	501,878	-
Salaries of Secretarial & Clerical Staff	134,074	9,000	143,074	143,074	-
Purchased Prof-Educational Services	47,889	(47,889)	-	-	-
Other Purchased Prof. And Tech. Services	45,561	(31,114)	14,447	14,446	1
Other Purchased Services	1,340	-	1,340	1,211	129
Supplies and Materials	22,450	(898)	21,552	16,664	4,888
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	795,203	(112,912)	682,291	677,273	5,018
Educational Media Services/School Library					
Salaries	380,327	(497)	379,830	379,829	1
Supplies and Materials	50,751	(2,146)	48,605	46,501	2,104
Total Educational Media Services/School Library	431,078	(2,643)	428,435	426,330	2,105
Support Services General Administration					
Salaries	232,216	(71,941)	160,275	159,798	477
Legal Services	100,000	20,196	120,196	120,196	-
Audit Fees	38,325	(6,844)	31,481	26,110	5,371
Communications/Telephone	71,068	(6,755)	64,313	62,632	1,681
Misc. Purchased Services	84,734	(19,473)	65,261	64,458	803
Supplies and Materials	6,037	350	6,387	6,152	235
Judgments against the School District	-	79,000	79,000	79,000	-
Miscellaneous Expenditures	20,700	4,346	25,046	24,894	152
Total Support Services General Administration	553,080	(1,121)	551,959	543,240	8,719
Support Services School Administration					
Salaries of Principals/Asst. Principals	991,566	48,656	1,040,222	1,040,221	1
Salaries of Other Professional Staff	138,324	-	138,324	138,324	-
Salaries of Secretarial and Clerical Assistants	491,113	(4,483)	486,630	486,629	1
Other Purchased Services	10,641	(343)	10,298	9,499	799
Supplies and Materials	27,405	(7,680)	19,725	17,932	1,793
Other Objects	12,050	4,579	16,629	16,629	-
Total Support Services School Administration	1,671,099	40,729	1,711,828	1,709,234	2,594
Central Services					
Salaries	306,597	(42,653)	263,944	263,943	1
Misc. Purchased Services	3,770	(3,770)	-	-	-
Supplies and Materials	6,115	1,686	7,801	7,800	1
Other Objects	1,113	407	1,520	1,520	-
Total Central Services	317,595	(44,330)	273,265	273,263	2

**VERONA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Exhibit C-1

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Administration - Information Technology Services					
Salaries	\$ 48,401	-	\$ 48,401	\$ 48,401	
Purchased Technical Services	56,525	\$ 14,675	71,200	69,607	\$ 1,593
Other Purchased Services	4,800	377	5,177	5,177	-
Total Administration Information Technology Svcs.	109,726	15,052	124,778	123,185	1,593
Required Maintenance for School Facilities					
Salaries	265,199	15,038	280,237	278,511	1,726
Cleaning, Repair and Maintenance Services	73,000	100,683	173,683	169,777	3,906
General Supplies	17,473	47,256	64,729	64,729	-
Total Required Maint. For School Facilities	355,672	162,977	518,649	513,017	5,632
Custodial Services					
Salaries	1,094,436	60,751	1,155,187	1,151,732	3,455
Cleaning, Repair and Maintenance Services	20,085	11,512	31,597	31,596	1
Other Purchased Property Services	63,129	(21,505)	41,624	41,624	-
Insurance	92,475	1,892	94,367	94,367	
General Supplies	87,452	(2,548)	84,904	78,275	6,629
Energy (Natural Gas)	319,450	(132,317)	187,133	174,071	13,062
Energy (Electricity)	379,000	(3,776)	375,224	347,322	27,902
Other Objects	8,401	(4,500)	3,901	3,454	447
Total Custodial Services	2,064,428	(90,491)	1,973,937	1,922,441	51,496
Care and Upkeep of Grounds					
Cleaning, Repair and Maintenance Svc.	46,586	(21,686)	24,900	23,126	1,774
General Supplies	9,983	(674)	9,309	8,503	806
Total Care and Upkeep of Grounds	56,569	(22,360)	34,209	31,629	2,580
Student Transportation Services					
Salaries of Non-Instructional Aides		3,150	3,150	3,150	
Salaries for Pupil Trans (Bet. Home & Sch)-Reg.	59,183	(16,677)	42,506	42,505	1
Salaries for Pupil Trans (Bet. Home & Sch)-Sp. Ed.	54,859	4,429	59,288	52,286	7,002
Contracted Services (Special Education Students)- Joint Agreements	300,000	44,608	344,608	344,590	18
Transportation Supplies	17,758	148	17,906	17,906	-
Total Student Transportation Services	431,800	35,658	467,458	460,437	7,021
Unallocated Benefits - Employee Benefits					
Group Insurance	52,000	13,241	65,241	65,241	-
Social Security Contributions	671,000	(306,293)	364,707	338,769	25,938
Other Retirement Contribution-Regular	14,000	354,016	368,016	368,016	
Unemployment Compensation	44,104	13,063	57,167	57,166	1
Worker's Compensation	170,144	1,701	171,845	171,844	1
Health Benefits	3,326,014	56,899	3,382,913	3,380,479	2,434
Tuition Reimbursement	80,000	2,793	82,793	82,793	-
Other Employee Benefits	55,000	10,857	65,857	65,856	1
Total Unallocated Benefits - Employee Benefits	4,412,262	146,277	4,558,539	4,530,164	28,375

**VERONA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Exhibit C-1

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
TPAF Pension Contribution (Non Budgeted)					
Normal Pension Contribution				\$ 421,459	\$ (421,459)
NCGI Contributions				45,228	(45,228)
Post Retirement				938,161	(938,161)
TPAF Social Security Contribution (Non Budgeted)	-	-	-	1,118,456	(1,118,456)
	-	-	-	2,523,304	(2,523,304)
 Total Undistributed Expenditures	<u>\$ 14,987,213</u>	<u>\$ 238,577</u>	<u>\$ 15,225,790</u>	<u>17,596,595</u>	<u>(2,370,805)</u>
 Total Current Expenditures	<u>28,342,527</u>	<u>276,671</u>	<u>28,619,198</u>	<u>30,886,293</u>	<u>(2,267,095)</u>
 CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures					
School Buses-Regular	61,427	-	61,427	61,427	-
Total Equipment	61,427	-	61,427	61,427	-
 Facilities and Acquisitions					
Other Objects	993	-	993	993	-
Total Facilities and Acquisitions	993	-	993	993	-
 Total Capital Outlay	62,420	-	62,420	62,420	-
 Total Expenditures - General Fund	<u>28,404,947</u>	<u>276,671</u>	<u>28,681,618</u>	<u>30,948,713</u>	<u>(2,267,095)</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	(224,738)	-	(224,738)	2,111	226,849
 Other Financing Sources					
Transfers In	-	-	-	500	500
 Excess (Deficiency) of Revenues Over (Under) Expenditures and Financing Sources	(224,738)	-	(224,738)	2,611	227,349
 Fund Balances, Beginning of Year	1,199,044	-	1,199,044	1,199,044	-
 Fund Balances, End of Year	<u>\$ 974,306</u>	<u>\$ -</u>	<u>\$ 974,306</u>	<u>\$ 1,201,655</u>	<u>\$ 227,349</u>
 <u>Recapitulation of Fund Balance</u>					
Restricted					
Capital Reserve				\$ 87,316	
Capital Reserve-Designated in Subsequent Year's Budget				75,000	
Excess Surplus - Designated in Subsequent Year's Budget				265,849	
Excess Surplus				204,982	
Unassigned Fund Balance				<u>568,508</u>	
				1,201,655	
 Receivables not Recognized on a GAAP Basis					
State Aid				(46,302)	
Extraordinary Aid				<u>(180,662)</u>	
 Fund Balance per Governmental Funds (GAAP)				<u>\$ 974,691</u>	

**VERONA BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - EDUCATION JOBS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Federal Sources					
Education Jobs Fund	\$ 47,889	\$ 1,500	\$ 49,389	\$ 49,389	-
 Total Revenues	<u>\$ 47,889</u>	<u>\$ 1,500</u>	<u>\$ 49,389</u>	<u>\$ 49,389</u>	<u>\$ -</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	-	\$ 49,389	\$ 49,389	\$ 49,389	-
 Total Regular Program	-	49,389	49,389	49,389	-
 Improvement of Instr. Serv.					
Salaries	\$ 47,889	(47,889)	-	-	-
 Total Improvement of Instr. Serv.	47,889	(47,889)	-	-	-
 Total Expenditures	<u>\$ 47,889</u>	<u>\$ 1,500</u>	<u>\$ 49,389</u>	<u>\$ 49,389</u>	<u>\$ -</u>

**VERONA BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources		\$ 101,586	\$ 101,586	\$ 96,582	\$ (5,004)
State Sources	\$ 97,527	7,339	104,866	83,591	(21,275)
Federal Sources	494,618	115,371	609,989	520,951	(89,038)
Total Revenues	<u>592,145</u>	<u>224,296</u>	<u>816,441</u>	<u>701,124</u>	<u>(115,317)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	25,000	(25,000)		-	-
Purchased Prof. Tech. Svc.		72,105	72,105	69,668	2,437
Purchased Professional-Educational Services	87,329	(23,618)	63,711	59,224	4,487
Other Purchased Services	20,301	1,947	22,248	18,176	4,072
Tuition		245,200	245,200	245,200	-
General Supplies		67,928	67,928	62,920	5,008
Textbooks	10,743	(2,580)	8,163	8,163	-
Total Instruction	<u>143,373</u>	<u>335,982</u>	<u>479,355</u>	<u>463,351</u>	<u>16,004</u>
Support Services					
Salaries of Other Professional Staff	12,729	118,006	130,735	73,824	56,911
Employee Benefits	436,043	(371,453)	64,590	64,590	-
Purchased Prof. Tech. Svc.		38,675	38,675	18,389	20,286
Purchased Professional-Education Services	-	16,788	16,788		16,788
Purchased Property Services		7,560	7,560	3,845	3,715
Other Purchased Services		6,803	6,803	5,190	1,613
Contracted Services -Transportation		21,332	21,332	21,332	-
General Supplies	-	3,728	3,728	3,728	-
Total Support Services	<u>448,772</u>	<u>(158,561)</u>	<u>290,211</u>	<u>190,898</u>	<u>99,313</u>
Facilities Acquisition and Construction Services					
Noninstructional Equipment	-	46,875	46,875	46,875	-
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>46,875</u>	<u>46,875</u>	<u>46,875</u>	<u>-</u>
Total Expenditures	<u>592,145</u>	<u>224,296</u>	<u>816,441</u>	<u>701,124</u>	<u>115,317</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**VERONA BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 30,950,824	\$ 701,124
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2011		4,924
State Aid payment not recognized for GAAP purposes, not recognized for budgetary statements.	(226,964)	
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements.	<u>132,085</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 30,855,945</u>	<u>\$ 706,048</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) total outflows from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 30,948,713	\$ 701,124
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.		
Encumbrances, June 30, 2011	<u>-</u>	<u>4,924</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 30,948,713</u>	<u>\$ 706,048</u>

SPECIAL REVENUE FUND

**VERONA BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	IDEA Basic Carryover	IDEA Preschool Carryover	IDEA Basic	IDEA Preschool	Title II-A	ARRA Basic	ARRA Preschool	Title IIA Carryover	Total Page 2	Total
REVENUES										
Local	\$ 35,241	\$ 21,722	\$ 417,852	\$ 1,604	\$ 35,724	\$ 2,103	\$ 1,955	\$ 4,750	\$ 96,582	\$ 96,582
State									83,591	83,591
Federal									-	520,951
Total Revenues	\$ 35,241	\$ 21,722	\$ 417,852	\$ 1,604	\$ 35,724	\$ 2,103	\$ 1,955	\$ 4,750	\$ 180,173	\$ 701,124
EXPENDITURES										
Instruction										
Salaries of Teachers			\$ 69,668							\$ 69,668
Purchased Prof. and Technical Services					\$ 12,038			\$ 4,750	\$ 42,436	\$ 59,224
Purchased Professional-Educational Services					18,176				8,163	8,163
Textbooks										18,176
Other Purchased Services			245,200						49,707	245,200
Tuition	\$ 120		6,423		2,612	\$ 2,103	\$ 1,955			62,920
Supplies										
Total Instruction	120	-	321,291	-	32,826	2,103	1,955	4,750	100,306	463,351
Support Services										
Salaries of Other Professional Staff	28,975	\$ 21,722	11,363	\$ 104					11,660	73,824
Employee Benefits			64,590							64,590
Purchased Prof. and Technical Services	1,802		12,689	1,000	2,898					18,389
Purchased Property Services	3,845									3,845
Other Purchased Services			5,190							5,190
Contracted Services - Transportation				500					21,332	21,332
Supplies	499		2,729							3,728
Total Support Services	35,121	21,722	96,561	1,604	2,898	-	-	-	32,992	190,898
Facilities Acquisition and Construction Services										
Noninstructional Equipment									46,875	46,875
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-	-	-	46,875	46,875
Total Expenditures	\$ 35,241	\$ 21,722	\$ 417,852	\$ 1,604	\$ 35,724	\$ 2,103	\$ 1,955	\$ 4,750	\$ 180,173	\$ 701,124

**VERONA BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Nonpublic Textbooks	Nonpublic Nursing	Chapter 192		Chapter 193		Supplem. Instruction	Local Grants	Total Page 2
			Compens. Education	Transpor- tation	Exam. And Class	Corrective Speech			
REVENUES									
Local	\$ 8,163	\$ 11,660	\$ 16,061	\$ 21,332	\$ 7,733	\$ 9,873	\$ 8,769	\$ 96,582	\$ 96,582
State	-	-	-	-	-	-	-	-	83,591
Federal	-	-	-	-	-	-	-	-	-
Total Revenues	\$ 8,163	\$ 11,660	\$ 16,061	\$ 21,332	\$ 7,733	\$ 9,873	\$ 8,769	\$ 96,582	\$ 180,173
EXPENDITURES									
Instruction									
Salaries of Teachers									
Purchased Prof. and Technical Services									
Purchased Professional-Educational Services		\$ 16,061			\$ 7,733	\$ 9,873	\$ 8,769		\$ 42,436
Other Purchased Services									
Textbooks	\$ 8,163								8,163
Supplies								\$ 49,707	49,707
Total Instruction	8,163		16,061		7,733	9,873	8,769	49,707	100,306
Support Services		\$ 11,660							11,660
Salaries of Other Professional Staff									
Purchased Professional Services									
Educational Services									
Other Professional Services									
Other Purchased Services				\$ 21,332					21,332
Contracted Services -Transportation									
Supplies									
Travel									
Total Support Services		11,660		21,332					32,992
Facilities Acquisition and Construction									
Noninstructional Equipment								46,875	46,875
Total Facilities Acquisition and Construction								46,875	46,875
Total Expenditures	\$ 8,163	\$ 11,660	\$ 16,061	\$ 21,332	\$ 7,733	\$ 9,873	\$ 8,769	\$ 96,582	\$ 180,173

**VERONA BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION PROGRAM AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

THIS SCHEDULE IS NOT APPLICABLE

CAPITAL PROJECTS FUND

**VERONA BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Adjustments</u>	<u>Balance, June 30, 2012</u>
		<u>Prior Year</u>	<u>Current Year</u>		
Various Equipment Purchases	\$ 650,000	\$ 644,540			\$ 5,460
Construct Additions, Alterations and Renovations to All Schools	<u>33,971,450</u>	<u>33,971,280</u>	<u>-</u>	<u>-</u>	<u>170</u>
	<u>\$ 34,621,450</u>	<u>\$ 34,615,820</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,630</u>
Project Balances, June 30, 2012					\$ 5,630
Debt Authorized But Not Issued					<u>(170)</u>
Fund Balance, June 30, 2012					<u>\$ 5,460</u>
<u>Recapitulation of Fund Balance</u>					
Restricted:					
Available for Capital Projects					<u>\$ 5,460</u>
Total Fund Balance - Restricted for Capital Projects					<u>\$ 5,460</u>

**VERONA 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, 2012**

REVENUES AND OTHER FINANCING SOURCES

Revenues

Interest Income	\$ 9
-----------------	------

Total Revenues	9
----------------	---

EXPENDITURES AND OTHER FINANCING USES

Transfers Out	509
---------------	-----

Total Expenditures and Other Financing Uses	509
---	-----

Excess (Deficiency) of Revenues Over (Under) Expenditures	(500)
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Fund Balance, July 1, 2011	5,960
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Fund Balance, June 30, 2012	\$ 5,460
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**VERONA BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS
RENOVATIONS TO ALL SCHOOLS
TECHNOLOGY UPGRADES AND VARIOUS EQUIPMENT PURCHASES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Lease Proceeds	\$ 650,000	-	\$ 650,000	\$ 650,000
 Total Revenues	 650,000	 -	 650,000	 650,000
Expenditures and Other Financing Uses				
Equipment Purchases	644,540	-	644,540	650,000
 Total Expenditures	 644,540	 -	 644,540	 650,000
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 \$ 5,460	 \$ -	 \$ 5,460	 \$ -

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	\$ 650,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 650,000
 Percentage Increase Over Original Authorized Cost	 0%
Percentage Completion	99%
Original Target Completion Date	Jun-06
Revised Target Completion Date	Jun-06

**VERONA BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS
CONSTRUCT ADDITIONS, ALTERATIONS AND RENOVATIONS TO ALL SCHOOLS
TECHNOLOGY UPGRADES AND VARIOUS EQUIPMENT PURCHASES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Adjustments- Cancellation of Prior Year Payable</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources					
Bond Proceeds	\$ 33,971,000			\$ 33,971,000	\$ 33,971,450
Miscellaneous	280	-	-	280	-
Total Revenues	<u>33,971,280</u>	<u>-</u>	<u>-</u>	<u>33,971,280</u>	<u>33,971,450</u>
Expenditures and Other Financing Uses					
Salaries and Wages	53,740			53,740	
Purchased Professional Services	4,106,428			4,106,428	4,781,711
Construction Services	29,261,398		-	29,261,398	29,189,739
Furniture and Technology	549,714	-	-	549,714	-
Total Expenditures	<u>33,971,280</u>	<u>-</u>	<u>-</u>	<u>33,971,280</u>	<u>33,971,450</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	March 1, 2006
Bonds Authorized	\$ 33,971,450
Bonds issued	\$ 33,971,000
Original Authorized Cost	\$ 33,971,450
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 33,971,450

Percentage Increase Over Original Authorized Cost	N/A
Percentage Completion	100%
Original Target Completion Date	Dec-08
Revised Target Completion Date	Dec-09

ENTERPRISE FUNDS

**VERONA BOARD OF EDUCATION
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012**

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

**COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

FIDUCIARY FUNDS

**VERONA BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY NET ASSETS
AS OF JUNE 30, 2012**

	<u>Student Activity</u>	<u>Agency Payroll</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 137,793	\$ 6,606	\$ 144,399
Total Assets	<u>\$ 137,793</u>	<u>\$ 6,606</u>	<u>\$ 144,399</u>
LIABILITIES			
Due to Other Funds		\$ 273	\$ 273
Due to Student Groups	\$ 137,793		137,793
Payroll Deductions and Withholdings	<u>-</u>	<u>6,333</u>	<u>6,333</u>
Total Liabilities	<u>\$ 137,793</u>	<u>\$ 6,606</u>	<u>\$ 144,399</u>

**VERONA BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**VERONA BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Balance July 1, 2011</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2012</u>
JUNIOR HIGH SCHOOL				
H.B. Whitehorne Middle School	\$ 48,696	\$ 79,549	\$ 78,827	\$ 49,418
SENIOR HIGH SCHOOL				
Verona Senior High School	56,803	127,754	96,045	88,512
Athletic Fund	-	43,041	43,178	(137)
	<u>\$ 105,499</u>	<u>\$ 250,344</u>	<u>\$ 218,050</u>	<u>\$ 137,793</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Balance, July 1, 2011</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2012</u>
Payroll Deductions and Withholdings	\$ (75)	\$ 21,756,588	\$ 21,750,180	\$ 6,333
Accrued Salaries and Wages		17,176,208	17,176,208	
Due to Other Funds	-	273	-	273
	<u>\$ (75)</u>	<u>\$ 38,933,069</u>	<u>\$ 38,926,388</u>	<u>\$ 6,606</u>

LONG-TERM DEBT

VERONA BOARD OF EDUCATION
LONG TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Amount	Interest Rate	Balance, July 1, 2011	Issued	Retired	Balance, June 30, 2012
2005 Refunding Bonds	3/1/2005	\$ 3,860,000	3/1/2013	\$ 650,000	4.00 %	\$ 1,290,000		\$ 640,000	\$ 650,000
2006 School Bonds	3/1/2006	33,971,000	3/1/2013	600,000	4.25				
			3/1/2014	1,500,000	4.375				
			3/1/2015	1,550,000	4.375				
			3/1/2016	1,600,000	4.375				
			3/1/2017	1,650,000	4.375				
			3/1/2018	1,700,000	4.375				
			3/1/2019	1,750,000	4.375				
			3/1/2020-28	1,800,000	4.375				
	3/1/2029-30	1,850,000	4.375						
	3/1/2031	1,871,000	4.375						
						32,671,000		550,000	32,121,000
						\$ 33,961,000	\$ -	\$ 1,190,000	\$ 32,771,000

**VERONA BOARD OF EDUCATION
LONG TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<u>Series</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2012</u>
2008 - Bus	\$ 51,395	\$ 10,742		\$ 10,742	
2007 - Bus	64,995	13,581		13,581	
2008 - Bus	81,130	33,376		33,376	
2010-Bus	77,925	46,672		14,765	\$ 31,907
2010-Computer Lease	170,000	138,450		32,730	105,720
2011- Bus	61,479	56,367	-	18,728	37,639
		<u>\$ 299,188</u>	<u>\$ -</u>	<u>\$ 123,922</u>	<u>\$ 175,266</u>

EXHIBIT 1-3

**DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 2,238,160		\$ 2,238,160	\$ 2,238,160	
State Sources					
Debt Service Aid	429,506	-	429,506	429,506	-
Total Revenues	<u>2,667,666</u>	<u>-</u>	<u>2,667,666</u>	<u>2,667,666</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	1,190,000		1,190,000	1,190,000	
Interest	1,484,669	-	1,484,669	1,484,669	-
Total Expenditures	<u>2,674,669</u>	<u>-</u>	<u>2,674,669</u>	<u>2,674,669</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(7,003)	-	(7,003)	(7,003)	-
Other Financing Sources					
Transfers In	-	-	-	9	\$ 9
Excess(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(7,003)	-	(7,003)	(6,994)	9
Fund Balance, Beginning of Year	9,461	-	9,461	9,461	-
Fund Balance, End of Year	<u>\$ 2,458</u>	<u>\$ -</u>	<u>\$ 2,458</u>	<u>\$ 2,467</u>	<u>\$ 9</u>

STATISTICAL SECTION

This part of the Verona 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.

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 3,906,557	\$ 4,480,331	\$ 4,806,982	\$ 4,421,295	\$ 6,387,137	\$ 6,655,294	\$ 6,461,850	\$ 6,542,788	\$ 6,705,998	\$ 6,966,552
Restricted	320,590	6,815	35,776	568,036	1,545,342	1,491,295	954,017	501,958	171,777	164,783
Unrestricted	(1,874,776)	(1,299,417)	(1,990,212)	(1,634,674)	(1,674,049)	(1,988,673)	(1,662,598)	(1,407,245)	(1,049,120)	(1,183,105)
Total Governmental Activities Net Assets	\$ 2,352,371	\$ 3,187,729	\$ 2,852,546	\$ 3,354,657	\$ 6,258,430	\$ 6,157,916	\$ 5,753,269	\$ 5,637,501	\$ 5,828,655	\$ 5,948,230
Business-Type Activities										
Invested in Capital Assets	\$ 14,897	\$ 28,651	\$ 26,276	\$ 23,901	\$ 21,526	\$ 32,554	\$ 29,222	\$ 25,890	\$ 22,558	\$ 19,226
Unrestricted	81,582	77,200	92,553	87,763	124,828	49,278	26,039	19,404	7,010	13,387
Total Business-Type Activities Net Assets	\$ 96,479	\$ 105,851	\$ 118,829	\$ 111,664	\$ 146,354	\$ 81,832	\$ 55,261	\$ 45,294	\$ 29,568	\$ 32,613
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ 3,921,454	\$ 4,508,982	\$ 4,833,258	\$ 4,445,196	\$ 6,408,663	\$ 6,687,848	\$ 6,491,072	\$ 6,568,678	\$ 6,728,556	\$ 6,985,778
Restricted	320,590	6,815	35,776	568,036	1,545,342	1,491,295	954,017	501,958	171,777	164,783
Unrestricted	(1,793,194)	(1,222,217)	(1,897,659)	(1,546,911)	(1,549,221)	(1,939,395)	(1,636,559)	(1,387,841)	(1,042,110)	(1,169,718)
Total District Net Assets	\$ 2,448,850	\$ 3,293,580	\$ 2,971,375	\$ 3,466,321	\$ 6,404,784	\$ 6,239,748	\$ 5,808,530	\$ 5,682,795	\$ 5,858,223	\$ 5,980,843

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

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 9,721,927	\$ 10,859,764	\$ 10,923,518	\$ 11,660,244	\$ 12,649,075	\$ 13,830,118	\$ 13,113,794	\$ 13,979,982	\$ 13,559,950	\$ 14,274,188
Special Education	3,321,557	3,528,025	4,439,477	4,533,069	4,825,302	4,488,595	4,280,896	4,264,379	4,503,628	4,658,751
Other Instruction	92,834	170,071	272,858	276,487	331,490	331,490	291,800	326,495	352,996	402,188
School Sponsored Activities And Athletics	530,864	609,170	653,143	717,118	805,228	789,408	832,929	884,332	851,004	919,157
Community Services	25,182	45,762	78,255	75,073	78,763	67,183	21,577	20,963		6,450
Support Services:										
Student and Instruction Related Services	2,371,246	2,443,191	2,757,872	3,063,801	3,338,855	3,315,148	3,529,635	3,623,237	3,812,349	4,607,480
School Administrative Services	1,653,692	1,743,206	1,768,555	1,689,564	1,842,137	2,373,467	2,635,737	2,627,792	2,892,971	2,367,908
General Administration	615,684	598,058	591,653	731,382	683,442	682,398	571,229	597,791	626,250	612,146
Plant Operations And Maintenance	2,579,328	2,593,867	3,114,273	2,661,300	2,808,710	3,119,774	3,678,194	3,768,008	3,727,693	3,778,372
Pupil Transportation	377,664	424,510	473,636	479,775	561,478	526,813	546,041	459,971	466,844	478,843
Business and Other Support Services	347,324	404,781	525,293	506,346	540,606	545,963	518,043	493,452	540,371	502,522
Interest On Long-Term Debt and Other Cligs	346,304	322,680	213,207	755,829	2,067,506	1,700,160	1,556,890	1,569,642	1,552,194	1,501,988
Total Governmental Activities Expenses	21,783,606	23,743,685	23,811,740	27,149,988	30,492,705	31,768,517	31,576,765	32,618,564	32,926,250	34,109,993
Business-Type Activities										
YSEA										
Food Service	322,342	357,705	373,820	384,049	355,727	17,555	21,634	40,416	49,526	46,815
Total Business-Type Activities Expense	322,342	357,705	373,820	384,049	355,727	17,555	21,634	40,416	49,526	46,815
Total District Expenses	\$ 22,105,948	\$ 24,101,390	\$ 26,185,560	\$ 27,534,037	\$ 30,848,432	\$ 32,136,208	\$ 31,903,633	\$ 32,960,904	\$ 33,264,303	\$ 34,499,276
Program Revenues										
Governmental Activities										
Charges For Services										
Regular Instruction	\$ 421,080	\$ 209,277	\$ 235,288	\$ 323,016	\$ 80,866	\$ 147,070	\$ 177,274	\$ 114,476	\$ 208,284	\$ 257,108
Special Education	3,189,504	3,633,750	3,802,436	4,108,470	5,130,796	5,103,714	4,096,835	4,346,750	3,449,371	3,985,678
Operating Grants And Contributions										
Total Governmental Activities Program Revenues	3,610,584	3,843,027	4,037,724	4,431,486	5,319,731	5,250,784	4,274,109	4,461,226	3,657,655	4,242,786
Business-Type Activities										
Charges For Services										
Food Service	330,872	360,824	378,011	368,284	361,356	291,619	244,358	228,491	260,396	331,902
YSEA										
Operating Grants And Contributions	5,928	6,184	8,612	8,222	7,986	7,658	8,194	6,200	5,000	5,317
Total Business-Type Activities Program Revenues	336,800	367,008	386,623	376,506	369,342	302,917	283,422	268,285	305,549	392,328
Total District Program Revenues	\$ 3,947,384	\$ 4,212,035	\$ 4,424,347	\$ 4,807,992	\$ 5,689,073	\$ 5,553,701	\$ 4,559,531	\$ 4,729,511	\$ 3,963,204	\$ 4,635,114
Net (Expense)/Revenue										
Governmental Activities										
Business-Type Activities	\$ (18,173,022)	\$ (19,898,658)	\$ (21,774,016)	\$ (22,718,502)	\$ (25,172,974)	\$ (26,517,733)	\$ (27,302,656)	\$ (28,157,338)	\$ (29,268,593)	\$ (29,867,207)
Business-Type Activities	14,458	9,503	12,803	(7,543)	13,615	(64,774)	(41,446)	(74,055)	(32,504)	3,045
Total District-Wide Net Expenses	\$ (18,158,564)	\$ (19,889,155)	\$ (21,761,213)	\$ (22,726,045)	\$ (25,159,359)	\$ (26,582,507)	\$ (27,344,102)	\$ (28,231,393)	\$ (29,301,099)	\$ (29,864,162)

VERONA BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(Unaudited)
(factual basis of accounting)

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Assets										
Governmental Activities										
Property Taxes Levied For General Purposes, Net	\$ 18,263,105	\$ 18,897,184	\$ 19,835,727	\$ 21,240,289	\$ 22,389,852	\$ 23,437,661	\$ 24,689,393	\$ 25,601,948	\$ 26,626,026	\$ 27,158,547
Taxes Levied For Debt Service	960,016	1,242,702	1,254,840	1,003,569	1,754,896	1,648,192	1,498,905	1,725,142	2,218,556	2,238,160
Federal and State Aid - Unrestricted	41,466	123,586	167,763	217,385	170,600	212,528	402,091	503,226	423,263	429,506
Restricted Grants/Donations	50,885	2,255	2,255	90,577	404,199	403,146	8,185	1,895	940	9
Accrued Interest on Bond Sale	1,368	11,647	1,840	504,137	1,505,342	534,523	8,185	1,895	940	9
Investment Earnings	15,378	228,995	216,845	164,656	165,664	181,169	314,182	273,419	207,738	160,680
Miscellaneous Income	108,454	-	-	-	-	-	(14,747)	(64,060)	(16,774)	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	<u>19,440,672</u>	<u>20,504,114</u>	<u>21,479,270</u>	<u>23,220,613</u>	<u>26,390,553</u>	<u>26,417,219</u>	<u>26,898,009</u>	<u>28,041,570</u>	<u>29,459,749</u>	<u>29,986,882</u>
Business-Type Activities										
Investment Earnings	123	69	175	378	407	252	128	28	4	-
Transfers	-	-	-	-	-	-	14,747	64,060	16,774	-
Total Business-Type Activities	<u>123</u>	<u>69</u>	<u>175</u>	<u>378</u>	<u>407</u>	<u>252</u>	<u>14,875</u>	<u>64,088</u>	<u>16,778</u>	<u>-</u>
Total District-Wide	<u>\$ 19,440,795</u>	<u>\$ 20,504,183</u>	<u>\$ 21,479,445</u>	<u>\$ 23,220,991</u>	<u>\$ 26,390,960</u>	<u>\$ 26,417,471</u>	<u>\$ 26,912,884</u>	<u>\$ 28,105,658</u>	<u>\$ 29,476,527</u>	<u>\$ 29,986,882</u>
Change in Net Assets										
Governmental Activities	\$ 1,267,650	\$ 605,456	\$ (294,746)	\$ 502,111	\$ 1,217,579	\$ (100,514)	\$ (404,647)	\$ (115,768)	\$ 191,154	\$ 119,675
Business-Type Activities	14,581	9,372	12,978	(7,165)	14,022	(64,522)	(26,571)	(9,967)	(15,726)	3,045
Total District	<u>\$ 1,282,231</u>	<u>\$ 614,828</u>	<u>\$ (281,768)</u>	<u>\$ 494,946</u>	<u>\$ 1,231,601</u>	<u>\$ (165,036)</u>	<u>\$ (431,218)</u>	<u>\$ (125,735)</u>	<u>\$ 175,428</u>	<u>\$ 122,720</u>

**VERONA BOARD OF EDUCATION
FUND BALANCES - GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(Unaudited)**
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ 28,928	\$ 143,461	\$ 95,180	\$ 34,178	\$ 50,502	\$ 62,278	\$ 490,164	\$ 724,666		
Unreserved	672,797	639,996	236,186	445,320	558,111	547,351	224,191	213,425		
Restricted	-	-	-	-	-	-	-	-	\$ 652,903	\$ 633,147
Unassigned	-	-	-	-	-	-	-	-	414,056	341,544
Total General Fund	\$ 701,725	\$ 783,457	\$ 331,366	\$ 479,498	\$ 608,613	\$ 609,629	\$ 714,355	\$ 938,091	\$ 1,066,959	\$ 974,691
All Other Governmental Funds										
Reserved	\$ 302,147	\$ 50,485	\$ 1,386	\$ 12,703,903	\$ 14,920,188	\$ 1,963,902	\$ 334,599	\$ 318,639		
Unreserved	11,609	7,199	122,327	20,161,446	2,848,706	1,398,464	618,093	223,296		
Restricted	-	-	-	-	-	-	-	-	\$ 15,421	\$ 7,918
Total All Other Governmental Funds	\$ 313,756	\$ 57,684	\$ 123,713	\$ 32,865,349	\$ 17,768,894	\$ 3,362,366	\$ 952,692	\$ 541,935	\$ 15,421	\$ 7,927

Notes:
 GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only eight years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

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

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Tax Levy	\$ 19,223,121	\$ 20,139,886	\$ 21,090,567	\$ 22,243,858	\$ 24,144,748	\$ 25,085,853	\$ 26,188,298	\$ 27,327,090	\$ 28,844,582	\$ 29,396,707
Tuition Charges	421,080	209,277	235,288	323,016	188,935	147,070	177,274	114,476	208,284	257,108
Miscellaneous	225,602	280,519	237,458	198,072	197,079	193,038	314,182	299,357	258,482	261,316
Interest				504,137	1,505,342	534,523	8,185	1,895	940	9
State Sources	2,863,486	3,316,683	3,511,252	3,859,292	5,148,389	5,300,331	3,990,890	4,195,378	2,996,240	3,744,188
Federal Sources	316,599	402,776	440,174	433,147	525,791	407,188	508,036	628,660	823,279	570,340
Total Revenues	23,049,888	24,349,141	25,514,739	27,561,522	31,710,284	31,668,003	31,186,865	32,566,856	33,131,807	34,229,668
Expenditures										
Instruction										
Regular Instruction	9,638,172	10,622,951	10,838,284	11,588,235	12,570,010	13,447,633	13,074,136	13,869,191	13,439,810	14,133,388
Special Education Instruction	3,318,050	3,678,601	4,453,249	4,533,626	4,817,590	4,460,943	4,270,481	4,273,598	4,503,754	4,661,814
Other Instruction	92,603	170,671	170,671	276,487	291,603	331,490	291,800	326,495	352,996	402,188
School Sponsored Activities and Athletics	526,625	585,751	632,805	697,913	786,593	782,630	798,882	850,043	816,957	885,191
Community Services	25,182	45,762	78,255	75,073	78,763	67,183	21,577	20,983		6,450
Support Services										
Student and Instr. Related Services	2,366,180	2,437,080	2,768,049	3,059,286	3,333,789	3,296,125	3,450,254	3,623,506	3,782,776	4,605,615
General Administration	607,239	594,704	582,404	728,100	681,695	681,780	582,248	590,725	624,997	603,465
School Administrative Services	1,698,545	1,715,568	1,723,045	1,645,620	1,806,382	2,263,736	2,562,936	2,819,910	2,289,114	2,289,114
Plant Operations And Maintenance	1,962,103	2,189,777	2,651,336	2,187,753	2,335,798	2,575,115	2,808,786	2,887,096	2,849,971	2,906,584
Pupil Transportation	377,664	424,510	473,636	479,775	561,478	526,813	534,133	459,971	466,844	478,843
Business and Other Support Services	347,324	404,781	525,293	506,346	540,606	543,963	518,043	493,452	540,371	502,522
Capital Outlay	298,513	402,006	275,999	1,766,345	16,108,936	14,508,215	1,772,368	207,113	300,398	46,875
Debt Service										
Principal	625,383	903,792	1,169,171	943,173	1,075,619	1,142,319	1,181,199	1,181,031	1,219,767	1,313,922
Interest and Other Charges	334,633	347,527	245,426	245,598	1,688,762	1,643,090	1,610,223	1,572,869	1,539,339	1,493,459
Bond Insurance Costs			84,759							
Advance Refunding Escrow			231,014							
Claims and Judgments									316,268	
Total Expenditures	22,218,216	24,523,481	26,732,725	28,733,330	46,677,624	46,271,035	33,477,066	32,937,742	33,574,158	34,329,430
Excess (Deficiency) of Revenues Over (Under) Expenditures	831,672	(174,340)	(1,217,986)	(1,171,808)	(14,967,340)	(14,603,032)	(2,290,201)	(370,886)	(442,351)	(99,762)
Other Financing Sources (Uses)										
Lease Purchase Proceeds			650,000			197,520		170,000	61,479	
Capital Lease Proceeds			139,009					77,925		
Refunding Bond Proceeds	1,540,000		3,860,000	33,971,000						
Accrued Interest on Bonds	1,368		90,577							
Premium on Issuance of Refunding Bonds	(1,474,758)		(3,660,000)							
Payment to Refunded Bond Escrow Agent										
Refunding of Unfunded Pension Liabilities										
Refunding of Unfunded Pension Liabilities-COI	(65,242)	1,386	1,789	533,590	1,407,528	479,489	36,054	1,895	322,168	509
Transfers In	4,648	(1,385)	(1,789)	(533,590)	(1,407,528)	(479,489)	(50,801)	(65,955)	(338,942)	(509)
Transfers Out	(4,648)									
Total Other Financing Sources (Uses)	1,368	-	1,104,782	34,061,577	-	197,520	(14,747)	183,865	44,705	-
Net Change in Fund Balances	\$ 833,040	\$ (174,340)	\$ (113,204)	\$ 32,889,769	\$ (14,967,340)	\$ (14,403,512)	\$ (2,304,948)	\$ (187,021)	\$ (397,646)	\$ (99,762)
Debt Service as a Percentage of Noncapital Expenditures	4.38%	5.19%	6.54%	4.41%	9.04%	8.77%	8.80%	8.41%	8.29%	8.19%

* Noncapital expenditures are total expenditures less capital outlay.

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

<u>Fiscal Year Ended June 30,</u>	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Donations/ Local Grants</u>	<u>Rentals</u>	<u>Miscellaneous</u>	<u>Total</u>
2003	\$ 421,080	\$ 15,378	\$ 50,885	\$ 47,083	\$ 108,976	\$ 643,402
2004	209,277	10,261	39,877	41,139	187,856	488,410
2005	235,288	29,853	18,773	64,803	122,240	470,957
2006	323,016	61,124	33,416	65,006	99,650	582,212
2007	188,935	97,814	31,415	61,759	103,905	483,828
2008	147,070	55,034	-	60,199	120,970	383,273
2009	177,274	44,239	28,082	59,532	190,514	499,641
2010	114,476	1,895	25,938	51,982	221,437	415,728
2011	208,284	573	53,115	52,098	143,269	457,339
2012	257,108	9	100,656	47,557	113,103	518,433

* Includes General, Special Revenue and Debt Service Funds

Source: School District's Records

VERONA 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
2003	\$ 2,998,600	\$ 436,309,600	\$ 48,615,700	\$ 2,245,200	\$ 9,577,100	\$ 499,746,200	\$ 483,300	\$ 500,229,500	\$ 1,510,720,073	4.03
2004	2,959,200	437,521,800	48,570,000	2,175,200	9,577,100	500,803,300	408,600	501,211,900	1,696,488,144	4.21
2005	3,012,500	438,881,300	48,144,300	2,193,100	9,522,800	501,754,000	360,400	502,114,400	2,116,572,969	4.43
2006	3,457,700	440,206,300	47,875,300	2,098,100	9,522,800	503,160,200	299,200	503,459,400	2,130,415,782	4.80
2007	3,488,700	441,332,500	47,992,900	2,098,100	7,621,600	502,533,800	265,100	502,798,900	2,408,529,800	4.99
2008	4,462,900	442,316,900	47,898,700	2,098,100	7,613,600	504,390,200	258,700	504,648,900	2,843,460,004	5.19
2009	4,769,800	443,567,200	47,873,700	2,098,100	7,613,600	505,922,400	365,200	506,287,600	2,578,721,037	5.40
2010 *	25,655,800	1,908,230,400	211,856,400	9,039,100	34,583,100	2,189,364,800	1,557,600	2,190,922,400	2,190,922,400	1.32
2011	24,871,600	997,464,850	87,736,600	3,843,000	15,545,800	1,129,461,850	1,443,500	1,130,905,350	2,141,243,800	1.37
2012	24,547,300	1,791,644,700	202,890,500	8,674,900	34,772,200	2,062,529,600	1,691,900	2,064,221,500	2,064,221,500	1.46

*- Township had a Revaluation completed in 2009.

^a Tax rates are per \$100

Source: County Abstract of Ratables

**VERONA BOARD OF EDUCATION
PROPERTY TAX RATES
PER \$100 OF ASSESSED VALUATION
LAST TEN YEARS
(Unaudited)**

<u>Year</u>	<u>School District</u>	<u>Municipal</u>	<u>Essex County</u>	<u>Total</u>
2003	\$4.03	\$1.83	\$1.77	\$7.63
2004	4.21	1.96	1.79	7.96
2005	4.43	2.05	1.83	8.31
2006	4.80	2.12	1.85	8.77
2007	4.99	2.23	1.87	9.09
2008	5.19	2.419	1.999	9.61
2009	5.40	2.514	2.003	9.92
2010	* 1.32	0.642	0.457	2.42
2011	1.37	0.694	0.483	2.55
2012	1.46	0.72	0.502	2.68

*- Township had a Revaluation completed in 2009.

Source: Tax Duplicate, Township of Verona

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

Taxpayer	2012		2003	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Claridge II	\$ 87,152,200	17.27%		
Claridge I	56,840,200	11.26%		
Hilltop/Cenrose	23,147,000	4.59%		
Ardleigh Mews Condominiums	22,432,800	4.45%		
Wedgewood Gardens Condominiums	21,595,200	4.28%		
Diener Family Partnership	21,565,700	4.27%		
Beacon Hill Assoc.	22,135,600	4.39%		
Cam Gar	18,468,400	3.66%		
Kadima Medical Properties Investment	8,410,500	1.67%		
Montclair Golf Club	7,203,100	1.43%		
EVI Realty	6,912,300	1.37%		
J. Webster Realty LLC	6,586,300	1.31%		
Nordan Realty	5,617,800	1.11%		
	<u>\$ 308,067,100</u>	<u>58.63%</u>		
			NOT AVAILABLE	
			<u>\$ -</u>	<u>0.00%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	\$ 19,223,121	\$ 19,223,121	100.00%	N/A
2004	20,139,886	20,139,886	100.00%	N/A
2005	21,090,567	21,079,767	99.95%	None
2006	22,243,858	22,243,858	100.00%	N/A
2007	24,144,748	24,144,748	100.00%	N/A
2008	25,085,853	25,085,853	100.00%	N/A
2009	26,188,298	26,188,298	100.00%	N/A
2010	27,337,892	27,337,892 *	100.00%	N/A
2011	28,844,582	28,844,582	100.00%	N/A
2012	29,396,707	29,396,707	100.00%	N/A

* Does not include cancellation of Debt Service Property Tax Levy Receivable of \$10,802, Originally levied in Year 2005.

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

Fiscal Year Ended June 30,	Governmental Activities					Population	Per Capita
	General Obligation Bonds	Capital Leases	Loans Payable	Total District			
2003	\$ 7,160,000	\$ 48,192	\$ 424,768	\$ 7,632,960	13,347	\$ 572	
2004	6,465,000	24,558	215,976	6,705,534	13,181	509	
2005	5,870,000	655,372		6,525,372	12,992	502	
2006	39,056,000	497,199		39,553,199	12,803	3,089	
2007	38,136,000	341,580		38,477,580	12,651	3,041	
2008	37,181,000	351,781		37,532,781	12,651	2,967	
2009	36,206,000	145,582		36,351,582	12,493	2,910	
2010	35,091,000	327,476		35,418,476	12,643	2,801	
2011	33,961,000	299,188		34,260,188	13,334	2,569	
2012	32,771,000	175,266		32,946,266	13,352	2,468	

Source: District records

VERONA 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			
2003	\$ 7,160,000		\$ 7,160,000	1.43%	\$ 536
2004	6,465,000		6,465,000	1.29%	490
2005	5,870,000		5,870,000	1.17%	452
2006	39,056,000		39,056,000	7.76%	3,051
2007	38,136,000		38,136,000	7.58%	3,014
2008	37,181,000		37,181,000	7.37%	2,939
2009	36,206,000		36,206,000	7.15%	2,898
2010	35,091,000		35,091,000	1.60%	2,776
2011	33,961,000		33,961,000	3.00%	2,547
2012	32,771,000		32,771,000	1.59%	2,454

Source: District records

**VERONA BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2011
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Verona Board of Education	\$ 33,961,000	\$ 33,961,000	
Township of Verona	<u>41,264,524</u>	<u>12,016,404</u>	<u>\$ 29,248,120</u>
	<u>\$ 75,225,524</u>	<u>\$ 45,977,404</u>	<u>29,248,120</u>
Overlapping Debt Apportioned to the Municipality:			
Essex County			
County of Essex (A)			8,755,990
Essex County Utilities Authority (B)			<u>2,188,969</u>
			<u>10,944,959</u>
Total Direct and Overlapping Debt			<u>\$ 40,193,079</u>

Source:

(1) Township of Verona's 2011 Annual Debt Statement

(A) The debt for this entity was apportioned to Verona by dividing the municipality's 2011 equalized value by the total 2011 equalized value for Essex County.

(B) The debt was computed based upon usage.

VERONA BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 49,956,369	\$ 49,956,369	\$ 68,054,833	\$ 76,148,603	\$ 85,614,724	\$ 94,370,732	\$ 100,327,342	\$ 100,860,695	\$ 98,668,593	\$ 95,210,285
Total Net Debt Applicable to Limit	6,044,768	6,680,976	5,870,000	39,056,450	37,596,000	36,906,450	36,906,450	35,091,450	33,961,170	32,771,170
Legal Debt Margin	\$ 43,911,601	\$ 43,275,393	\$ 62,184,833	\$ 37,092,153	\$ 48,018,724	\$ 57,464,282	\$ 63,420,892	\$ 65,769,245	\$ 64,707,423	\$ 62,439,115
Total Net Debt, Applicable to the Limit as a Percentage of Debt Limit	12.10%	13.37%	8.63%	51.29%	43.91%	39.11%	36.79%	34.79%	34.42%	34.42%

Legal Debt Margin Calculation for Fiscal Year 2012

Equalized Valuation Basis	
2011	\$ 2,303,585,208
2010	2,394,318,460
2009	2,442,867,697
	\$ 7,140,771,365
3 Year Average	\$ 2,380,257,122
4% of Avg. Equalized Valuation	\$ 95,210,285
Less Net Debt	32,771,170
Remaining Borrowing Power	\$ 62,439,115

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

**VERONA 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>
2002	2.1%	\$ 37,809	13,443
2003	2.1%	38,800	13,347
2004	1.7%	41,692	13,181
2005	2.3%	43,549	12,992
2006	2.4%	46,895	12,803
2007	2.2%	50,156	12,651
2008	2.7%	51,617	12,651
2009	5.4%	50,349	12,493
2010	5.4%	50,791	12,643
2011	5.1%	N/A	13,334

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

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

<u>Employer</u>	<u>2011</u>		<u>2002</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction							
Regular	128.0	129.0	131.0	148.0	152.0	138.0	131.4
Special Education	27.3	28.3	29.3	21.0	21.0	21.0	22.4
Other Instruction	3.3	3.3	3.3			2.0	2.0
Support Services:							
Student and Instruction Related Services	31.2	31.2	31.2	26.0	26.0	38.0	39.0
General Administration	2.0	2.0	2.0	3.0	2.0	1.0	1.0
School Administrative Services	18.0	18.0	18.0	19.0	19.0	18.0	21.6
Other Administrative Services	3.8	3.8	3.8	2.0	2.0		
Central Services	0.8	0.8	0.8	4.0	5.0	5.0	4.0
Administrative Information Technology	23.2	23.2	23.2	1.0	1.0	1.0	1.0
Plant Operations And Maintenance	35.3	35.3	36.3	19.0	20.0	20.0	20.0
Pupil Transportation	1.4	2.4	2.4	-	-	-	-
Total	<u>274.3</u>	<u>277.3</u>	<u>281.3</u>	<u>243.0</u>	<u>248.0</u>	<u>244.0</u>	<u>242.4</u>

Source: District Personnel Records

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

Pupil/Teacher Ratio

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2003	2,005	\$ 20,426,406	\$ 10,188	-4.96%	192	11:1	13:6:1	11:3:1	2,008	1,919	3.51%	95.57%
2004	1,984	22,334,036	11,257	10.50%	192	11:36:1	14:3:1	10:8:1	1,990	1,907	-0.90%	95.83%
2005	2,062	24,106,649	11,691	3.85%	195	11:36:1	14:3:1	10:8:1	2,053	1,968	3.17%	95.86%
2006	2,049	25,192,758	12,295	5.17%	196	19:3:1	14:8:1	14:1:1	2,040	1,955	-0.63%	95.83%
2007	2,048	27,804,307	13,576	10.42%	196	19:3:1	14:8:1	14:1:1	2,032	1,920	-0.39%	94.49%
2008	2,043	28,977,411	14,184	4.47%	196	19:3:1	14:8:1	14:1:1	2,023	1,920	-0.46%	94.95%
2009	2,080	28,913,276	13,901	-2.00%	189	19:3:1	14:8:1	14:1:1	2,068	1,968	2.25%	95.16%
2010	2,152	29,976,729	13,930	0.21%	189	19:3:1	14:8:1	14:1:1	2,089	1,980	1.02%	94.78%
2011	2,169	30,198,386	13,923	-0.05%	189	19:3:1	14:8:1	14:1:1	2,159	2,073	3.55%	96.02%
2012	2,218	31,475,174	14,191	1.93%	195	21:3:1	14:8:1	15:0:1	2,210	2,098	2.36%	94.93%

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.

**VERONA BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST SEVEN FISCAL YEARS**

	2006	2007	2008	2009	2010	2011	2012
District Building							
<u>Elementary</u>							
Brookdale Avenue School (1927)							
Square Feet	30,667	30,667	37,972	37,972	37,972	37,972	37,972
Capacity (students)	220	220	270	270	270	270	270
Enrollment	139	138	138	138	138	137	145
Laning Avenue School (1918)							
Square Feet	42,066	42,066	46,477	46,477	46,477	46,477	46,477
Capacity (students)	297	297	377	377	377	377	377
Enrollment	229	230	254	280	259	311	329
F.N. Brown (1931)							
Square Feet	38,985	38,985	38,985	38,985	38,985	38,985	38,985
Capacity (students)	303	303	303	303	303	303	303
Enrollment	252	263	224	230	249	249	240
Forest Avenue School (1927)							
Square Feet	27,750	27,750	27,750	27,750	27,750	27,750	27,750
Capacity (students)	303	303	303	303	303	303	303
Enrollment	216	215	244	246	239	224	231
<u>Middle School</u>							
H.B. Whitehorn (1920)							
Square Feet	96,389	96,389	118,224	118,224	118,224	118,224	118,224
Capacity (students)	596	596	721	721	721	721	721
Enrollment	622	623	619	619	622	635	664
<u>High School</u>							
Verona High School (1955)							
Square Feet	106,768	106,768	120,245	120,245	120,245	120,245	120,245
Capacity (students)	687	687	687	687	687	687	687
Enrollment	595	584	564	567	591	613	609

Number of Schools at June 30, 2012

Elementary = 4
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 additions. Enrollment is based on the annual October district count.

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>School Facilities</u>										
Verona High School	\$ 250,984	\$ 187,700	\$ 211,894	\$ 187,870	\$ 165,833	\$ 176,651	\$ 202,517	\$ 213,232	\$ 132,129	\$ 158,314
Brookdale Avenue School	42,119	31,949	36,067	31,978	28,227	30,068	34,471	36,295	41,725	49,994
F.N. Brown School	58,409	47,923	54,100	47,967	42,340	45,102	51,706	54,442	42,838	51,328
Forest Avenue School	48,412	35,942	40,575	35,975	31,755	33,827	38,780	40,832	30,493	36,536
Henry B. Whitehorn Middle School	84,735	63,898	72,133	63,956	56,454	60,137	68,943	72,590	129,909	155,654
Laning Avenue School	<u>42,927</u>	<u>31,949</u>	<u>36,067</u>	<u>31,978</u>	<u>28,227</u>	<u>30,068</u>	<u>34,471</u>	<u>36,295</u>	<u>51,070</u>	<u>61,191</u>
Grand Total	<u>\$ 527,586</u>	<u>\$ 399,361</u>	<u>\$ 450,836</u>	<u>\$ 399,724</u>	<u>\$ 352,836</u>	<u>\$ 375,853</u>	<u>\$ 430,888</u>	<u>\$ 453,686</u>	<u>\$ 428,164</u>	<u>\$ 513,017</u>

**VERONA BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2012
(Unaudited)**

<u>TYPE OF POLICY</u>	<u>POLICY LIMITS</u>	<u>DEDUCTIBLE</u>
MORRIS ESSEX INSURANCE FUND		
ZURICH INS. CO.		
PROPERTY SECTION		
Property - Blanket Bldgs & Contents		
School Limit Per Statement of Values	\$88,123,851	\$5,000
Flood:		
Outside zones A,V,or B	\$5,000,000	\$50,000
Zone B	\$2,000,000	\$100,000
Zones A or V	\$1,000,000	\$500,000
Earthquake	\$5,000,000	5%
Business Income and & Extra Expense	\$5,000,000	72 Hours
Contractors Equipment (\$10,000 per item limit)	\$250,000	\$1,000
Musical Instruments, Athletic Equipment, Band Uniforms and Theatrical Equip.	\$250,000	\$1,000
Valuable Papers	\$5,000,000	\$1,000
Electronic Data Process.Equip	\$2,500,000	\$5,000
Accounts Receivable	\$100,000	\$1,000
BOILER & MACHINERY		
Property Damage (Blanket)	\$50,000,000	\$5,000
GENERAL LIABILITY		
General Aggregate	\$2,000,000	
Each Occurrence	\$1,000,000	
COMMERCIAL AUTOMOBILE LIABILITY		
Combined Single Limit	\$1,000,000	
Comprehensive		\$1,000
Collision		\$1,000
COMMERCIAL UMBRELLA	\$10,000,000	\$10,000
WORKERS COMPENSATION		
Per Occurrence	\$1,000,000	
Policy Limit	\$1,000,000	
Aggregate	\$1,000,000	
CRIME		
Employee Theft	\$500,000	\$5,000
Forgery and Alterations	\$50,000	\$1,000
EDUCATORS LEGAL LIABILITY	\$1,000,000	\$10,000
Selective Insurance Co.		
INDIVIDUAL BONDS		
Business Administrator/Bd Secy	\$100,000	
Treasurer of School Monies	\$235,000	

SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, 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

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

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 Verona Board of Education as of and for the fiscal year ended June 30, 2012, which collectively comprise the Verona Board of Education's basic financial statements and have issued our report thereon dated October 19, 2012. 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 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.

Internal Control Over Financial Reporting

Management of the Verona Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Verona Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Verona Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Verona Board of Education's internal control over financial reporting.

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 Verona Board of Education's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Verona Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that we have reported to management of the Verona Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated October 19, 2012.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
October 19, 2012

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS
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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

Independent Auditor's Report

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

Compliance

We have audited the Verona Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Verona Board of Education's major federal and state programs for the fiscal year ended June 30, 2012. Verona 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. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Verona Board of Education's management. Our responsibility is to express an opinion on Verona Board of Education's compliance based on our audit.

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; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and circulars 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 Verona 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. Our audit does not provide a legal determination on Verona Board of Education's compliance with those requirements.

In our opinion, Verona Board of Education complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

Management of Verona Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Verona Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, 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 Board's internal control over compliance.

A deficiency in internal control over compliance 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 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
October 19, 2012

**VERONA BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance July 1, 2011	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Refund of Prior Years' Balances	June 30, 2012	
										Accounts Receivable	Deferred Revenue
U.S. Department of Education Passed-through State Department of Education											
Special Milk Program	10.556	7/1/11-6/30/12	\$ 5,317	-	-	\$ 5,226	\$ 5,317	-	-	\$ (91)	-
Total U.S. Department of Agriculture											
U.S. Department of Education Passed-through State Department of Education											
General Fund Education Jobs Fund	84.410A	7/1/11-6/30/12	49,389	-	-	37,796	49,389	-	-	(11,593)	-
Total General Fund											
Special Revenue Fund											
N.C.L.B. Title II-A	84.281A	9/01/11-8/31/12	37,797	\$ (6,799)	\$ 15,787	\$ 16,267	\$ 35,724	-	-	(21,530)	\$ 17,860
N.C.L.B. Title II-A	84.281A	9/01/10-8/31/11	27,336	236	(15,787)	20,301	4,750	7,035	-	-	236
N.C.L.B. Title IV - Carryover	84.340A	9/01/09-8/31/10	1,255	936	-	-	-	-	936	-	-
N.C.L.B. Title IV	84.340A	9/01/08-8/31/09	3,376	21	-	-	-	-	21	-	-
N.C.L.B. Title V	84.298	9/01/08-8/31/09	2,592	-	-	-	-	-	-	-	-
I.D.E.I.A. Part B, Basic	84.027	9/01/11-8/31/12	463,998	(33,981)	11,464	389,861	417,852	-	-	(74,137)	57,610
I.D.E.I.A. Part B, Basic	84.027	9/01/10-8/31/11	436,898	(18,789)	(11,464)	75,294	35,241	-	-	(5,392)	-
I.D.E.I.A. Part B, Basic	84.027	9/01/09-8/31/10	441,527	605	-	18,789	-	-	605	-	-
I.D.E.I.A. Part B, Basic - Carryover	84.027	9/01/09-8/31/10	62,021	2,103	-	-	2,103	-	-	-	5
I.D.E.I.A. Part B, Basic-ARRA	84.391	9/01/09-8/31/11	482,990	1,960	-	1,960	1,955	-	-	-	22,796
I.D.E.A. Part B, Preschool-ARRA	84.392	9/01/09-8/31/11	16,463	1,354	-	1,604	1,604	-	-	(23,046)	-
I.D.E.A. Part B, Preschool	84.173	9/01/11-8/31/12	24,400	(2,423)	-	24,145	21,722	-	-	-	-
I.D.E.A. Part B, Preschool	84.173	9/01/10-8/31/11	24,145	16,410	-	-	-	-	14,034	-	2,376
I.D.E.A. Part B, Preschool	84.173	9/01/08-8/31/09	24,418	(41,681)	-	547,971	520,951	7,035	15,596	(124,105)	100,883
Total U.S. Department of Education											
Total Federal Financial Awards			\$ (41,681)	\$ -	\$ -	\$ 590,993	\$ 575,657	\$ 7,035	\$ 15,596	\$ (135,789)	\$ 100,883

VERONA BOARD OF EDUCATION
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State/Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2011		Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2012		Memo
				(Accounts Receivable)	Due to Grantor				(Accounts Receivable)	Deferred Revenue	
State Department of Education											
<i>General Fund</i>											
Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	\$ 620,161	\$ -	\$ -	\$ 574,852	\$ 621,154	\$ -	\$ (46,302)	\$ -	\$ 621,154
Extraordinary Aid	12-100-034-5120-473	7/1/11-6/30/12	180,662			132,085	180,662		(180,662)		180,662
Extraordinary Aid	11-100-034-5120-473	7/1/10-6/30/11	132,085	\$ (132,085)							
Reimbursed TPAF Pension Contribution											
Normal	12-495-034-5095-006	7/1/11-6/30/12	421,459			421,459	421,459				421,459
NCGI	12-495-034-5095-007	7/1/11-6/30/12	45,228			45,228	45,228				45,228
Post Retirement	12-495-034-5095-001	7/1/11-6/30/12	938,161			938,161	938,161				938,161
Reimbursed TPAF Social Security Contributions											
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	7/1/11-6/30/12	1,118,456			1,062,446	1,118,456		(56,010)	\$ (56,010)	1,118,456
	11-495-034-5095-002	7/1/10-6/30/11	1,105,874	(54,842)		54,842					
				(186,927)		3,229,073	3,325,120		(282,974)		3,325,120
Total General Fund											
<i>Special Revenue Fund</i>											
Special Education Assessment Grant			4,200	674	\$ 4,200	1,478		\$ 4,200	\$ 674		
Anti-Bullying Bill of Rights Act			1,478						1,478		
New Jersey Nonpublic Aid:											
Textbook			8,163			8,163	8,163				8,163
Nursing Services			11,660			11,660	11,660				11,660
Auxiliary Services			17,921			17,921	16,061	7,620		\$ 1,860	16,061
Compensatory Education			23,444		7,620	21,332	21,332				21,332
Transportation			21,332								
Handicapped Services			12,768			12,768	8,769				8,769
Supplementary Instruction			13,202		6,740	17,225	7,733	6,740		3,999	7,733
Supplementary Instruction			17,225			15,797	18,658	5,584		9,492	18,658
Examination and Classification			15,797				14,864	4,772		5,924	14,864
Examination and Classification			14,864								
Corrective Speech											
Corrective Speech											
Total Special Revenue Fund				674	28,916	106,344	83,591	28,916	2,152	21,275	83,591
Debt Service Fund											
Debt Service Aid	11-495-034-5120-075	7/1/11-6/30/12	429,506			429,506	429,506				429,506
Total				\$ (186,253)	\$ 28,916	\$ 3,764,923	\$ 3,838,217	\$ 28,916	\$ (282,974)	\$ 2,152	\$ 3,838,217
Less On-Behalf TPAF Pension and Annuity Aid											
Normal Pension Costs	12-495-034-5095-006	7/1/11-6/30/12	421,459			421,459	421,459				421,459
Non-Contributory Insurance	12-495-034-5095-007	7/1/11-6/30/12	45,228			45,228	45,228				45,228
Post Retirement	12-495-034-5095-001	7/1/11-6/30/12	938,161			938,161	938,161				938,161
						1,404,848	1,404,848				1,404,848
Total for State Financial Assistance Determination						\$ 2,360,075	\$ 2,433,369				\$ 2,433,369

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

**VERONA BOARD OF EDUCATION
 NOTES TO THE SCHEDULES OF EXPENDITURES OF
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Verona Board of Education. The Board of Education is defined in Note 1(A) to the Board's basic 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 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 bases of accounting are described in Notes 1(C) to the Board's basic financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "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 basic financial statements.

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic 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 \$94,879 for the general fund and an increase of \$4,924 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 basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 49,389	\$ 3,230,241	\$ 3,279,630
Special Revenue Fund	520,951	84,441	605,392
Debt Service Fund		429,506	429,506
Food Service Fund	5,317	-	5,317
	<u>575,657</u>	<u>3,744,188</u>	<u>4,319,845</u>
Total Financial Assistance	<u>\$ 575,657</u>	<u>\$ 3,744,188</u>	<u>\$ 4,319,845</u>

**VERONA BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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 National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$1,118,456 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, 2012. The amount reported as TPAF Pension System and NCGI Contributions in the amount of \$466,687 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$938,161 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2012.

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

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

**VERONA BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditors' report issued on financial statements Unqualified

Internal control over financial reporting:

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

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

Noncompliance material to 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 weakness(es)? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? yes X no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>IDEIA Part B Basic</u>
<u>84.173</u>	<u>IDEIA Preschool</u>
<u>84.391</u>	<u>IDEIA Part B Basic - ARRA</u>
<u>84.392</u>	<u>IDEIA Part B Preschool - ARRA</u>
<u> </u>	<u> </u>

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes X no

**VERONA BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with government Auditing Standards.

There are none.

**VERONA BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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 OMB Circular A-133 and New Jersey OMB's Circular 04-04, as amended.

CURRENT YEAR FEDERAL AWARDS

There are none.

VERONA BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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 OMB Circular A-133 and New Jersey OMB's Circular 04-04, as amended.

CURRENT YEAR STATE AWARDS

There are none.

**VERONA BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

STATUS OF PRIOR YEAR FINDINGS

There are none.