

VERONA BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Verona, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Verona Board of Education

Verona, New Jersey

For The Fiscal Year Ended June 30, 2016

Prepared by

Business Office

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INTRODUCTORY SECTION

JOHN QUATTROCCHI,
BOARD PRESIDENT

LISA FRESCHI,
BOARD VICE PRESIDENT

MICHELE BERNARDINO
JAMES DAY
MICHAEL UNIS

VERONA BOARD OF EDUCATION

121 FAIRVIEW AVENUE
VERONA, NEW JERSEY 07044

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RUI DIONISIO,
SUPERINTENDENT OF SCHOOLS

CHERYL A. NARDINO, CPA
BUSINESS ADMINISTRATOR/
BOARD SECRETARY

MATTHEW LARACY,
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, 2016, 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 Auditor's Report".

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, 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. 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 and the U.S. Uniform Guidance and the state Treasury Circular Letter 15-08 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. 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 2015-2016 fiscal year with an enrollment of 2,189 students, which is 1 student less 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>
2011-2012	2,218	2.26%
2012-2013	2,184	-1.5%
2013-2014	2,193	+4.1%
2014-2015	2,190	-1.6%
2015-2016	2,189	-.04%

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 2015-16

1. Continue to Build the District Operations and Maintenance
2. Continue to Seek Financial Resources to Support Educational Needs
3. Analyze Climate Survey Results
4. Continue to Implement Conflict Resolution/Peer Mediation
5. Support House Model Implementation
6. Implement Faculty Advisory Councils
7. Expand Capstone Program
8. Develop Partnerships for Global Connections for Student Learning
9. Focus on the Future Seminars
10. Reading Workshop Grade 5
11. Implement Orton-Gillingham Reading Intervention
12. Explore New Course Offerings
13. Implement Inquiry- based Science Pilot Program Grades 1-8
14. Monitor and Enhance Music Program
15. Refine Assessments
16. Continue to Revise Curriculum
17. Review and Revise SGO's Annually
18. Refine Evaluative Feedback for Continuous Improvement
19. Implement Teacher Facilitated Professional Development Programs
20. Google Apps for Education (GAFE)
21. District-wide, Educationally Focused
22. Staff Book Clubs
23. Enhance Wireless Access Point Coverage
24. Upgrade Wireless Bandwidth

25. Expand Chromebook in the Classroom Initiative
26. Implement Aesop Staff Attendance System
27. Implement ESIP Project
28. Continue to Coordinate Referendum Projects
29. Continue to Enhance District Facilities through Annual Budget
30. School Security Policy, Procedure, Training

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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as commitments/assignments of fund balance at June 30, 2016.

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 Financial Statements".

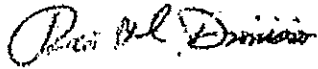
7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements". The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 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 U.S. Uniform Guidance and New Jersey OMB Circular 15-08. 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,

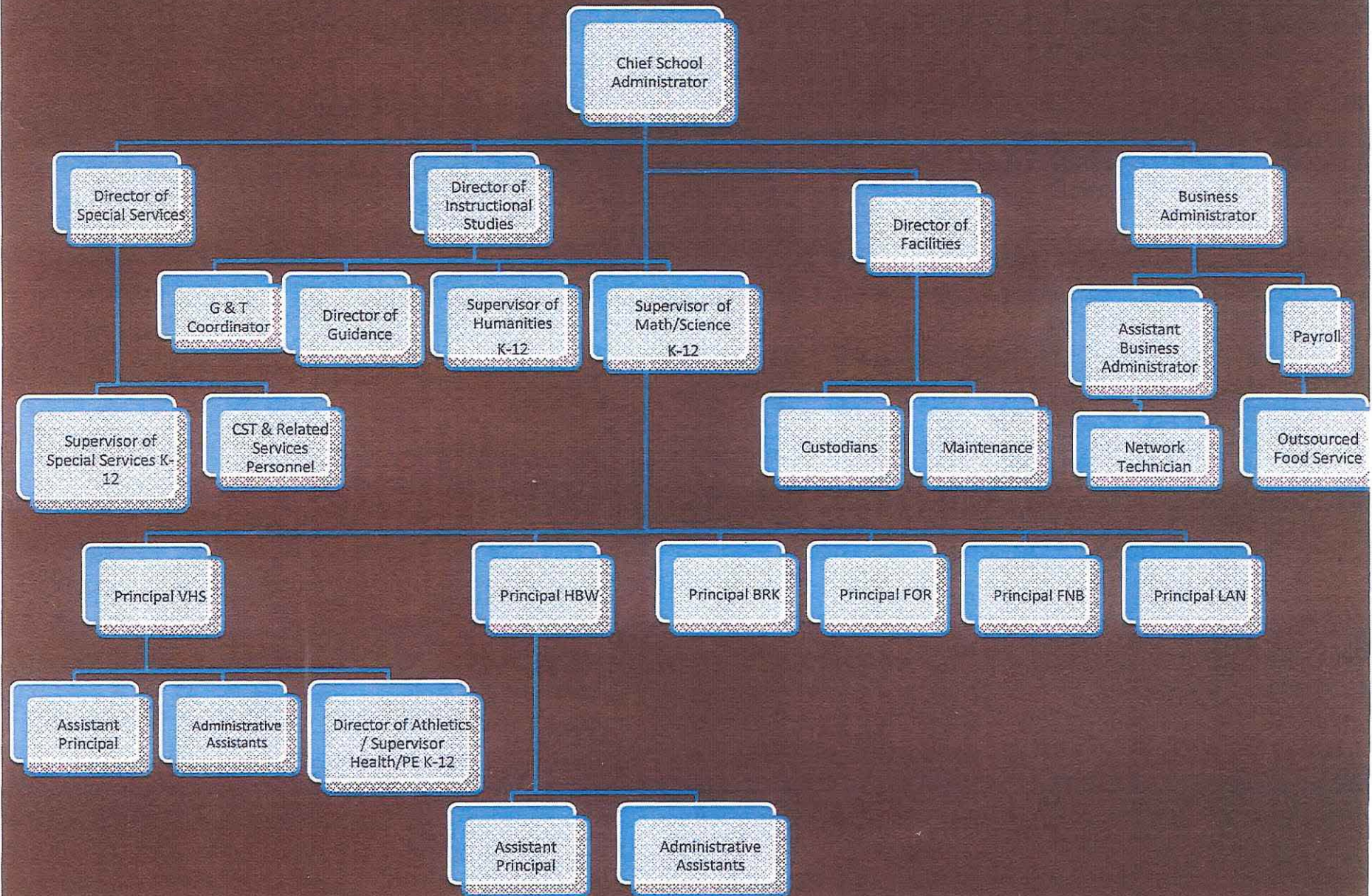


Rui Dionisio
Superintendent



Cheryl A. Nardino, CPA
Business Administrator/Board Secretary

Verona Public Schools



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

**ROSTER OF OFFICIALS
JUNE 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
John A. Quattrocchi , President	2019
Lisa Freschi, Vice President	2018
James Day	2017
Michael Unis	2017
Michelle Bernardino	2019

Other Officials

Rui Dionisio, Superintendent of Schools (Effective August 15, 2014)

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

Matthew Laracy, Treasurer of School Monies

Michael J. Gross, Board Attorney

**VERONA BOARD OF EDUCATION
Consultants and Advisors**

Architect of Record

The Mylan Architectural Group
Verona, New Jersey 07044

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

Wells Fargo

NJ ARM

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Verona Board of Education, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Verona Board of Education as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Verona Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Verona Board of Education.


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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 1, 2016 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Verona Board of Education's internal control over financial reporting and compliance.


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
December 1, 2016

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, 2016. 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 2015-2016 fiscal year include the following:

- The net position of the Verona Board of Education at the close of the fiscal year was \$2,979,570.
- Overall revenues were \$46,217,282. General revenues accounted for \$33,858,644 or 73% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$12,358,638 or 27% of total revenues.
- The school district had \$44,216,992 in expenses for governmental activities; only \$11,950,425 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$33,858,644 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 \$8,771,632.
- The General Fund fund balance at June 30, 2016 was \$1,160,028, an increase of \$66,514 when compared with the beginning balance at July 1, 2015.

VERONA BOARD OF EDUCATION

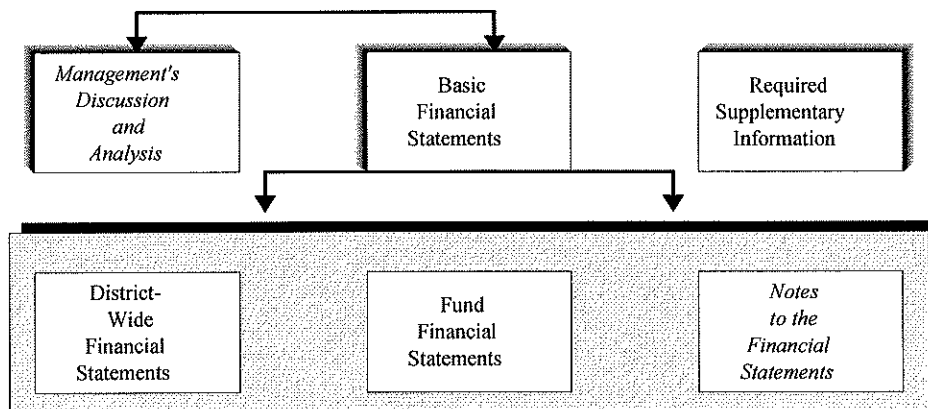
Management's Discussion and Analysis

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 position Statement of activities	Balance Sheet Statement of revenues, expenditures and changes in fund balances	Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows	Statements of fiduciary net position, Statement of changes in fiduciary net position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources Focus
Type of assets deferred outflows/inflows of resources liability information	All assets, deferred outflows/inflow, liabilities, both financial and capital, short-term and long-term	Generally assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and deferred outflows of resources and liabilities, both financial and capital, and short-term and long-term	All assets, deferred outflows/inflows of resources 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 position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how they have changed. Net position – the difference between the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources – 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 position 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 position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the financial statements

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

Other Information

In addition to the 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 position 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 \$2,979,570 as of June 30, 2016. The following schedule summarizes this analysis as of June 30, 2016 and 2015.

VERONA BOARD OF EDUCATION

Management's Discussion and Analysis

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that 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.

Statement of Net Position As of June 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current Assets	\$ 10,881,439	\$ 17,625,529	\$ 89,883	\$ 101,567	\$ 10,971,322	\$ 17,727,096
Capital Assets	47,436,180	41,155,717	29,785	41,107	47,465,965	41,196,824
Total Assets	58,317,619	58,781,246	119,668	142,674	58,437,287	58,923,920
Deferred Outflows of Resources						
Deferred Amount on Refunding of Debt	1,002,611	1,130,420	-	-	1,002,611	1,130,420
Deferred Amounts on Net Pension Liability	1,620,133	398,151	-	-	1,620,133	398,151
Total Deferred Outflows of Resources	2,622,744	1,528,571	-	-	2,622,744	1,528,571
Total Assets and Deferred Outflows of Resources	60,940,363	60,309,817	119,668	142,674	61,060,031	60,452,491
Liabilities						
Other Liabilities	2,527,103	2,588,724	71,906	90,429	2,599,009	2,679,153
Long-Term Liabilities	55,333,798	55,917,566	-	-	55,333,798	55,917,566
Total Liabilities	57,860,901	58,506,290	71,906	90,429	57,932,807	58,596,719
Deferred Inflows of Resources						
Deferred Amounts on Net Pension Liability	147,654	436,939	-	-	147,654	436,939
Total Deferred Inflows of Resources	147,654	436,939	-	-	147,654	436,939
Total Liabilities and Deferred Inflows of Resources	58,008,555	58,943,229	71,906	90,429	58,080,461	59,033,658
Net Position:						
Net Investment in Capital Assets	11,262,874	9,467,375	29,785	41,107	11,292,659	9,508,482
Restricted	673,474	500,958	-	-	673,474	500,958
Unrestricted	(9,004,540)	(8,601,745)	17,977	11,138	(8,986,563)	(8,590,607)
Total Net Position	\$ 2,931,808	\$ 1,366,588	\$ 47,762	\$ 52,245	\$ 2,979,570	\$ 1,418,833

VERONA BOARD OF EDUCATION

Management's Discussion and Analysis

Changes in Net Position For the Fiscal Years Ended June 30, 2016 and 2015

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues						
Program Revenues						
Charges for Services	\$ 179,818	\$ 175,340	\$ 404,394	\$ 398,871	\$ 584,212	\$ 574,211
Operating Grants and Contributions	10,244,120	8,760,799	3,819	4,658	10,247,939	8,765,457
Capital Grants and Contributions	1,526,487	789,581	-	-	1,526,487	789,581
General Revenues						
Property Taxes	32,855,808	31,859,449			32,855,808	31,859,449
State Aid	687,998	621,793			687,998	621,793
Other	314,838	276,986	-	-	314,838	276,986
Total Revenues	<u>45,809,069</u>	<u>42,483,948</u>	<u>408,213</u>	<u>403,529</u>	<u>46,217,282</u>	<u>42,887,477</u>
Expenses						
Instruction						
Regular	19,295,953	18,176,045			19,295,953	18,176,045
Special Education	6,479,779	5,853,353			6,479,779	5,853,353
Other Instruction	418,197	466,439			418,197	466,439
School Sponsored Activities and Ath.	1,237,964	1,127,135			1,237,964	1,127,135
Support Services						
Student and Instruction Related Serv.	5,205,468	4,765,457			5,205,468	4,765,457
School Administrative Services	3,124,857	3,064,442			3,124,857	3,064,442
General Administrative Services	696,937	597,313			696,937	597,313
Plant Operations and Maintenance	4,783,433	5,667,171			4,783,433	5,667,171
Pupil Transportation	888,883	713,344			888,883	713,344
Business and Other Support Services	785,432	701,640			785,432	701,640
Food Services			50,521	378,302	50,521	378,302
VSEA			389,032	49,836	389,032	49,836
Interest on Long-Term Debt and Other Chg	1,300,089	1,815,349	-	-	1,300,089	1,815,349
Total Expenses	<u>44,216,992</u>	<u>42,947,688</u>	<u>439,553</u>	<u>428,138</u>	<u>44,656,545</u>	<u>43,375,826</u>
Change in Net Position	1,592,077	(463,740)	(31,340)	(24,609)	1,560,737	(488,349)
Transfers	(26,857)	(8,244)	26,857	8,244		
Net Position Beginning of Year	<u>1,366,588</u>	<u>1,838,572</u>	<u>52,245</u>	<u>68,610</u>	<u>1,418,833</u>	<u>1,907,182</u>
Net Position, End of Year	<u>\$ 2,931,808</u>	<u>\$ 1,366,588</u>	<u>\$ 47,762</u>	<u>\$ 52,245</u>	<u>\$ 2,979,570</u>	<u>\$ 1,418,833</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 \$45,809,069 for the fiscal year ended June 30, 2016. Property taxes of \$32,855,808 represented 72% percent of revenues. Another significant portion of revenues came from State aid; total State, Federal and formula aid was \$12,458,605. Other sources of miscellaneous income 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 \$44,216,992. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$27,431,893 (62%) of total expenditures. Student and instruction related support services, total \$5,205,468 or (12%) of total expenditures.

Total governmental activities revenues surpassed revenues and transfers out increasing net position \$1,565,220 from the previous year.

Total and Net Cost of Governmental Activities. The District's total cost of services was \$44,216,992. After applying program revenues, derived from charges for services of \$179,818 and operating and capital grants and contributions of \$11,770,607 the net cost of services of the District is \$32,266,567.

Total and Net Cost of Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Instruction				
Regular	\$ 19,295,953	\$ 18,176,045	\$ 13,311,238	\$ 13,210,604
Special Education	6,479,779	5,853,353	3,988,426	3,630,665
Other Instruction	418,197	466,439	288,511	337,007
School Sponsored Activities and Athletics	1,237,964	1,127,135	1,009,600	945,070
Support Services				
Student and Instruction Related Svcs.	5,205,468	4,765,457	4,555,583	4,133,150
School Administrative Services	3,124,857	3,064,442	2,445,470	2,487,561
General Administrative Services	696,937	597,313	590,839	514,328
Plant Operations and Maintenance	4,783,433	5,667,171	3,223,290	4,843,908
Pupil Transportation	888,883	713,344	848,803	670,797
Business and Other Support Services	785,432	701,640	704,718	633,529
Interest on Long-Term Debt	<u>1,300,089</u>	<u>1,815,349</u>	<u>1,300,089</u>	<u>1,815,349</u>
Total	<u>\$ 44,216,992</u>	<u>\$ 42,947,688</u>	<u>\$ 32,266,567</u>	<u>\$ 33,221,968</u>

VERONA BOARD OF EDUCATION

Management's Discussion and Analysis

Business-Type Activities – The District's total business-type activities revenues were \$408,213 for the fiscal year ended June 30, 2016. 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 \$439,553. 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 expenses surpassed revenues and transfers in decreasing net position by \$4,483 over the previous year.

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 \$8,771,632. At June 30, 2015 the fund balance was \$15,463,064.

Revenues for the District's governmental funds were \$41,375,445 while total expenses were \$48,190,020.

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 June 30, 2016	Fiscal Year Ended June 30, 2015	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local Sources:				
Property Taxes	\$ 30,040,337	\$ 29,231,861	\$ 808,476	2.77%
Tuition	179,818	175,340	4,478	2.55%
Miscellaneous	289,448	256,206	33,242	12.97%
State Sources	<u>5,028,463</u>	<u>4,328,370</u>	<u>700,093</u>	16.17%
Total General Fund Revenues	<u>\$ 35,538,066</u>	<u>\$ 33,991,777</u>	<u>\$ 1,546,289</u>	<u>4.55%</u>

Local property taxes increased 3% over the previous year. State aid revenues increased \$700,093. This increase is attributed primarily to an increased TPAF pension contribution. Tuition revenues increased by approximately \$4,478.

VERONA BOARD OF EDUCATION

Management's Discussion and Analysis

The following schedule presents a summary of General Fund expenditures.

	Fiscal Year Ended <u>June 30, 2016</u>	Fiscal Year Ended <u>June 30, 2015</u>	Amount of Increase <u>(Decrease)</u>	Percent Increase <u>(Decrease)</u>
Instruction	\$ 22,672,930	\$ 21,787,602	\$ 885,328	4.06%
Support Services	12,454,870	12,147,518	307,352	2.53%
Debt Service	294,225	64,394	229,831	356.91%
Capital Outlay	<u>22,670</u>	<u>26,104</u>	<u>(3,434)</u>	0.00%
 Total Expenditures	 <u>\$ 35,444,695</u>	 <u>\$ 34,025,618</u>	 <u>\$ 1,419,077</u>	 <u>4.17%</u>

Total General Fund expenditures increased \$1,419,077 or more than 4% from the previous year.

In 2015-2016 General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$66,514. As a result, total fund balance increased to \$1,160,028 at June 30, 2016. After deducting statutory transfers and reserves, the unassigned fund balance decreased from \$339,749 at June 30, 2015 to \$302,589 at June 30, 2016.

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 \$782,033 for the fiscal year ended June 30, 2016. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 76% of the total revenue for the year.

Total Special Revenue Fund revenues increased \$72,476 from the previous year.

Expenditures of the Special Revenue Fund were \$782,033. Instructional expenditures were \$704,839 or 90% of total expended for the fiscal year ended June 30, 2016.

Capital Projects Fund - The capital project expenditures and other financing uses exceeded revenues and other financing sources by \$6,782,404 decreasing fund balance to \$7,566,115 at June 30, 2016. The expenditures for the District's various referendum projects and energy savings incentive programs.

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, 2016 amounts to \$47,465,965 (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 2015-2016 amounted to \$1,582,377 for governmental activities and \$11,322 for business-type activities.

Capital Assets at June 30, 2016 and 2015
(Net of Accumulated Depreciation)

	Governmental		Business-Type		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 1,679,937	\$ 1,679,937			\$ 1,679,937	\$ 1,679,937
Improvements Other Than Buildings	218,643	271,617			218,643	271,617
Buildings	34,713,699	36,132,989			34,713,699	36,132,989
Machinery and Equipment	554,572	642,015	\$ 29,785	\$ 41,107	584,357	683,122
Construction in Progress	<u>10,269,329</u>	<u>2,429,159</u>	<u>-</u>	<u>-</u>	<u>10,269,329</u>	<u>2,429,159</u>
Total Capital Assets	<u>\$ 47,436,180</u>	<u>\$ 41,155,717</u>	<u>\$ 29,785</u>	<u>\$ 41,107</u>	<u>\$ 47,465,965</u>	<u>\$ 41,196,824</u>

Additional information on the District's capital assets is presented in the Notes to the 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 \$1,621,069, bonds payable of \$38,080,000, capital leases/lease purchase agreements payable of \$3,310,897 and net pension liability of \$9,183,572 for a total of \$52,195,538.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Currently, the District is in good financial condition. At June 30, 2016 the District has in excess of \$1.5 million of General Fund reserves and fund balance (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 2016/2017 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 2016-2017. Budgeted expenditures in the General Fund increased \$964,519 to \$32,800,311 in fiscal year 2016-2017.

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.

REQUIRED SUPPLEMENTARY INFORMATION – PART I

BASIC FINANCIAL STATEMENTS

**VERONA BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,145,559	\$ 83,250	\$ 1,228,809
Restricted Cash with Fiscal Agents	747,787		747,787
Investments	6,303,219		6,303,219
Receivables, net			
Receivables from Other Governments	2,669,006	52	2,669,058
Accounts Receivable	16,361		16,361
Internal Balance	(493)	493	-
Inventory		6,088	6,088
Capital Assets			
Not Being Depreciated	11,949,266		11,949,266
Being Depreciated, net	35,486,914	29,785	35,516,699
Total Assets	<u>58,317,619</u>	<u>119,668</u>	<u>58,437,287</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Amount on Refunding of Debt	1,002,611	-	1,002,611
Deferred Amounts on Net Pension Liability	1,620,133	-	1,620,133
Total Deferred Outflow of Resources	<u>2,622,744</u>	<u>-</u>	<u>2,622,744</u>
Total Assets and Deferred Outflow of Resources	<u>60,940,363</u>	<u>119,668</u>	<u>61,060,031</u>
LIABILITIES			
Accounts Payable and Other Liabilities	1,569,836	1,257	1,571,093
Intergovernmental Payable	19,138		19,138
Accrued Interest Payable	417,296		417,296
Unearned Revenue	520,833	70,649	591,482
Noncurrent Liabilities			
Due Within One Year	2,388,938		2,388,938
Due Beyond One Year	52,944,860	-	52,944,860
Total Liabilities	<u>57,860,901</u>	<u>71,906</u>	<u>57,932,807</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	147,654	-	147,654
Total Liabilities and Deferred Inflows of Resources	<u>58,008,555</u>	<u>71,906</u>	<u>58,080,461</u>
NET POSITION			
Net Investment in Capital Assets	11,262,874	29,785	11,292,659
Restricted for:			
Capital Projects	302,179		302,179
Other Purposes	371,295		371,295
Unrestricted	(9,004,540)	17,977	(8,986,563)
Total Net Position	<u>\$ 2,931,808</u>	<u>\$ 47,762</u>	<u>\$ 2,979,570</u>

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

VERONA BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:							
Instruction							
Regular	\$ 19,295,953	\$ 179,818	\$ 5,804,897		\$ (13,311,238)		\$ (13,311,238)
Special Education	6,479,779		2,491,353		(3,988,426)		(3,988,426)
Other Instruction	418,197		129,686		(288,511)		(288,511)
School Sponsored Activities and Athletics	1,237,964		228,364		(1,009,600)		(1,009,600)
Support Services							
Student and Instruction Related Services	5,205,468		649,885		(4,555,583)		(4,555,583)
School Administrative Services	3,124,857		679,387		(2,445,470)		(2,445,470)
General Administrative Services	696,937		106,098		(590,839)		(590,839)
Plant Operations and Maintenance	4,783,433		33,656	\$ 1,526,487	(3,223,290)		(3,223,290)
Pupil Transportation	888,883		40,080		(848,803)		(848,803)
Business and Other Support Services	785,432		80,714		(704,718)		(704,718)
Interest on Long-Term Debt and Other Charges	1,300,089	-	-	-	(1,300,089)	-	(1,300,089)
Total Governmental Activities	44,216,992	179,818	10,244,120	1,526,487	(32,266,567)	-	(32,266,567)
Business-Type Activities:							
VSEA	50,521	48,938				\$ (1,583)	(1,583)
Food Service	389,032	355,456	3,819	-	-	(29,757)	(29,757)
Total Business-Type Activities	439,553	404,394	3,819	-	-	(31,340)	(31,340)
Total Primary Government	\$ 44,656,545	\$ 584,212	\$ 10,247,939	\$ 1,526,487	(32,266,567)	(31,340)	(32,297,907)

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Continued

**VERONA BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Total Primary Government (Carried Forward)	\$ (32,266,567)	\$ (31,340)	\$ (32,297,907)
General Revenues and Transfers			
Taxes:			
Property Taxes, Levied for General Purposes	30,040,337		30,040,337
Taxes Levied for Debt Service	2,815,471		2,815,471
State Aid Restricted for Debt Service	687,998		687,998
Investment Earnings	17,258		17,258
Miscellaneous Income	297,580	-	297,580
Transfers	(26,857)	26,857	-
Total General Revenues and Transfers	33,831,787	26,857	33,858,644
Change in Net Position	1,565,220	(4,483)	1,560,737
Net Position Beginning of Year	1,366,588	52,245	1,418,833
Net Position End of Year	\$ 2,931,808	\$ 47,762	\$ 2,979,570

FUND FINANCIAL STATEMENTS

**VERONA BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
ASSETS					
Cash and Cash Equivalents	\$ 1,137,742			\$ 7,817	\$ 1,145,559
Investments			\$ 6,303,219		6,303,219
Receivables, Net					
Receivables From Other Governments	55,345	\$ 88,795	2,524,866		2,669,006
Accounts	16,361				16,361
Due from Other Funds	11,109			37,672	48,781
Restricted Cash with Fiscal Agents	-	-	747,787	-	747,787
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,220,557</u>	<u>\$ 88,795</u>	<u>\$ 9,575,872</u>	<u>\$ 45,489</u>	<u>\$ 10,930,713</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 60,036	\$ 12,283	\$ 1,497,517		\$ 1,569,836
Due to Other Funds	493	9,307	39,474		49,274
Payable to State Governments		19,138			19,138
Unearned Revenue	-	48,067	472,766	-	520,833
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>60,529</u>	<u>88,795</u>	<u>2,009,757</u>	<u>-</u>	<u>2,159,081</u>
Fund Balances					
Restricted					
Excess Surplus-Designated for Subsequent Year's Budget	185,243				185,243
Excess Surplus	221,000				221,000
Capital Reserve	89,993				89,993
Maintenance Reserve	325,117				325,117
Capital Projects			7,565,426		7,565,426
Debt Service			689	\$ 45,489	46,178
Assigned					
Designated for Subsequent Year's Budget	36,086				36,086
Unassigned	302,589	-	-	-	302,589
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>1,160,028</u>	<u>-</u>	<u>7,566,115</u>	<u>45,489</u>	<u>8,771,632</u>
Total Liabilities and Fund Balances	<u>\$ 1,220,557</u>	<u>\$ 88,795</u>	<u>\$ 9,575,872</u>	<u>\$ 45,489</u>	

Amounts reported for governmental activities in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$65,291,393 and the accumulated depreciation is \$17,855,213

47,436,180

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

(417,296)

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 2A)

(55,333,798)

Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.

1,002,611

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.

Deferred Outflows of Resources
Deferred Inflows of Resources

\$ 1,620,133
(147,654)

1,472,479

Net Position of Governmental Activities (Exhibit A-1)

\$ 2,931,808

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

**VERONA BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 30,040,337			\$ 2,815,471	\$ 32,855,808
Tuition	179,818				179,818
Interest	-		\$ 17,258		17,258
Miscellaneous	289,448	\$ 46,305	-	8,132	343,885
Total - Local Sources	30,509,603	46,305	17,258	2,823,603	33,396,769
State Sources	5,028,463	138,102	1,526,487	687,998	7,381,050
Federal Sources	-	597,626	-	-	597,626
Total Revenues	35,538,066	782,033	1,543,745	3,511,601	41,375,445
EXPENDITURES					
Current					
Regular Instruction	15,840,633	123,104	\$ 155,208		16,118,945
Special Education Instruction	5,424,438	581,735			6,006,173
Other Instruction	349,091				349,091
School Sponsored Activities and Athletics	1,058,768				1,058,768
Support Services					
Student and Instruction Related Services	4,678,992	52,699			4,731,691
General Administrative Services	567,910				567,910
School Administrative Services	2,641,920				2,641,920
Plant Operations and Maintenance	2,986,359		464,120		3,450,479
Pupil Transportation	855,126	24,495			879,621
Business and Other Support Services	724,563				724,563
Debt Service					
Principal	216,723			2,000,000	2,216,723
Interest	77,502			1,503,794	1,581,296
Capital Outlay	22,670	-	7,840,170	-	7,862,840
Total Expenditures	35,444,695	782,033	8,459,498	3,503,794	48,190,020
Excess (Deficiency) of Revenues Over (Under) Expenditures	93,371	-	(6,915,753)	7,807	(6,814,575)
OTHER FINANCING SOURCES (USES)					
Lease Purchase Proceeds			150,000		150,000
Transfers In	-			16,651	16,651
Transfers Out	(26,857)	-	(16,651)	-	(43,508)
Total Other Financing Sources (Uses)	(26,857)	-	133,349	16,651	123,143
Net Change in Fund Balances	66,514	-	(6,782,404)	24,458	(6,691,432)
Fund Balance, Beginning of Year	1,093,514	-	14,348,519	21,031	15,463,064
Fund Balance, End of Year	\$ 1,160,028	\$ -	\$ 7,566,115	\$ 45,489	\$ 8,771,632

The accompanying Notes to the 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, 2016**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (6,691,432)

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.

Depreciation Expense	\$ (1,582,377)	
Capital Outlay	<u>7,862,840</u>	6,280,463

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on Statement of Activities (See Note 2B)

2,066,723

In the statement of activities, certain operating expense are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Net Change in Compensated Absences	(31,296)	
Net Change in PERS Pension Expense	<u>(340,445)</u>	(371,741)

Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Amortization of Original Issue Premium	400,053
Amortization of Deferred Amount on Refunding of Debt	(127,809)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in Accrued Interest	<u>8,963</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) \$ 1,565,220

**VERONA BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

	Business-Type Activities		
	Enterprise Fund		
	Food Services	Other Non-Major (VSEA)	Total
ASSETS			
Current Assets			
Cash	\$ 12,319	\$ 70,931	\$ 83,250
Intergovernmental Receivable			
Federal	52		52
Due from Other Funds	493		493
Inventories	6,088	-	6,088
Total Current Assets	<u>18,952</u>	<u>70,931</u>	<u>89,883</u>
Capital Assets			
Furniture, Machinery and Equipment	322,701		322,701
Less: Accumulated Depreciation	<u>(292,916)</u>	<u>-</u>	<u>(292,916)</u>
Total Capital Assets	<u>29,785</u>	<u>-</u>	<u>29,785</u>
Total Assets	<u>48,737</u>	<u>70,931</u>	<u>119,668</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	1,257		1,257
Unearned Revenue	11,961	58,688	70,649
Total Current Liabilities	<u>13,218</u>	<u>58,688</u>	<u>71,906</u>
NET POSITION			
Investment in Capital Assets	29,785		29,785
Unrestricted	<u>5,734</u>	<u>12,243</u>	<u>17,977</u>
Total Net Position	<u>\$ 35,519</u>	<u>\$ 12,243</u>	<u>\$ 47,762</u>

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

**VERONA BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Business-Type Activities Enterprise Fund		
	Food Services	Other Non-Major (VSEA)	Total
OPERATING REVENUES			
Charges for Services			
Daily Sales	\$ 355,456		\$ 355,456
Program Fees	-	\$ 48,938	48,938
	<u>355,456</u>	<u>48,938</u>	<u>404,394</u>
Total Operating Revenues			
	<u>355,456</u>	<u>48,938</u>	<u>404,394</u>
OPERATING EXPENSES			
Salaries and Wages	135,397	45,301	180,698
Food Costs	178,782		178,782
Other Expenses	20,625	5,220	25,845
Insurance	19,373		19,373
Miscellaneous	470		470
Depreciation Expense	11,322		11,322
Administrative and Management Fees	23,063	-	23,063
	<u>389,032</u>	<u>50,521</u>	<u>439,553</u>
Total Operating Expenses			
	<u>389,032</u>	<u>50,521</u>	<u>439,553</u>
Operating Income (Loss)	<u>(33,576)</u>	<u>(1,583)</u>	<u>(35,159)</u>
NONOPERATING REVENUES			
Federal Sources			
Special Milk Program	3,819	-	3,819
Transfer In	26,857	-	26,857
	<u>30,676</u>	<u>-</u>	<u>30,676</u>
Total Nonoperating Revenues			
	<u>30,676</u>	<u>-</u>	<u>30,676</u>
Change in Net Position	(2,900)	(1,583)	(4,483)
Net Position, Beginning of Year	<u>38,419</u>	<u>13,826</u>	<u>52,245</u>
Net Position, End of Year	<u>\$ 35,519</u>	<u>\$ 12,243</u>	<u>\$ 47,762</u>

The accompanying Notes to the 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, 2016**

	Business-Type Activities		
	Enterprise Fund		
	Food Services	Other Non-Major (VSEA)	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 357,827	\$ 59,062	\$ 416,889
Cash Payments for Employees' Salaries and Benefits	(135,397)	(45,301)	(180,698)
Cash Payments to Suppliers for Goods and Services	(279,257)	(4,774)	(284,031)
Net Cash Provided (Used) By Operating Activities	<u>(56,827)</u>	<u>8,987</u>	<u>(47,840)</u>
CASH FLOWS FROM NONCAPITAL AND RELATED ACTIVITIES			
Transfer from Other Funds	<u>40,211</u>	<u>-</u>	<u>40,211</u>
Net Cash Provided by Noncapital and Related Activities	<u>40,211</u>	<u>-</u>	<u>40,211</u>
Net Change in Cash and Cash Equivalents	(16,616)	8,987	(7,629)
Cash and Cash Equivalents, Beginning of Year	<u>28,935</u>	<u>61,944</u>	<u>90,879</u>
Cash and Cash Equivalents, End of Year	<u>\$ 12,319</u>	<u>\$ 70,931</u>	<u>\$ 83,250</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) FOR OPERATING ACTIVITIES			
Operating Income (Loss)	<u>\$ (33,576)</u>	<u>\$ (1,583)</u>	<u>\$ (35,159)</u>
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities			
Depreciation	11,322		11,322
Change in Assets and Liabilities			
(Increase)/Decrease in Inventory	(1,159)		(1,159)
(Increase)/Decrease in Prepaid Expense		445	445
Increase/(Decrease) in Due from Other Funds	(4,766)	-	(4,766)
Increase/(Decrease) in Accounts Payable	(31,019)		(31,019)
Increase/(Decrease) in Unearned Revenue	<u>2,371</u>	<u>10,125</u>	<u>12,496</u>
Total Adjustments	<u>(23,251)</u>	<u>10,570</u>	<u>(12,681)</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ (56,827)</u>	<u>\$ 8,987</u>	<u>\$ (47,840)</u>

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

**VERONA BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2016**

	<u>Private Purpose Trust Fund</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 17,568	\$ 20,480	\$ 166,145
Due from Other Funds	-	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	<u>17,568</u>	<u>20,480</u>	<u>\$ 166,145</u>
LIABILITIES			
Accrued Salaries and Wages			\$ 10,680
Payroll Deductions and Withholdings			21,635
Reserve for Flexible Spending			19,919
Intergovernmental Payable		18,398	
Due to Student Groups	-	-	113,911
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>-</u>	<u>18,398</u>	<u>\$ 166,145</u>
NET POSITION			
Held In Trust For Unemployment Claims and Other Purposes	<u>\$ 17,568</u>	<u>\$ 2,082</u>	

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

**VERONA BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Private Purpose Trust Fund</u>	<u>Unemployment Compensation Trust Fund</u>
ADDITIONS		
Contributions		
Employee	-	\$ 54,096
	<hr/>	<hr/>
Total Additions	-	54,096
	<hr/>	<hr/>
DEDUCTIONS		
Unemployment Claims		
Scholarship Awards	\$ 1,000	54,167
	<hr/>	<hr/>
Total Deductions	1,000	54,167
	<hr/>	<hr/>
Change in Net Position	(1,000)	(71)
Net Position Beginning of Year	18,568	2,153
	<hr/>	<hr/>
Net Position, End of Year	\$ 17,568	\$ 2,082
	<hr/>	<hr/>

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

NOTES TO THE FINANCIAL STATEMENTS

**VERONA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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. New Accounting Standards

During fiscal year 2016, the District adopted the following GASB statements:

- GASB No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

**VERONA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 77, *Tax Abatement Disclosures*, will be effective beginning with the fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No.67, No.68, and No.73*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

C. Basis of Presentation - Financial Statements

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

VERONA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

VERONA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

The District reports the following major proprietary funds which are organized to be self-supporting through user charges:

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

The 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 which provides a continuum that bridges essential skills from one grade level to the next.

Additionally, the government reports the following fund types:

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

**VERONA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

1. *Cash, Cash Equivalents and Investments*

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

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

2. *Receivables*

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

3. *Inventories*

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

Food Service Fund inventories, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

VERONA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. *Restricted Assets*

Certain assets are classified as restricted on the balance sheet because they are maintained in a separate bank account for Lease-Purchase Agreements for capital projects.

6. *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>
Site Improvements	20
Buildings	40
Building Improvements	20
Heavy Equipment	10
Office Equipment and Furniture	10
Computer Equipment	5

7. *Deferred Outflows/Inflows of Resources*

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

**VERONA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type of item, which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

8. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation and sick leave benefits. A long-term liability of accumulated vacation 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 accrual of unused vacation and sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

9. Pensions

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

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

10. Long-Term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows of resources. Bond premiums and discounts 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 including the unamortized bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

VERONA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. *Long-Term Obligations (Continued)*

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.

11. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

Excess Surplus – Designated for Subsequent Year's Budget - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that was appropriated in the 2016/2017 original budget certified for taxes.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2016 audited excess surplus that is required to be appropriated in the 2017/2018 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 FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. *Net Position/Fund Balance* (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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

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

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

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

Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2016/2017 District budget certified for taxes.

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

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

2. *Property Taxes*

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

VERONA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

3. *Tuition Revenues and Expenditures*

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2014-2015 and 2015-2016 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. *Proprietary Funds, Operating and Nonoperating Revenues and Expenses*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund and 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.

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 position**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position– governmental activities as reported in the district-wide statement of net position. 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 details are as follows:

Bonds Payable	\$ 38,080,000
Issuance Premium (to be amortized over life of debt)	3,138,260
Capital Leases/Lease Purchase Agreements	3,310,897
Compensated Absences Payable	1,621,069
Net Pension Liability	<u>9,183,572</u>
Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Position - Governmental Activities	<u>\$ 55,333,798</u>

**VERONA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the district-wide statement of activities (Continued)

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details are as follows:

Debt Issued or Incurred:	
Capital Lease Financing	\$ (150,000)
Principal Repayments:	
General Obligation Bonds	2,000,000
Capital Lease	<u>216,723</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 2,066,723</u>

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2015/2016. Also, during 2015/2016 the Board increased the original budget by \$325,907. The increase was funded by grant awards and the appropriation of maintenance reserve funds. On September 8, 2015 the Board authorized and approved a budget modification transferring \$218,586 from the general fund maintenance reserve.

VERONA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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. Capital Reserve

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015	\$ 89,993
Balance, June 30, 2016	\$ 89,993

**VERONA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve

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

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

The activity of the maintenance reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015	\$ 218,586
Increased by:	
Deposits Approved by Board Resolution	\$ 112,420
Return of Unexpended Funds	<u>212,697</u>
	\$ <u>325,117</u>
	543,703
Decreased by:	
Withdrawal Approved by Board Resolution	<u>218,586</u>
Balance, June 30, 2016	<u>\$ 325,117</u>

The June 30, 2016 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$2,228,815. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities.

D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2016 is \$406,243. Of this amount, \$185,243 was designated and appropriated in the 2016/2017 original budget certified for taxes and the remaining amount of \$221,000 will be appropriated in the 2017/2018 original budget certified for taxes.

**VERONA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), 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.

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, 2016, the book value of the Board's deposits were \$2,180,789 and bank and brokerage firm balances of the Board's deposits amounted to \$2,679,513. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>2,679,513</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, 2016 the Board's bank balances were not 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, 2016, the Board had the following investments:

	<u>Fair Value</u>
<u>Investment Type:</u>	
U.S. Government Securities	\$ <u>6,303,219</u>

**VERONA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

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, 2016, \$6,303,219 of the Board’s investments was exposed to custodial credit risk as uninsured and uncollateralized investments.

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

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, 2016 for the district’s individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Accounts	\$ 16,361				\$ 16,361
Intergovernmental					
Federal		\$ 88,795		\$ 52	88,847
State	55,345		\$ 2,524,866		2,580,211
Other	-	-	-	-	-
Gross Receivables	71,706	88,795	2,524,866	52	2,685,419
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 71,706</u>	<u>\$ 88,795</u>	<u>\$ 2,524,866</u>	<u>\$ 52</u>	<u>\$ 2,685,419</u>

**VERONA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

Special Revenue Fund		
Unencumbered Local Donations	\$	48,067
Capital Project Fund		
Unrealized School Facilities Grants		<u>472,766</u>
 Total Unearned Revenue for Governmental Funds	 \$	 <u>520,833</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	Balance, <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2016</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 1,679,937	-	-	\$ 1,679,937
Construction in Progress	<u>2,429,159</u>	<u>\$ 7,840,170</u>	-	<u>10,269,329</u>
Total Capital Assets, Not Being Depreciated	<u>4,109,096</u>	<u>7,840,170</u>	-	<u>11,949,266</u>
Capital Assets, Being Depreciated				
Buildings	49,347,614	-	-	49,347,614
Improvements Other than Buildings	1,974,117	-	-	1,974,117
Machinery and Equipment	<u>1,997,726</u>	<u>22,670</u>	-	<u>2,020,396</u>
Total Capital Assets Being Depreciated	<u>53,319,457</u>	<u>22,670</u>	-	<u>53,342,127</u>
Less Accumulated Depreciation for				
Buildings	(13,214,625)	(1,419,290)	-	(14,633,915)
Improvements Other than Buildings	(1,702,500)	(52,974)	-	(1,755,474)
Machinery and Equipment	<u>(1,355,711)</u>	<u>(110,113)</u>	-	<u>(1,465,824)</u>
Total Accumulated Depreciation	<u>(16,272,836)</u>	<u>(1,582,377)</u>	-	<u>(17,855,213)</u>
Total Capital Assets, Being Depreciated, Net	<u>37,046,621</u>	<u>(1,559,707)</u>	-	<u>35,486,914</u>
Governmental Activities Capital Assets, Net	<u>\$ 41,155,717</u>	<u>\$ 6,280,463</u>	<u>\$ -</u>	<u>\$ 47,436,180</u>

**VERONA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, July 1, 2015	Increases	Decreases	Balance, June 30, 2016
Business-Type Activities				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 322,701	\$ -	-	\$ 322,701
Total Capital Assets Being Depreciated	<u>322,701</u>	<u>-</u>	<u>-</u>	<u>322,701</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(281,594)	(11,322)	-	(292,916)
Total Accumulated Depreciation	<u>(281,594)</u>	<u>(11,322)</u>	<u>-</u>	<u>(292,916)</u>
Total Capital Assets, Being Depreciated, Net	<u>41,107</u>	<u>(11,322)</u>	<u>-</u>	<u>29,785</u>
Business-Type Activities Capital Assets, Net	<u>\$ 41,107</u>	<u>\$ (11,322)</u>	<u>\$ -</u>	<u>\$ 29,785</u>

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

Governmental Activities:

Instruction	
Regular	\$ 126,590
School-Sponsored Activities and Athletics/Other Instruction	47,471
Total Instruction	<u>174,061</u>
Support Services	
Student and Instruction Related Services	15,824
General Administrative Service	15,824
School Administrative Services	94,943
Plant Operations and Maintenance	1,281,725
Total Support Services	<u>1,408,316</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,582,377</u>

Business-Type Activities:

Food Service Operations	\$ 11,322
Total Depreciation Expense-Business-Type Activities	<u>\$ 11,322</u>

**VERONA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2016:

<u>Project</u>	<u>Remaining Commitment</u>
Network and Security Upgrades	\$ 24,075
Energy Savings Initiative Program	747,792
District Generator Project	16,410
Mechanical Upgrades	894,076
Bleacher Project	19,220
General Construction Management	1,647,811
Masonry Repairs	249,786
Turf Field	<u>5,586,042</u>
	<u>\$ 9,185,212</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2016, is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 1,802
General Fund	Special Revenue Fund	9,307
Food Service Fund	General Fund	493
Debt Service Fund	Capital Projects Fund	<u>37,672</u>
Total		<u>\$ 49,274</u>

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.

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

**VERONA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

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

Interfund transfers

	<u>Transfer In:</u>		<u>Total</u>
	<u>Debt Service Fund</u>	<u>Food Service Fund</u>	
Transfer Out:			
Capital Projects Fund	\$ 16,651		\$ 16,651
General Fund	<u> -</u>	<u>\$ 26,857</u>	<u>26,857</u>
	<u>\$ 16,651</u>	<u>\$ 26,857</u>	<u>\$ 43,508</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.

F. Leases

Capital Leases/Lease Purchase Agreements

The District has financed a maintenance vehicle, chrome books and various energy initiative programs totaling \$3,500,626 under capital leases/lease purchase agreements. The leases are for terms of 5 to 15 years.

The June 30, 2016 unexpended proceeds of \$747,787 from the energy initiative program are held with the Fiscal Agent.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2017	\$ 329,003
2018	320,312
2019	271,442
2020	172,296
2021-2030	<u>2,736,487</u>
Total Minimum Lease Payments	3,829,540
Less: Amount Representing Interest	(518,643)
Present Value of Minimum Lease Payments	<u>\$ 3,310,897</u>

**VERONA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2016 are comprised of the following issues:

\$13,845,000, 2014 School Bonds, due in annual installments of \$525,000 to \$800,000 through May 1, 2034, interest at 2.500% to 3.500%	\$13,445,000
\$24,635,000, 2015 Refunding Bonds, due in annual installments of \$1,575,000 to \$1,685,000 through March 1, 2031, interest at 3.000% to 5.000%	<u>24,635,000</u>
Total	<u>\$38,080,000</u>

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

Governmental Activities:

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,100,000	\$ 1,459,388	\$ 3,559,388
2018	2,175,000	1,399,013	3,574,013
2019	2,315,000	1,320,638	3,635,638
2020	2,405,000	1,238,163	3,643,163
2021	2,400,000	1,152,838	3,552,838
2022-2026	12,000,000	4,340,773	16,340,773
2027-2031	12,285,000	1,840,800	14,125,800
2032-3034	<u>2,400,000</u>	<u>83,000</u>	<u>2,483,000</u>
	<u>\$ 38,080,000</u>	<u>\$ 12,834,613</u>	<u>\$ 50,914,613</u>

**VERONA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2016 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 89,246,737
Less: Net Debt	<u>38,080,000</u>
Remaining Borrowing Power	<u>\$ 51,166,737</u>

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2016, was as follows:

	<u>Balance, July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2016</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable	\$ 40,080,000		\$ 2,000,000	\$ 38,080,000	\$ 2,100,000
Add:					
Unamortized Premium	<u>3,538,313</u>	<u>-</u>	<u>400,053</u>	<u>3,138,260</u>	<u>-</u>
	43,618,313	-	2,400,053	41,218,260	2,100,000
Capital Leases	3,377,620	150,000	216,723	3,310,897	288,938
Compensated Absences	1,589,773	94,087	62,791	1,621,069	-
Net Pension Liability	<u>7,331,860</u>	<u>2,203,432</u>	<u>351,720</u>	<u>9,183,572</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 55,917,566</u>	<u>\$ 2,447,519</u>	<u>\$ 3,031,287</u>	<u>\$ 55,333,798</u>	<u>\$ 2,388,938</u>

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

**VERONA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 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, 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 funds attributable to a membership year during which they were a member.

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

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

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

<u>Fiscal Year Ended June 30,</u>	<u>Board Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016		\$ 54,096	\$ 54,167	\$ 2,082
2015		54,146	51,993	2,153
2014		57,535	57,538	-

**VERONA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2016, 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, 2016, 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. PERS is a cost sharing multi-employer defined benefit pension plan.

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

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

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

**VERONA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 but are currently suspended as a result of reform legislation.

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

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

Basis of Accounting

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

Investment Valuation

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

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

Funding Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 35 percent with an unfunded actuarial accrued liability of \$86 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 28.71 percent and \$63.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 47.9 percent and \$22.4 billion, respectively.

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

**VERONA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress (Continued)

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

Actuarial Methods and Assumptions

In the July 1, 2014 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 2.60-9.48 percent based on age for the PERS and varying percentages based on experience 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 6.92% for PERS, 6.92% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2016 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2016, 2015 and 2014 the Board was required to contribute for PERS and DCRP 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 June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2016	\$ 351,720	\$ 1,262,015	\$ 10,728
2015	322,831	797,906	7,219
2014	287,242	664,993	7,225

**VERONA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

For fiscal years 2015/2016 and 2014/2015, the state contributed \$1,262,015 and \$797,906 respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$664,993 for normal cost pension and NCGI premium.

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,121,946 during the fiscal year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

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

Public Employees Retirement System (PERS)

At June 30, 2016, the District reported in the statement of net position (accrual basis) a liability of \$9,183,572 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the District's proportionate share was .04091 percent, which was an increase of .00175 percent from its proportionate share measured as of June 30, 2014 of .03916 percent.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$692,165 for PERS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience		
Changes of Assumptions	\$ 986,242	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	219,088	\$ 147,654
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>414,803</u>	<u>-</u>
Total	<u>\$ 1,620,133</u>	<u>\$ 147,654</u>

**VERONA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>		
2017	\$	236,951
2018		236,951
2019		236,951
2020		346,186
2021		<u>415,440</u>
	<u>\$</u>	<u>1,472,479</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15-4.40%
Thereafter	Based on Age 3.15-5.40%
Investment Rate of Return	Based on Age 7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

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

**VERONA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was 4.90%

**VERONA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2033
Municipal Bond Rate *	From July 1, 2033 and Thereafter

* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 4.90%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	1% Decrease <u>(3.90%)</u>	Current Discount Rate <u>(4.90%)</u>	1% Increase <u>(5.90%)</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 11,414,056</u>	<u>\$ 9,183,572</u>	<u>\$ 7,313,550</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2015. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**VERONA BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

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

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$5,695,639 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2016 the State's proportionate share of the net pension liability attributable to the District is \$93,280,896. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2015. At June 30, 2015, the state's share of the net pension liability attributable to the District was .14759 percent, which was a decrease of .00960 percent from its proportionate share measured as of June 30, 2014 of .15719 percent.

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience Study Upon Which Actuarial Assumptions were Based	July 1, 2009 - June 30, 2012

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

**VERONA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

**VERONA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

The discount rate used to measure the total pension liabilities of the TPAF plan was 4.13%:

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

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.13%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 110,860,858</u>	<u>\$ 93,280,896</u>	<u>\$ 78,134,707</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2015. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2015 was not provided by the pension system.

**VERONA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

E. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

F. Post-Retirement Medical Benefits

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2015.

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

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

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

**VERONA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

F. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

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

Significant Legislation

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$24.4 billion for state active and retired members and \$40.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the July 1, 2014, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**VERONA BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

F. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2015, there were 107,314, retirees receiving post-retirement medical benefits and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

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

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2016, 2015 and 2014 were \$1,502,710, \$1,266,676 and \$1,090,337, 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.

G. Subsequent Events

On November 1, 2016, the District issued \$932,528 in grant anticipation notes. The notes will be issued to interim finance capital projects anticipated to be funded by State Development Authority's Facility Construction grants, included in the 2014 Bond Referendum.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**VERONA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Exhibit C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 30,040,337		\$ 30,040,337	\$ 30,040,337	
Tuition-Individuals	124,514		124,514	56,313	\$ (68,201)
Tuition-Intergovernmental	55,380		55,380	23,448	(31,932)
Tuition-Summer School	6,000		6,000	2,467	(3,533)
Tuition-Preschool				97,590	97,590
Miscellaneous	211,971	-	211,971	289,448	77,477
Total Local Sources	<u>30,438,202</u>	<u>-</u>	<u>30,438,202</u>	<u>30,509,603</u>	<u>71,401</u>
State Sources					
Special Education Aid	794,481		794,481	794,481	
Security Aid	33,659		33,659	33,659	
PARCC Readiness Aid	21,960		21,960	21,960	
Per Pupil Growth Aid	21,960		21,960	21,960	
Transportation Aid	15,587		15,587	15,587	
Extraordinary Aid	250,000		250,000	306,582	56,582
TPAF Pension Contribution (On-Behalf)					
Normal Pension Contribution				1,202,132	1,202,132
NCGI Contributions				59,883	59,883
Post Retirement				1,502,710	1,502,710
TPAF Social Security Contribution (On-Behalf)	-	-	-	1,121,946	1,121,946
Total State Sources	<u>1,137,647</u>	<u>-</u>	<u>1,137,647</u>	<u>5,080,900</u>	<u>3,943,253</u>
Total Revenues	<u>31,575,849</u>	<u>-</u>	<u>31,575,849</u>	<u>35,590,503</u>	<u>4,014,654</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool/Kindergarten	377,290	\$ (5,929)	371,361	368,467	2,894
Grades 1-5	4,497,338	300,414	4,797,752	4,755,708	42,044
Grades 6-8	2,399,910	(391,598)	2,008,312	2,000,046	8,266
Grades 9-12	3,367,444	(13,639)	3,353,805	3,353,199	606
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	144,661	14,319	158,980	154,888	4,092
Other Purchased Services	123,682	(4,054)	119,628	116,728	2,900
General Supplies	496,002	(140,363)	355,639	345,645	9,994
Textbooks	224,770	(102,089)	122,681	120,274	2,407
Other Objects	4,900	-	4,900	2,841	2,059
Total Regular Programs	<u>11,635,997</u>	<u>(342,939)</u>	<u>11,293,058</u>	<u>11,217,796</u>	<u>75,262</u>
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	128,584	(46,917)	81,667	81,667	-
Other Salaries for Instruction	122,990	34,718	157,708	134,721	22,987
General Supplies	2,154	-	2,154	2,139	15
Total Learning and/or Language Disabilities	<u>253,728</u>	<u>(12,199)</u>	<u>241,529</u>	<u>218,527</u>	<u>23,002</u>

**VERONA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Exhibit C-1

EXPENDITURES	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENDITURES (Continued)					
Behavioral Disabilities					
Salaries of Teachers	\$ 168,792	\$ 11,025	\$ 179,817	\$ 179,816	\$ 1
Other Salaries for Instruction	169,480	55,849	225,329	225,329	-
Total Behavioral Disabilities	338,272	66,874	405,146	405,145	1
Resource Room/Resource Center					
Salaries of Teachers	1,088,075	(75,886)	1,012,189	1,012,189	-
Other Salaries for Instruction	114,095	41,331	155,426	149,395	6,031
General Supplies	5,277	-	5,277	5,143	134
Total Resource Room	1,207,447	(34,555)	1,172,892	1,166,727	6,165
Autistic Program					
Salaries of Teachers	-	-	-	-	-
Other Salaries of Instruction	27,000	5,022	32,022	26,709	5,313
Supplies	1,500	500	2,000	1,988	12
Total Autistic Program	28,500	5,522	34,022	28,697	5,325
Preschool Disabilities - Part-Time					
Salaries of Teachers	202,605	7,244	209,849	209,849	-
Other Salaries for Instruction	75,892	32,629	108,521	94,955	13,566
General Supplies	3,618	-	3,618	3,091	527
Total Preschool Disabilities - Part-Time	282,115	39,873	321,988	307,895	14,093
Preschool Disabilities - Full-Time					
Salaries of Teachers	82,236	4,367	86,603	86,602	1
Other Salaries for Instruction	86,528	44,935	131,463	123,105	8,358
General Supplies	2,500	-	2,500	2,500	-
Total Preschool Disabilities - Full-Time	171,264	49,302	220,566	212,207	8,359
Home Instruction					
Salaries of Teachers	25,000	5,330	30,330	29,926	404
Total Home Instruction	25,000	5,330	30,330	29,926	404
Total Special Education	2,306,326	120,147	2,426,473	2,369,124	57,349
Basic Skills/Remedial					
Salaries of Teachers	156,200	(13,000)	143,200	142,755	445
Total Basic Skills/Remedial	156,200	(13,000)	143,200	142,755	445
Bilingual Education					
Salaries of Teachers	74,550	-	74,550	72,993	1,557
General Supplies	1,000	-	1,000	1,000	-
Total Bilingual Education	75,550	-	75,550	73,993	1,557
School Sponsored Co-Curricular Activities					
Salaries	189,751	(4,110)	185,641	158,191	27,450
Other Objects	63,377	(700)	62,677	58,406	4,271
Total School Sponsored Co-Curricular Activities	253,128	(4,810)	248,318	216,597	31,721
School Sponsored Athletics - Instruction					
Salaries	400,161	39,771	439,932	424,392	15,540
Supplies & Materials	180,404	(5,771)	174,633	161,655	12,978
Other Objects	28,973	(1,490)	27,483	27,478	5
Total School Sponsored Athletics - Instruction	609,538	32,510	642,048	613,525	28,523

**VERONA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Exhibit C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Other Instructional Programs - Instruction					
Salaries	\$ 32,460	\$ (7,000)	\$ 25,460	\$ 25,261	\$ 199
Supplies and Materials	7,842	(2,082)	5,760	4,487	1,273
Other Objects	2,000	(2,000)	-	-	-
Total Other Instructional Programs - Instruction	<u>42,302</u>	<u>(11,082)</u>	<u>31,220</u>	<u>29,748</u>	<u>1,472</u>
Summer School					
Salaries	-	300	300	-	300
Supplies & Materials	-	2,240	2,240	-	2,240
Total Summer School	<u>-</u>	<u>2,540</u>	<u>2,540</u>	<u>-</u>	<u>2,540</u>
Total - Instruction	<u>15,079,041</u>	<u>(216,634)</u>	<u>14,862,407</u>	<u>14,663,538</u>	<u>198,869</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs within the State-Reg.	27,600	17,171	44,771	44,770	1
Tuition to County Vocational School District-Reg.	54,619	(51,663)	2,956	2,956	-
Tuition to County Vocational School District-Special	-	31,864	31,864	31,864	-
Tuition to County Special Services - School Districts & Regional Day Schools	86,567	6,745	93,312	93,312	-
Tuition to Private Schools - Disabled w/i State	2,067,563	(59,453)	2,008,110	2,008,110	-
Tuition to Private Schools- Disabled- Outside State	-	12,115	12,115	12,115	-
Total Undistributed Expenditures - Instruction	<u>2,236,349</u>	<u>(43,221)</u>	<u>2,193,128</u>	<u>2,193,127</u>	<u>1</u>
Health Services					
Salaries	433,967	(12,096)	421,871	421,870	1
Purchased Professional & Technical Services	10,000	38,097	48,097	42,036	6,061
Supplies and Materials	10,430	1,713	12,143	11,930	213
Other Objects	950	1,564	2,514	2,514	-
Total Health Services	<u>455,347</u>	<u>29,278</u>	<u>484,625</u>	<u>478,350</u>	<u>6,275</u>
Speech, OT, PT & Related Services					
Salaries	742,981	28,765	771,746	770,683	1,063
Purchased Professional/Educational Services	-	51,291	51,291	51,291	-
Supplies and Materials	1,000	2,000	3,000	1,895	1,105
Total Speech, OT, PT & Related Services	<u>743,981</u>	<u>82,056</u>	<u>826,037</u>	<u>823,869</u>	<u>2,168</u>
Guidance					
Salaries of Other Professional Staff	476,548	(14,331)	462,217	462,216	1
Salaries of Secretarial and Clerical Assistants	100,640	25	100,665	100,626	39
Other Purchased Services	3,500	(3,119)	381	187	194
Supplies and Materials	8,044	5,211	13,255	9,800	3,455
Other Objects	3,100	-	3,100	2,520	580
Total Guidance	<u>591,832</u>	<u>(12,214)</u>	<u>579,618</u>	<u>575,349</u>	<u>4,269</u>
Child Study Teams					
Salaries of Other Professional Staff	618,020	(3,207)	614,813	614,812	1
Salaries of Secretarial and Clerical Assistants	56,537	4,632	61,169	61,169	-
Purchased Prof-Educational Services	-	14,524	14,524	14,524	-
Other Purchased Services	250	3,534	3,784	3,784	-
Misc. Purchased Services	6,475	(2,061)	4,414	4,413	1
Supplies and Materials	4,354	25,483	29,837	29,668	169
Other Objects	-	-	-	-	-
Total Child Study Teams	<u>685,636</u>	<u>42,905</u>	<u>728,541</u>	<u>728,370</u>	<u>171</u>

**VERONA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Exhibit C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Improvement of Instruction Services/ Other Support Services-Instructional Staff					
Salaries of Supervisor of Instruction	\$ 335,320	\$ 3,809	\$ 339,129	\$ 339,129	-
Salaries of Other Professional Staff	137,483	1,830	139,313	139,313	-
Salaries of Sec and Clerical Assist.	35,449	3,460	38,909	38,909	-
Other Purchased Prof. And Tech. Services	95,300	(19,510)	75,790	70,412	\$ 5,378
Other Purchased Services	761	(178)	583	524	59
Supplies and Materials	1,600	15,679	17,279	17,279	-
Other Objects	4,085	(580)	3,505	3,135	370
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	609,998	4,510	614,508	608,701	5,807
Educational Media Services/School Library					
Salaries	282,840	13,481	296,321	296,321	-
Supplies and Materials	49,481	11,637	61,118	59,682	1,436
Total Educational Media Services/School Library	332,321	25,118	357,439	356,003	1,436
Support Services General Administration					
Salaries	198,410	-	198,410	197,172	1,238
Legal Services	100,000	(11,000)	89,000	89,000	-
Audit Fees	38,800	(2,320)	36,480	36,480	-
Other Purchased Professional Services	64,181	(961)	63,220	62,698	522
Communications/Telephone	66,750	(2,832)	63,918	62,144	1,774
BOE Other Purchased Services	821	1,115	1,936	1,935	1
Misc. Purchased Services	-	-	-	-	-
Supplies and Materials	6,000	(2,485)	3,515	3,515	-
Judgments against the School District	-	7,000	7,000	7,000	-
Miscellaneous Expenditures	23,000	-	23,000	22,670	330
Total Support Services General Administration	497,962	(11,483)	486,479	482,614	3,865
Support Services School Administration					
Salaries of Principals/Asst. Principals	1,282,840	(20,251)	1,262,589	1,262,572	17
Salaries of Other Professional Staff	147,740	(23,237)	124,503	124,503	-
Salaries of Secretarial and Clerical Assistants	493,366	2,489	495,855	495,853	2
Other Purchased Services	5,748	1,965	7,713	6,585	1,128
Supplies and Materials	14,556	(880)	13,676	12,025	1,651
Other Objects	17,515	(2,780)	14,735	14,735	-
Total Support Services School Administration	1,961,765	(42,694)	1,919,071	1,916,273	2,798
Central Services					
Salaries	310,351	-	310,351	309,362	989
Supplies and Materials	6,000	(610)	5,390	5,389	1
Other Objects	1,065	-	1,065	1,025	40
Total Central Services	317,416	(610)	316,806	315,776	1,030
Administration - Information Technology Services					
Salaries	86,100	52,806	138,906	138,906	-
Purchased Technical Services	92,184	17,474	109,658	109,658	-
Other Purchased Services	5,220	1,291	6,511	5,891	620
General Supplies	-	-	-	-	-
Total Administration Information Technology Svcs.	183,504	71,571	255,075	254,455	620

**VERONA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Exhibit C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Required Maintenance for School Facilities					
Salaries	\$ 292,274	\$ 15,809	\$ 308,083	\$ 308,083	-
Cleaning, Repair and Maintenance Services	187,486	255,594	443,080	230,383	\$ 212,697
Rentals	-	-	-	-	-
General Supplies	65,280	7,463	72,743	72,743	-
Total Required Maint. For School Facilities	<u>545,040</u>	<u>278,866</u>	<u>823,906</u>	<u>611,209</u>	<u>212,697</u>
Custodial Services					
Salaries	1,162,013	(14,963)	1,147,050	1,140,820	6,230
Cleaning, Repair and Maintenance Services	38,770	15,000	53,770	49,149	4,621
Lease Purchase- ESIP- Principal	-	132,819	132,819	132,819	-
Lease Purchase- ESIP- Interest	-	75,318	75,318	75,318	-
Other Purchased Property Services	64,260	113	64,373	55,126	9,247
Insurance	116,403	7,561	123,964	123,964	-
General Supplies	88,230	32,160	120,390	119,423	967
Energy (Natural Gas)	268,655	(73,528)	195,127	195,127	-
Energy (Electricity)	387,600	(157,660)	229,940	229,939	1
Other Objects	16,320	(8,200)	8,120	7,389	731
Total Custodial Services	<u>2,142,251</u>	<u>8,620</u>	<u>2,150,871</u>	<u>2,129,074</u>	<u>21,797</u>
Care and Upkeep of Grounds					
Cleaning, Repair and Maintenance Svc.	11,730	-	11,730	9,691	2,039
General Supplies	8,670	3,818	12,488	12,488	-
Total Care and Upkeep of Grounds	<u>20,400</u>	<u>3,818</u>	<u>24,218</u>	<u>22,179</u>	<u>2,039</u>
Student Transportation Services					
Salaries for Pupil Trans (Bet. Home & Sch)-Sp. Ed.	82,000	10,000	92,000	90,674	1,326
Salaries for Pupil Trans (Other than Bet. Home & Sch)	57,315	6,703	64,018	64,018	-
Contracted Services (Btw Home & School)- Vendors	-	4,500	4,500	4,372	128
Contracted Services (Special Education Students)- Joint Agreements	525,000	86,134	611,134	611,134	-
Transportation Supplies	20,000	19,305	39,305	38,003	1,302
Total Student Transportation Services	<u>684,315</u>	<u>126,642</u>	<u>810,957</u>	<u>808,201</u>	<u>2,756</u>
Unallocated Benefits - Employee Benefits					
Group Insurance	70,000	7,726	77,726	77,725	1
Social Security Contributions	421,000	(39,136)	381,864	381,863	1
Other Retirement Contributions- DCRP	10,728	10,728	10,728	10,728	-
Other Retirement Contribution-Regular	26,314	(11,560)	14,754	14,754	-
Other Retirement Contribution-PERS	314,765	36,955	351,720	351,720	-
Unemployment Compensation	57,000	21,000	78,000	77,341	659
Worker's Compensation	199,000	7,932	206,932	206,932	-
Health Benefits	3,511,447	(209,968)	3,301,479	3,299,243	2,236
Tuition Reimbursement	80,000	3,807	83,807	83,807	-
Unused Sick Payment to Terminated/Retired Staff	67,746	(4,954)	62,792	62,791	1
Total Unallocated Benefits - Employee Benefits	<u>4,747,272</u>	<u>(177,470)</u>	<u>4,569,802</u>	<u>4,566,904</u>	<u>2,898</u>
TPAF Pension Contribution (Non Budgeted)					
Normal Pension Contribution	-	-	-	1,202,132	(1,202,132)
NCGI Contributions	-	-	-	59,883	(59,883)
Post Retirement	-	-	-	1,502,710	(1,502,710)
TPAF Social Security Contribution (Non Budgeted)	-	-	-	1,121,946	(1,121,946)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,886,671</u>	<u>(3,886,671)</u>
Total Undistributed Expenditures	<u>16,755,389</u>	<u>385,692</u>	<u>17,141,081</u>	<u>20,757,125</u>	<u>(3,616,044)</u>
Total Current Expenditures	<u>31,834,430</u>	<u>169,058</u>	<u>32,003,488</u>	<u>35,420,663</u>	<u>(3,417,175)</u>

**VERONA BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Exhibit C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures					
Custodial Services	-	\$ 22,671	\$ 22,671	\$ 22,670	\$ 1
Instructional	-	-	-	-	-
Total Equipment	-	22,671	22,671	22,670	1
Facilities and Acquisitions					
Other Objects	\$ 1,362	-	1,362	1,362	-
Total Facilities and Acquisitions	1,362	-	1,362	1,362	-
Total Capital Outlay	1,362	22,671	24,033	24,032	1
Total Expenditures - General Fund	31,835,792	191,729	32,027,521	35,444,695	(3,417,174)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(259,943)	(191,729)	(451,672)	145,808	597,480
Other Financing Sources (Uses)					
Transfers Out	-	(26,857)	(26,857)	(26,857)	-
Total Other Financing Sources (Uses)	-	(26,857)	(26,857)	(26,857)	-
Excess (Deficiency) of Revenues Over (Under) Expenditures and Financing Sources	(259,943)	(218,586)	(478,529)	118,951	597,480
Fund Balances, Beginning of Year	1,426,230	-	1,426,230	1,426,230	-
Fund Balances, End of Year	<u>\$ 1,166,287</u>	<u>\$ (218,586)</u>	<u>\$ 947,701</u>	<u>\$ 1,545,181</u>	<u>\$ 597,480</u>
<u>Recapitulation of Fund Balance</u>					
Restricted					
Capital Reserve				\$ 89,993	
Maintenance Reserve				325,117	
Excess Surplus - Designated in Subsequent Year's Budget				185,243	
Excess Surplus				221,000	
Assigned- Designated in Subsequent Year's Budget				36,086	
Unassigned Fund Balance				<u>687,742</u>	
				1,545,181	
Less State Aid not Recognized on a GAAP Basis				<u>(385,153)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 1,160,028</u>	

**VERONA BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources	\$ 63,037	\$ 36,744	\$ 99,781	\$ 46,305	\$ (53,476)
State Sources	169,584	(11,941)	157,643	138,102	(19,541)
Federal Sources	526,742	82,518	609,260	597,626	(11,634)
Total Revenues	<u>759,363</u>	<u>107,321</u>	<u>866,684</u>	<u>782,033</u>	<u>(84,651)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	63,037	(1,787)	61,250	61,250	-
Purchased Prof. Tech. Svc.		17,456	17,456	14,979	2,477
Purchased Professional-Educational Services	150,976	(40,052)	110,924	91,383	19,541
Other Professional Services		1,472	1,472	1,472	-
Tuition	503,030	(15,008)	488,022	488,022	-
General Supplies		105,015	105,015	47,097	57,918
Textbooks	13,525	(677)	12,848	12,848	-
Total Instruction	<u>730,568</u>	<u>66,419</u>	<u>796,987</u>	<u>717,051</u>	<u>79,936</u>
Support Services					
Salaries of Other Professional Staff	21,531	(1,281)	20,250	20,250	-
Employee Benefits		12,805	12,805	12,283	522
Purchased Prof. Tech. Svc.		20,685	20,685	16,545	4,140
Purchased Professional-Education Services	7,264	6,576	13,840	13,787	53
Other Purchased Services	-	2,117	2,117	2,117	-
Total Support Services	<u>28,795</u>	<u>40,902</u>	<u>69,697</u>	<u>64,982</u>	<u>4,715</u>
Total Expenditures	<u>759,363</u>	<u>107,321</u>	<u>866,684</u>	<u>782,033</u>	<u>84,651</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, 2016**

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 revenue amounts (budgetary basis) (Exhibits C-1 and C-2)	\$ 35,590,503	\$ 782,033	
State Aid payment not recognized for GAAP purposes, not recognized for budgetary statements.	332,716		
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements.	<u>(385,153)</u>	<u>-</u>	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 35,538,066</u>	<u>\$ 782,033</u>	
Uses/Outflows of Resources			
Actual expenditure amounts (budgetary basis) (Exhibits C-1 and C-2)	\$ 35,444,695	\$ 782,033	
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.	<u>-</u>	<u>-</u>	
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 35,444,695</u>	<u>\$ 782,033</u>	

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**VERONA BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Public Employees Retirement System

**Last Three Fiscal Years*
(Dollar amounts in thousands)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.04091%	.03916%	.03812%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 9,183,572	\$ 7,331,860	\$ 7,285,885
District's Covered-Employee Payroll	\$ 2,612,297	\$ 2,574,194	\$ 2,649,102
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	352%	285%	275%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

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

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

VERONA BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT CONTRIBUTIONS

Public Employees Retirement System

Last Three Fiscal Years
 (Dollar amounts in thousands)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 351,720	\$ 322,831	\$ 287,242
Contributions in Relation to the Contractually Required Contribution	<u>351,720</u>	<u>322,831</u>	<u>287,242</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 2,612,297	\$ 2,574,194	\$ 2,649,102
Contributions as a Percentage of Covered-Employee Payroll	13%	13%	11%

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

**VERONA BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Teachers Pension and Annuity Fund

**Last Three Fiscal Years*
(Dollar amounts in thousands)**

	<u>2015</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)		-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	\$ 93,280,896	\$ 84,014,664	\$ 77,734,764
Total	<u>\$ 93,280,896</u>	<u>\$ 84,014,664</u>	<u>\$ 77,734,764</u>
District's Covered-Employee Payroll	15,817,173	14,991,957	14,603,136
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%

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

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

VERONA BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 5.

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, 2016**

	Title I	IDEA Basic	IDEA Preschool	Title IIA	Nonpublic Technology	Nonpublic Textbooks	Nonpublic Nursing	Nonpublic Security	Total Page 2	Total
REVENUES										
Local									\$ 46,305	\$ 46,305
State					\$ 5,850	\$ 12,848	\$ 20,250	\$ 5,625	93,529	138,102
Federal	\$ 61,805	\$ 493,224	\$ 24,046	\$ 18,551	-	-	-	-	-	597,626
Total Revenues	\$ 61,805	\$ 493,224	\$ 24,046	\$ 18,551	\$ 5,850	\$ 12,848	\$ 20,250	\$ 5,625	\$ 139,834	\$ 782,033
EXPENDITURES										
Instruction										
Salaries of Teachers	\$ 49,250								\$ 12,000	\$ 61,250
Purchased Prof. and Technical Services		\$ 14,979								14,979
Purchased Professional-Educational Services									91,383	91,383
Other Professional Services									1,472	1,472
Textbooks						\$ 12,848				12,848
Tuition		463,976	\$ 24,046							488,022
Supplies	272	11,846	-	-	-	-	-	-	34,979	47,097
Total Instruction	49,522	490,801	24,046	-	-	12,848	-	-	139,834	717,051
Support Services										
Salaries of Other Professional Staff							\$ 20,250			20,250
Employee Benefits	12,283									12,283
Purchased Prof. and Technical Services		306		\$ 16,239						16,545
Purchase Professional-Educational Services				2,312	\$ 5,850			\$ 5,625		13,787
Other Purchased Services	-	2,117	-	-	-	-	-	-	-	2,117
Total Support Services	12,283	2,423	-	18,551	5,850	-	20,250	5,625	-	64,982
Total Expenditures	\$ 61,805	\$ 493,224	\$ 24,046	\$ 18,551	\$ 5,850	\$ 12,848	\$ 20,250	\$ 5,625	\$ 139,834	\$ 782,033

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**VERONA BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Anti-Bullying</u>	<u>Self Assessment</u>	<u>Non Public Chapter 192</u>		<u>Non Public Chapter 193</u>			<u>Local Grants</u>	<u>Total Page 2</u>
			<u>Compens. Education</u>	<u>Transpor- tation</u>	<u>Exam. And Class</u>	<u>Corrective Speech</u>	<u>Supplem. Instruction</u>		
REVENUES									
Local								\$ 46,305	\$ 46,305
State	\$ 1,472	\$ 674	\$ 20,219	\$ 24,495	\$ 18,748	\$ 14,630	\$ 13,291		93,529
Federal	-	-	-	-	-	-	-	-	-
Total Revenues	<u>\$ 1,472</u>	<u>\$ 674</u>	<u>\$ 20,219</u>	<u>\$ 24,495</u>	<u>\$ 18,748</u>	<u>\$ 14,630</u>	<u>\$ 13,291</u>	<u>\$ 46,305</u>	<u>\$ 139,834</u>
EXPENDITURES									
Instruction									
Salaries of Teachers								\$ 12,000	\$ 12,000
Purchased Prof. and Technical Services									
Purchased Professional-Educational Services			\$ 20,219	\$ 24,495	\$ 18,748	\$ 14,630	\$ 13,291		91,383
Other Purchased Services									
Other Professional Services	\$ 1,472								1,472
Textbooks									-
Supplies	-	674	-	-	-	-	-	34,305	34,979
Total Instruction	<u>1,472</u>	<u>674</u>	<u>20,219</u>	<u>24,495</u>	<u>18,748</u>	<u>14,630</u>	<u>13,291</u>	<u>46,305</u>	<u>139,834</u>
Support Services									
Salaries of Other Professional Staff									
Purchased Professional Services									
Purchase Professional-Educational Services			-	-	-	-	-		
Other Professional Services									
Other Purchased Services									
Contracted Services -Transportation									-
Supplies									
Travel	-	-	-	-	-	-	-	-	-
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 1,472</u>	<u>\$ 674</u>	<u>\$ 20,219</u>	<u>\$ 24,495</u>	<u>\$ 18,748</u>	<u>\$ 14,630</u>	<u>\$ 13,291</u>	<u>\$ 46,305</u>	<u>\$ 139,834</u>

**VERONA BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION PROGRAM AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016**

<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2016</u>
		<u>Prior Year</u>	<u>Current Year</u>	
Various Improvements and Renovations to the School Facilities; the Acquisition of Technology and Equipment; and Various Improvements and Renovation to Recreational Fields	\$ 16,641,855	\$ 2,536,209	\$ 6,814,635	\$ 7,291,011
Acquisition of Chrome Books	175,000	169,792	5,208	-
Energy Savings Incentive Program	3,200,000	963,164	1,489,655	747,181
Acquisition of Chrome Books	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>-</u>
	<u>\$ 16,641,855</u>	<u>\$ 3,669,165</u>	<u>\$ 8,459,498</u>	<u>\$ 8,038,192</u>
Project Balances, June 30, 2016				\$ 8,038,192
Reserved for Payment of Lease Purchase				689
Less: Unearned Revenue				<u>(472,766)</u>
Fund Balance, June 30, 2016 (GAAP Basis)				<u>\$ 7,566,115</u>
<u>Recapitulation of Fund Balance</u>				
Restricted:				
Year-End Encumbrances				\$ 7,783,032
Available for Capital Projects				(217,606)
Reserved for Payment of Lease Purchase				<u>689</u>
Total Fund Balance - Restricted for Capital Projects				<u>\$ 7,566,115</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, 2016**

REVENUES AND OTHER FINANCING SOURCES

Revenues

Lease Proceeds	\$ 150,000
Interest Income	<u>17,258</u>

Total Revenues	<u>167,258</u>
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EXPENDITURES AND OTHER FINANCING USES

Construction Services	7,840,170
Purchased Professional and Technical Services	464,120
Supplies	155,208
Transfer to Debt Service Fund	<u>16,651</u>

Total Expenditures and Other Financing Uses	<u>8,476,149</u>
---------------------------------------------	------------------

Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,308,891)
-----------------------------------------------------------	-------------

Fund Balance, July 1, 2015	<u>16,347,772</u>
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Fund Balance, June 30, 2016	8,038,881
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Reconciliation to GAAP

Unearned Revenue- SDA Grant	<u>472,766</u>
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Fund Balance- June 30, 2016 (GAAP Basis)	<u>\$ 7,566,115</u>
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**VERONA BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS
HIGH SCHOOL MUSIC ROOM ADDITION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 1,551,447	-	\$ 1,551,447	\$ 1,551,447
Total Revenues	<u>1,551,447</u>	<u>-</u>	<u>1,551,447</u>	<u>1,551,447</u>
Expenditures and Other Financing Uses				
Construction Services	13,265	\$ 988,412	1,001,677	1,405,533
Purchased Professional and Technical Services	<u>112,358</u>	<u>33,556</u>	<u>145,914</u>	<u>145,914</u>
Total Expenditures	<u>125,623</u>	<u>1,021,968</u>	<u>1,147,591</u>	<u>1,551,447</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 1,425,824</u>	<u>\$ (1,021,968)</u>	<u>\$ 403,856</u>	<u>\$ -</u>

Additional Project Information:

Project Number	5370-050-14-1001
Grant Date	N/A
Bond Authorization Date	April 29, 2014
Bonds Authorized	\$ 13,345,000
Bonds Issued	\$ 13,345,000
Original Authorized Cost	\$ 1,551,447
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 1,551,447

Percentage Increase Over Original
Authorized Cost

0%

Percentage Completion

74%

Original Target Completion Date

August 31, 2015

Revised Target Completion Date

August 31, 2016

**VERONA BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS
HIGH SCHOOL MECHANICAL UPGRADE
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 2,311,594	-	\$ 2,311,594	\$ 2,311,594
State Sources - SDA Grant	<u>1,541,032</u>	<u>-</u>	<u>1,541,032</u>	<u>1,541,032</u>
 Total Revenues	 <u>3,852,626</u>	 <u>-</u>	 <u>3,852,626</u>	 <u>3,852,626</u>
Expenditures and Other Financing Uses				
Construction Services	447,272	\$ 2,294,558	2,741,830	3,021,084
Purchased Professional and Technical Services	<u>290,746</u>	<u>86,626</u>	<u>377,372</u>	<u>831,542</u>
 Total Expenditures	 <u>738,018</u>	 <u>2,381,184</u>	 <u>3,119,202</u>	 <u>3,852,626</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ 3,114,608</u>	 <u>\$ (2,381,184)</u>	 <u>\$ 733,424</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	5370-050-14-1002
Grant Date	June 6, 2014
Bond Authorization Date	April 29, 2014
Bonds Authorized	\$ 13,345,000
Bonds Issued	\$ 13,345,000
Original Authorized Cost	\$ 3,852,626
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 3,852,626

Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	81%
Original Target Completion Date	August 31, 2016
Revised Target Completion Date	August 31, 2016

**VERONA BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS
HIGH SCHOOL INTERIOR AND EXTERIOR RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 2,330,507	-	\$ 2,330,507	\$ 2,330,507
State Sources - SDA Grant	<u>509,339</u>	<u>-</u>	<u>509,339</u>	<u>509,339</u>
 Total Revenues	 <u>2,839,846</u>	 <u>-</u>	 <u>2,839,846</u>	 <u>2,839,846</u>
Expenditures and Other Financing Uses				
Construction Services	349,303	\$ 960,232	1,309,535	2,567,369
Purchased Professional and Technical Services	<u>208,153</u>	<u>64,324</u>	<u>272,477</u>	<u>272,477</u>
 Total Expenditures	 <u>557,456</u>	 <u>1,024,556</u>	 <u>1,582,012</u>	 <u>2,839,846</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ 2,282,390</u>	 <u>\$ (1,024,556)</u>	 <u>\$ 1,257,834</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	5370-050-14-1003
Grant Date	July 10, 2014
Bond Authorization Date	April 29, 2014
Bonds Authorized	\$ 13,345,000
Bonds Issued	\$ 13,345,000
Original Authorized Cost	\$ 2,839,846
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 2,839,846

Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	56%
Original Target Completion Date	August 15, 2015
Revised Target Completion Date	August 15, 2016

**VERONA BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS
BROOKDALE AVENUE SCHOOL INTERIOR AND EXTERIOR RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 201,355	-	\$ 201,355	\$ 201,355
State Sources - SDA Grant	134,234	-	134,234	134,234
	<u>335,589</u>	<u>-</u>	<u>335,589</u>	<u>335,589</u>
Expenditures and Other Financing Uses				
Construction Services	84,476	\$ 116,313	200,789	303,455
Purchased Professional and Technical Services	23,656	8,478	32,134	32,134
	<u>108,132</u>	<u>124,791</u>	<u>232,923</u>	<u>335,589</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 227,457</u>	<u>\$ (124,791)</u>	<u>\$ 102,666</u>	<u>\$ -</u>

Additional Project Information:

Project Number	5370-050-14-1004
Grant Date	July 10, 2014
Bond Authorization Date	April 29, 2014
Bonds Authorized	\$ 13,345,000
Bonds Issued	\$ 13,345,000
Original Authorized Cost	\$ 335,589
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 335,589

Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	69%
Original Target Completion Date	August 31, 2015
Revised Target Completion Date	August 31, 2016

**VERONA BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS
FREDERIC N. BROWN SCHOOL INTERIOR AND EXTERIOR RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 398,802	-	\$ 398,802	\$ 398,802
State Sources - SDA Grant	135,280	-	135,280	135,280
	<u>534,082</u>	<u>-</u>	<u>534,082</u>	<u>534,082</u>
Expenditures and Other Financing Uses				
Construction Services	100,464	\$ 375,293	475,757	480,239
Purchased Professional and Technical Services	40,256	13,587	53,843	53,843
	<u>140,720</u>	<u>388,880</u>	<u>529,600</u>	<u>534,082</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 393,362</u>	<u>\$ (388,880)</u>	<u>\$ 4,482</u>	<u>\$ -</u>

Additional Project Information:

Project Number	5370-080-14-1005
Grant Date	July 10, 2014
Bond Authorization Date	April 29, 2014
Bonds Authorized	\$ 13,345,000
Bonds Issued	\$ 13,345,000
Original Authorized Cost	\$ 534,082
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 534,082

Percentage Increase Over Original
Authorized Cost

Percentage Completion

Original Target Completion Date

Revised Target Completion Date

0%

99%

August 31, 2015

August 31, 2016

**VERONA BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS
FOREST AVENUE SCHOOL INTERIOR AND EXTERIOR RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 419,607	-	\$ 419,607	\$ 419,607
State Sources - SDA Grant	162,399	-	162,399	162,399
	<u>582,006</u>	<u>-</u>	<u>582,006</u>	<u>582,006</u>
Expenditures and Other Financing Uses				
Construction Services	128,046	\$ 299,242	427,288	531,849
Purchased Professional and Technical Services	37,968	12,189	50,157	50,157
	<u>166,014</u>	<u>311,431</u>	<u>477,445</u>	<u>582,006</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 415,992</u>	<u>\$ (311,431)</u>	<u>\$ 104,561</u>	<u>\$ -</u>

Additional Project Information:

Project Number	5370-090-14-1006
Grant Date	July 10, 2014
Bond Authorization Date	April 29, 2014
Bonds Authorized	\$ 13,345,000
Bonds Issued	\$ 13,345,000
Original Authorized Cost	\$ 582,006
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 582,006

Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	82%
Original Target Completion Date	August 31, 2015
Revised Target Completion Date	August 31, 2016

**VERONA BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS
HENRY B. WHITEHORNE MIDDLE SCHOOL INTERIOR AND EXTERIOR RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 820,889	-	\$ 820,889	\$ 820,889
State Sources - SDA Grant	<u>237,609</u>	<u>-</u>	<u>237,609</u>	<u>237,609</u>
 Total Revenues	 <u>1,058,498</u>	 <u>-</u>	 <u>1,058,498</u>	 <u>1,058,498</u>
Expenditures and Other Financing Uses				
Construction Services	172,876	\$ 309,741	482,617	960,720
Purchased Professional and Technical Services	<u>73,792</u>	<u>23,986</u>	<u>97,778</u>	<u>97,778</u>
 Total Expenditures	 <u>246,668</u>	 <u>333,727</u>	 <u>580,395</u>	 <u>1,058,498</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ 811,830</u>	 <u>\$ (333,727)</u>	 <u>\$ 478,103</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	5370-095-14-1007
Grant Date	July 10, 2014
Bond Authorization Date	April 29, 2014
Bonds Authorized	\$ 13,345,000
Bonds Issued	\$ 13,345,000
Original Authorized Cost	\$ 1,058,498
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 1,058,498

Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	55%
Original Target Completion Date	August 31, 2015
Revised Target Completion Date	August 31, 2016

**VERONA BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS
LANING AVENUE ELEMENTARY SCHOOL INTERIOR AND EXTERIOR RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 115,444	-	\$ 115,444	\$ 115,444
State Sources - SDA Grant	<u>76,962</u>	<u>-</u>	<u>76,962</u>	<u>76,962</u>
Total Revenues	<u>192,406</u>	<u>-</u>	<u>192,406</u>	<u>192,406</u>
Expenditures and Other Financing Uses				
Construction Services	106,950	\$ 39,799	146,749	175,865
Purchased Professional and Technical Services	<u>11,852</u>	<u>4,689</u>	<u>16,541</u>	<u>16,541</u>
Total Expenditures	<u>118,802</u>	<u>44,488</u>	<u>163,290</u>	<u>192,406</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 73,604</u>	<u>\$ (44,488)</u>	<u>\$ 29,116</u>	<u>\$ -</u>

Additional Project Information:

Project Number	5370-095-14-1008
Grant Date	July 10, 2014
Bond Authorization Date	April 29, 2014
Bonds Authorized	\$ -
Bonds Issued	\$ -
Original Authorized Cost	\$ 192,406
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 192,406

Percentage Increase Over Original

Authorized Cost	0%
Percentage Completion	85%
Original Target Completion Date	August 31, 2015
Revised Target Completion Date	August 31, 2016

**VERONA BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS
MULTI-PURPOSE FIELD WORK
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 5,695,355	-	\$ 5,695,355	\$ 5,695,355
 Total Revenues	 <u>5,695,355</u>	 <u>-</u>	 <u>5,695,355</u>	 <u>5,695,355</u>
Expenditures and Other Financing Uses				
Construction Services	5,621	\$ 966,924	972,545	5,149,514
Purchased Professional and Technical Services	<u>329,155</u>	<u>216,686</u>	<u>545,841</u>	<u>545,841</u>
 Total Expenditures	 <u>334,776</u>	 <u>1,183,610</u>	 <u>1,518,386</u>	 <u>5,695,355</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ 5,360,579</u>	 <u>\$ (1,183,610)</u>	 <u>\$ 4,176,969</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	April 29, 2014
Bonds Authorized	\$ 13,345,000
Bonds Issued	\$ 13,345,000
Original Authorized Cost	\$ 5,695,355
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 5,695,355
 Percentage Increase Over Original Authorized Cost	 0%
Percentage Completion	27%
Original Target Completion Date	September 30, 2015
Revised Target Completion Date	September 30, 2016

**VERONA BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS
ACQUISITION OF CHROME BOOKS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Lease Proceeds	\$ 175,000	\$ -	\$ 175,000	\$ 175,000
 Total Revenues	 175,000	 -	 175,000	 175,000
Expenditures and Other Financing Uses				
Supplies	169,792	5,208	175,000	175,000
 Total Expenditures	 169,792	 5,208	 175,000	 175,000
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 \$ 5,208	 \$ (5,208)	 \$ -	 \$ -

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	\$ 175,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 175,000

Percentage Increase Over Original

Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	2015/16
Revised Target Completion Date	2015/16

**VERONA BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS
ENERGY SAVINGS INCENTIVE PROGRAM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Lease Proceeds	\$ 3,200,000	\$ -	\$ 3,200,000	\$ 3,200,000
 Total Revenues	 3,200,000	 -	 3,200,000	 3,200,000
Expenditures and Other Financing Uses				
Construction Services	963,164	1,489,655	2,452,819	3,200,000
Purchased Professional and Technical Services	-	-	-	-
 Total Expenditures	 963,164	 1,489,655	 2,452,819	 3,200,000
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 \$ 2,236,836	 \$ (1,489,655)	 \$ 747,181	 \$ -

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	\$ 3,200,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 3,200,000
 Percentage Increase Over Original Authorized Cost	 0%
Percentage Completion	77%
Original Target Completion Date	December 2016
Revised Target Completion Date	December 2016

**VERONA BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS
ACQUISITION OF CHROME BOOKS - 2015/16
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Lease Proceeds	\$ -	\$ 150,000	\$ 150,000	\$ 150,000
 Total Revenues	 -	 150,000	 150,000	 150,000
Expenditures and Other Financing Uses				
Supplies	-	150,000	150,000	150,000
 Total Expenditures	 -	 150,000	 150,000	 150,000
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 \$ -	 \$ -	 \$ -	 \$ -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 150,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 150,000
 Percentage Increase Over Original Authorized Cost	 0%
Percentage Completion	100%
Original Target Completion Date	June 2016
Revised Target Completion Date	June 2016

ENTERPRISE FUNDS

**VERONA BOARD OF EDUCATION
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

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

**COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016**

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 ASSETS AND LIABILITIES
AS OF JUNE 30, 2016**

	<u>Student Activity</u>	<u>Agency Payroll</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 113,911	\$ 52,234	\$ 166,145
Total Assets	<u>\$ 113,911</u>	<u>\$ 52,234</u>	<u>\$ 166,145</u>
LIABILITIES			
Due to Student Groups	\$ 113,911		\$ 113,911
Reserve for Flexible Spending		\$ 19,919	19,919
Accrued Salaries and Wages		10,680	10,680
Payroll Deductions and Withholdings	<u>-</u>	<u>21,635</u>	<u>21,635</u>
Total Liabilities	<u>\$ 113,911</u>	<u>\$ 52,234</u>	<u>\$ 166,145</u>

**FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016**

	<u>Balance July 1, 2015</u>		<u>Cash Receipts</u>		<u>Cash Disbursements</u>		<u>Balance, June 30, 2016</u>
JUNIOR HIGH SCHOOL							
H.B. Whitehorne Middle School	\$ 62,592	\$	89,041	\$	116,803	\$	34,830
SENIOR HIGH SCHOOL							
Verona Senior High School	104,164		104,362		129,517		79,009
Athletic Fund	<u>511</u>		<u>38,727</u>		<u>39,166</u>		<u>72</u>
	<u>\$ 167,267</u>	\$	<u>232,130</u>	\$	<u>285,486</u>	\$	<u>113,911</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Balance, July 1, 2015</u>		<u>Cash Receipts</u>		<u>Cash Disbursements</u>		<u>Balance, June 30, 2016</u>
Payroll Deductions and Withholdings	\$ 17,607	\$	23,843,154	\$	23,839,126	\$	21,635
Accrued Salaries and Wages	10,198		13,221,420		13,220,938		10,680
Reserve for Flexible Spending	<u>31,411</u>		<u>80,206</u>		<u>91,698</u>		<u>19,919</u>
	<u>\$ 59,216</u>	\$	<u>37,144,780</u>	\$	<u>37,151,762</u>	\$	<u>52,234</u>

LONG-TERM DEBT

**VERONA BOARD OF EDUCATION
LONG TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2016</u>				
			<u>Date</u>	<u>Amount</u>									
2006 School Bonds	3/1/2006	33,971,000	3/1/2016	1,600,000	4.375	% \$ 1,600,000	\$ 1,600,000	\$ -					
2014 School Bonds	4/29/2014	13,845,000	5/1/2017	525,000	2.500	13,845,000	-	400,000	13,445,000				
			5/1/2018	575,000	2.500								
			5/1/2019	675,000	2.500								
			5/1/2020	725,000	2.500								
			5/1/2021	735,000	2.500								
			5/1/2022	745,000	2.750								
			5/1/2023	750,000	2.750								
			5/1/2024	765,000	2.750								
			5/1/2025	775,000	2.750								
			5/1/2026	775,000	3.000								
			5/1/2027	800,000	3.000								
			5/1/2028	800,000	3.000								
			5/1/2029	800,000	3.000								
			5/1/2030	800,000	3.125								
			5/1/2031	800,000	3.250								
			5/1/2032	800,000	3.250								
			5/1/2033	800,000	3.375								
5/1/2034	800,000	3.500											
						13,845,000	-	400,000	13,445,000				
2015 School Refunding	3/13/2015	\$ 24,635,000	3/1/2017	1,575,000	3.000	24,635,000	\$ -	\$ -	24,635,000				
			3/1/2018	1,600,000	4.000								
			3/1/2019	1,640,000	4.000								
			3/1/2020	1,680,000	4.000								
			3/1/2021	1,665,000	5.000								
			3/1/2022	1,670,000	2.000								
			3/1/2023	1,625,000	5.000								
			3/1/2024	1,630,000	5.000								
			3/1/2025	1,630,000	5.000								
			3/1/2026	1,635,000	4.000								
			3/1/2027	1,620,000	5.000								
			3/1/2028	1,625,000	5.000								
			3/1/2029	1,675,000	5.000								
			3/1/2030	1,680,000	4.000								
			3/1/2031	1,685,000	5.000								
										24,635,000	\$ -	\$ -	24,635,000
										<u>\$ 40,080,000</u>	<u>\$ -</u>	<u>\$ 2,000,000</u>	<u>\$ 38,080,000</u>

**VERONA BOARD OF EDUCATION
LONG TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE AGREEMENTS/LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Series</u>	Amount of Original Issue	Balance, July 1, 2015	Issued	Retired	Balance, June 30, 2016
2014-Maintenance Vehicle	\$ 35,626	\$ 21,620		\$ 7,070	\$ 14,550
2015-Energy Incentive Savings Program	3,200,000	3,200,000		132,819	3,067,181
2015- Chrome Books Lease Purchase	175,000	156,000		52,082	103,918
2016- Chrome Books Lease Purchase	150,000	-	\$ 150,000	24,752	125,248
		<u>\$ 3,377,620</u>	<u>\$ 150,000</u>	<u>\$ 216,723</u>	<u>\$ 3,310,897</u>

**DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original <u>Budget</u>	Budget <u>Adjustments</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to <u>Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 2,815,471		\$ 2,815,471	\$ 2,815,471	
State Sources					
Debt Service Aid	687,998	-	687,998	687,998	
Miscellaneous	-	-	-	8,132	\$ 8,132
	<u>3,503,469</u>	<u>-</u>	<u>3,503,469</u>	<u>3,511,601</u>	<u>8,132</u>
EXPENDITURES					
Regular Debt Service					
Principal	2,000,000		2,000,000	2,000,000	
Interest	1,503,794	-	1,503,794	1,503,794	-
	<u>3,503,794</u>	<u>-</u>	<u>3,503,794</u>	<u>3,503,794</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(325)</u>	<u>-</u>	<u>(325)</u>	<u>7,807</u>	<u>8,132</u>
Other Financing Sources (Uses)					
Transfer In	-	-	-	16,651	16,651
	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,651</u>	<u>16,651</u>
Excess(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>(325)</u>	<u>-</u>	<u>(325)</u>	<u>24,458</u>	<u>24,783</u>
Fund Balance, Beginning of Year	<u>21,031</u>	<u>-</u>	<u>21,031</u>	<u>21,031</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 20,706</u>	<u>\$ -</u>	<u>\$ 20,706</u>	<u>\$ 45,489</u>	<u>\$ 24,783</u>

Recapitulation of Fund Balance:

Restricted for Debt Service:

Designated for Subsequent Year's Budget	\$ 20,706
Available for Debt Service Expenditures	<u>24,783</u>

Total Fund Balance-Restricted for
Debt Service

\$ 45,489

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.

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net Investment in Capital Assets	\$ 6,387,137	\$ 6,655,294	\$ 6,461,850	\$ 6,542,788	\$ 6,705,998	\$ 6,966,552	\$ 10,024,595	\$ 10,140,982	\$ 9,467,375	\$ 11,262,874
Restricted	1,545,342	1,491,295	954,017	501,958	171,777	164,783	90,008	287,608	500,958	673,474
Unrestricted	<u>(1,674,049)</u>	<u>(1,988,673)</u>	<u>(1,662,598)</u>	<u>(1,407,245)</u>	<u>(1,049,120)</u>	<u>(1,183,105)</u>	<u>(1,050,906)</u>	<u>(8,590,018)</u>	<u>(8,601,745)</u>	<u>(9,004,540)</u>
Total Governmental Activities Net Position	<u>\$ 6,258,430</u>	<u>\$ 6,157,916</u>	<u>\$ 5,753,269</u>	<u>\$ 5,637,501</u>	<u>\$ 5,828,655</u>	<u>\$ 5,948,230</u>	<u>\$ 9,063,697</u>	<u>\$ 1,838,572</u>	<u>\$ 1,366,588</u>	<u>\$ 2,931,808</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 21,526	\$ 32,554	\$ 29,222	\$ 25,890	\$ 22,558	\$ 19,226	\$ 60,040	\$ 47,628	\$ 41,107	\$ 29,785
Unrestricted	<u>124,828</u>	<u>49,278</u>	<u>26,039</u>	<u>19,404</u>	<u>7,010</u>	<u>13,387</u>	<u>(3,039)</u>	<u>20,982</u>	<u>11,138</u>	<u>17,977</u>
Total Business-Type Activities Net Position	<u>\$ 146,354</u>	<u>\$ 81,832</u>	<u>\$ 55,261</u>	<u>\$ 45,294</u>	<u>\$ 29,568</u>	<u>\$ 32,613</u>	<u>\$ 57,001</u>	<u>\$ 68,610</u>	<u>\$ 52,245</u>	<u>\$ 47,762</u>
District-Wide										
Net Investment in Capital Assets	\$ 6,408,663	\$ 6,687,848	\$ 6,491,072	\$ 6,568,678	\$ 6,728,556	\$ 6,985,778	\$ 10,084,635	\$ 10,188,610	\$ 9,508,482	\$ 11,292,659
Restricted	1,545,342	1,491,295	954,017	501,958	171,777	164,783	90,008	287,608	500,958	673,474
Unrestricted	<u>(1,549,221)</u>	<u>(1,939,395)</u>	<u>(1,636,559)</u>	<u>(1,387,841)</u>	<u>(1,042,110)</u>	<u>(1,169,718)</u>	<u>(1,053,945)</u>	<u>(8,569,036)</u>	<u>(8,590,607)</u>	<u>(8,986,563)</u>
Total District Net Position	<u>\$ 6,404,784</u>	<u>\$ 6,239,748</u>	<u>\$ 5,808,530</u>	<u>\$ 5,682,795</u>	<u>\$ 5,858,223</u>	<u>\$ 5,980,843</u>	<u>\$ 9,120,698</u>	<u>\$ 1,907,182</u>	<u>\$ 1,418,833</u>	<u>\$ 2,979,570</u>

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 12,649,075	\$ 13,830,118	\$ 13,113,794	\$ 13,979,982	\$ 13,559,950	\$ 14,274,188	\$ 14,984,681	\$ 15,097,067	\$ 18,176,045	\$ 19,295,953
Special Education	4,825,302	4,488,595	4,280,896	4,264,879	4,503,628	4,658,751	4,593,223	4,902,628	5,853,353	6,479,779
Other Instruction	291,603	331,490	291,800	326,495	352,996	402,188	399,407	385,944	466,439	418,197
School Sponsored Activities And Athletics	805,228	789,408	832,929	884,332	851,004	919,157	964,506	1,011,087	1,127,135	1,237,964
Community Services	78,763	67,183	21,577	20,963		6,450				
Support Services:										
Student and Instruction Related Services	3,338,855	3,315,148	3,529,635	3,625,257	3,812,349	4,607,480	4,945,625	4,671,838	4,765,457	5,205,468
School Administrative Services	1,842,137	2,373,467	2,635,737	2,627,792	2,932,971	2,367,908	2,434,204	2,432,868	3,064,442	3,124,857
General Administration	683,442	682,398	571,229	597,791	626,250	612,146	658,156	734,420	597,313	696,937
Plant Operations And Maintenance	2,808,710	3,119,774	3,678,194	3,768,008	3,727,693	3,778,372	4,200,948	4,485,650	5,667,171	4,783,433
Pupil Transportation	561,478	526,813	546,041	459,971	466,844	478,843	499,926	641,206	713,344	888,883
Business and Other Support Services	540,606	543,963	518,043	493,452	540,371	502,522	658,644	696,393	701,640	785,432
Interest On Long-Term Debt and Other Chgs	2,067,506	1,700,160	1,556,890	1,569,642	1,552,194	1,501,988	1,433,132	1,432,836	1,815,349	1,300,089
Total Governmental Activities Expenses	30,492,705	31,768,517	31,576,765	32,618,564	32,926,250	34,109,993	35,772,452	36,491,937	42,947,688	44,216,992
Business-Type Activities										
VSEA		17,555	21,634	40,416	49,526	46,815	60,478	53,724	49,836	50,521
Food Service	355,727	350,136	305,234	301,924	288,527	342,468	380,441	386,419	378,302	389,032
Total Business-Type Activities Expense	355,727	367,691	326,868	342,340	338,053	389,283	440,919	440,143	428,138	439,553
Total District Expenses	\$ 30,848,432	\$ 32,136,208	\$ 31,903,633	\$ 32,960,904	\$ 33,264,303	\$ 34,499,276	\$ 36,213,371	\$ 36,932,080	\$ 43,375,826	\$ 44,656,545
Program Revenues										
Governmental Activities										
Charges For Services										
Regular Instruction	\$ 80,866	\$ 147,070	\$ 177,274	\$ 114,476	\$ 208,284	\$ 257,108	\$ 243,171	\$ 150,042	\$ 175,340	\$ 179,818
Special Education	108,069	-	-	-	-	-	-	-	-	-
Operating and Capital Grants And Contributions	5,130,796	5,103,714	4,096,835	4,346,750	3,449,371	3,985,678	4,771,362	4,704,379	9,550,380	11,770,607
Total Governmental Activities Program Revenues	5,319,731	5,250,784	4,274,109	4,461,226	3,657,655	4,242,786	5,014,533	4,854,421	9,725,720	11,950,425
Business-Type Activities										
Charges For Services										
Food Service	361,356	291,619	244,358	228,491	260,396	331,902	341,493	355,977	51,481	48,938
VSEA		3,640	32,870	33,594	40,153	55,109	56,720	59,571	347,390	355,456
Operating Grants And Contributions	7,986	7,658	8,194	6,200	5,000	5,317	4,937	4,796	4,658	3,819
Total Business Type Activities Program Revenues	369,342	302,917	285,422	268,285	305,549	392,328	403,150	420,344	403,529	408,213
Total District Program Revenues	\$ 5,689,073	\$ 5,553,701	\$ 4,559,531	\$ 4,729,511	\$ 3,963,204	\$ 4,635,114	\$ 5,417,683	\$ 5,274,765	\$ 10,129,249	\$ 12,358,638
Net (Expense)/Revenue										
Governmental Activities	\$ (25,172,974)	\$ (26,517,733)	\$ (27,302,656)	\$ (28,157,338)	\$ (29,268,595)	\$ (29,867,207)	\$ (30,757,919)	\$ (31,637,516)	\$ (33,221,968)	\$ (32,266,567)
Business-Type Activities	13,615	(64,774)	(41,446)	(74,055)	(32,504)	3,045	(37,769)	(19,799)	(24,609)	(31,340)
Total District-Wide Net Expenses	\$ (25,159,359)	\$ (26,582,507)	\$ (27,344,102)	\$ (28,231,393)	\$ (29,301,099)	\$ (29,864,162)	\$ (30,795,688)	\$ (31,657,315)	\$ (33,246,577)	\$ (32,297,907)

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

	Fiscal Year Ended June 30.									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Assets										
Governmental Activities										
Property Taxes Levied For General Purposes, Net	\$ 22,389,852	\$ 23,437,661	\$ 24,689,393	\$ 25,601,948	\$ 26,626,026	\$ 27,158,547	\$ 27,801,223	\$ 28,496,254	\$ 29,231,861	\$ 30,040,337
Taxes Levied For Debt Service	1,754,896	1,648,192	1,498,905	1,725,142	2,218,556	2,238,160	2,242,798	2,253,849	2,627,588	2,815,471
Federal and State Aid - Unrestricted	170,600	212,528								
State Aid Restricted for Debt Service	404,199	403,146	402,091	503,226	423,263	429,506	435,288	625,186	621,793	687,998
Accrued Interest on Bond Sale										
Investment Earnings	1,505,342	534,523	8,185	1,895	940	9	8	323	20,780	17,258
Miscellaneous Income	165,664	181,169	314,182	273,419	207,738	160,660	166,829	354,072	256,206	297,580
Transfers	-	-	(14,747)	(64,060)	(16,774)	-	(8,931)	(31,408)	(8,244)	(26,857)
Total Governmental Activities	26,390,553	26,417,219	26,898,009	28,041,570	29,459,749	29,986,882	30,637,215	31,698,276	32,749,984	33,831,787
Business-Type Activities										
Investment Earnings	407	252	128	28	4					
Transfers	-	-	14,747	64,060	16,774	-	8,931	31,408	8,244	26,857
Total Business-Type Activities	407	252	14,875	64,088	16,778	-	8,931	31,408	8,244	26,857
Total District-Wide	\$ 26,390,960	\$ 26,417,471	\$ 26,912,884	\$ 28,105,658	\$ 29,476,527	\$ 29,986,882	\$ 30,646,146	\$ 31,729,684	\$ 32,758,228	\$ 33,858,644
Change in Net Position										
Governmental Activities	\$ 1,217,579	\$ (100,514)	\$ (404,647)	\$ (115,768)	\$ 191,154	\$ 119,675	\$ (120,704)	\$ 60,760	\$ (471,984)	\$ 1,565,220
Business-Type Activities	14,022	(64,522)	(26,571)	(9,967)	(15,726)	3,045	(28,838)	11,609	(16,365)	(4,483)
Total District	\$ 1,231,601	\$ (165,036)	\$ (431,218)	\$ (125,735)	\$ 175,428	\$ 122,720	\$ (149,542)	\$ 72,369	\$ (488,349)	\$ 1,560,737

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 50,502	\$ 62,278	\$ 490,164	\$ 724,666						
Unreserved	558,111	547,351	224,191	213,425						
Restricted					\$ 652,903	\$ 633,147	\$ 719,956	\$ 812,578	\$ 743,809	\$ 821,353
Assigned									9,956	36,086
Unassigned	-	-	-	-	414,056	341,544	313,521	323,021	339,749	302,589
Total General Fund	\$ 608,613	\$ 609,629	\$ 714,355	\$ 938,091	\$ 1,066,959	\$ 974,691	\$ 1,033,477	\$ 1,135,599	\$ 1,093,514	\$ 1,160,028
All Other Governmental Funds										
Reserved	\$ 14,920,188	\$ 1,963,902	\$ 334,599	\$ 318,639						
Unreserved	2,848,706	1,398,464	618,093	223,296		\$ 9				
Restricted	-	-	-	-	\$ 15,421	7,918	\$ 5,477	\$ 13,739,314	\$ 14,369,550	\$ 7,611,604
Total All Other Governmental Funds	\$ 17,768,894	\$ 3,362,366	\$ 952,692	\$ 541,935	\$ 15,421	\$ 7,927	\$ 5,477	\$ 13,739,314	\$ 14,369,550	\$ 7,611,604

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.									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax Levy	\$ 24,144,748	\$ 25,085,853	\$ 26,188,298	\$ 27,327,090	\$ 28,844,582	\$ 29,396,707	\$ 30,044,021	\$ 30,750,103	\$ 31,859,449	\$ 32,855,808
Tuition Charges	188,935	147,070	177,274	114,476	208,284	257,108	243,171	150,042	175,340	179,818
Miscellaneous	197,079	193,038	314,182	299,357	258,482	261,316	185,620	371,855	269,692	343,885
Interest	1,505,342	534,523	8,185	1,895	940	9	8	323	20,780	17,258
State Sources	5,148,389	5,300,331	3,990,890	4,195,378	2,996,240	3,744,188	4,727,332	4,681,308	5,882,064	7,381,050
Federal Sources	523,791	407,188	508,036	628,660	823,279	570,340	460,527	630,474	553,751	597,626
Total Revenues	31,710,284	31,668,003	31,186,865	32,566,856	33,131,807	34,229,668	35,660,679	36,584,105	38,761,076	41,375,445
Expenditures										
Instruction										
Regular Instruction	12,570,010	13,447,633	13,074,136	13,869,191	13,439,810	14,133,388	14,833,958	14,973,975	15,511,696	16,118,945
Special Education Instruction	4,817,590	4,460,943	4,270,481	4,273,598	4,503,754	4,661,814	4,597,744	4,914,698	5,422,680	6,006,173
Other Instruction	291,603	331,490	291,800	326,495	352,996	402,188	399,407	385,944	396,943	349,091
School Sponsored Activities and Athletics	786,593	782,630	798,882	850,043	816,957	885,191	915,300	962,054	978,351	1,058,768
Community Services	78,763	67,183	21,577	20,963		6,450				
Support Services										
Student and Inst. Related Services	3,333,789	3,296,125	3,450,254	3,623,506	3,782,776	4,605,615	4,930,986	4,653,462	4,461,222	4,731,691
General Administration	681,695	681,780	582,248	590,725	624,997	603,465	644,203	718,345	530,085	567,910
School Administrative Services	1,806,382	2,263,736	2,562,936	2,581,689	2,819,910	2,289,114	2,317,069	2,302,511	2,673,890	2,641,920
Plant Operations And Maintenance	2,335,798	2,575,115	2,808,786	2,887,096	2,849,971	2,906,584	2,912,696	3,191,491	4,368,393	3,450,479
Pupil Transportation	561,478	526,813	534,133	459,971	466,844	478,843	499,926	641,206	710,979	879,621
Business and Other Support Services	540,606	543,963	518,043	493,452	540,371	502,522	658,644	680,245	660,653	724,563
Capital Outlay	16,108,936	14,508,215	1,772,368	207,113	300,398	46,875	165,599	176,317	2,511,014	7,862,840
Debt Service										
Principal	1,075,619	1,142,319	1,181,199	1,181,031	1,219,767	1,313,922	1,318,011	1,577,783	1,612,478	2,216,723
Interest and Other Charges	1,688,762	1,643,090	1,610,223	1,572,869	1,539,339	1,493,459	1,437,495	1,383,707	1,701,297	1,581,296
Bond Issuance Costs									171,893	
Claims and Judgments	-	-	-	-	316,268	-	-	-	-	-
Total Expenditures	46,677,624	46,271,035	33,477,066	32,937,742	33,574,158	34,329,430	35,631,038	36,561,738	41,711,574	48,190,020
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(14,967,340)	(14,603,032)	(2,290,201)	(370,886)	(442,351)	(99,762)	29,641	22,367	(2,950,498)	(6,814,575)
Other Financing Sources (Uses)										
Lease Purchase Proceeds				170,000	61,479				3,375,000	150,000
Capital Lease Proceeds		197,520		77,925			35,626		-	
Serial Bond Proceeds								13,845,000		
Payments to Escrow Agents									(1,130,420)	
Refunding Bond Proceeds									24,635,000	
Accrued Interest on Bonds										
Premium on Issuance of Refunding Bonds									3,538,313	
Bonds Refunded									(26,871,000)	
Transfers In	1,407,528	479,489	36,054	1,895	322,168	509	8	5,783	20,698	16,651
Transfers Out	(1,407,528)	(479,489)	(30,801)	(65,955)	(338,942)	(509)	(8,939)	(37,191)	(28,942)	(43,508)
Total Other Financing Sources (Uses)	-	197,520	(14,747)	183,865	44,705	-	26,695	13,813,592	3,538,649	123,143
Net Change in Fund Balances	\$ (14,967,340)	\$ (14,405,512)	\$ (2,304,948)	\$ (187,021)	\$ (397,646)	\$ (99,762)	\$ 56,336	\$ 13,835,959	\$ 588,151	\$ (6,691,432)
Debt Service as a Percentage of										
Noncapital Expenditures	9.04%	8.77%	8.80%	8.41%	8.29%	8.19%	7.77%	8.14%	8.45%	9.42%

* 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>
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
2013	243,171	8	18,791	52,276	114,553	428,799
2014	150,042	323	17,783	63,688	290,384	522,220
2015	175,340	20,780	13,486	76,917	179,289	465,812
2016	179,818	17,258	46,305	122,504	175,076	540,961

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 Valuation	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Valuation	Total Direct School Tax Rate ^a
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
2013	23,468,100	1,738,805,300	200,505,600	8,674,900	34,727,200	2,006,181,100	1,660,800	2,007,841,900	2,007,841,900	1.52
2014	24,563,000	1,737,388,100	194,412,000	8,674,900	34,527,200	1,999,565,200	1,398,300	2,000,963,500	2,217,719,736	1.59
2015	24,999,400	1,747,345,600	190,822,200	8,674,900	34,306,700	2,006,148,800	1,419,800	2,007,568,600	2,007,568,600	1.64
2016	22,082,000	1,762,365,900	189,831,400	8,367,700	33,738,900	2,016,385,900	1,366,500	2,017,752,400	2,017,752,400	1.68

*- 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>
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
2013	1.52	0.74	0.529	2.79
2014	1.59	0.785	0.568	2.95
2015	1.64	0.785	0.578	3.00
2016	1.68	0.785	0.601	3.06

*- 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	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Claridge II	\$ 84,675,200	16.72%	\$ 28,332,800	5.64%
Claridge I	54,132,800	10.69%	17,384,700	3.46%
Ardleigh Mews Condominiums	22,496,300	4.44%	5,621,000	1.12%
Wedgewood Gardens Condominiums	18,364,200	3.63%	5,210,200	1.04%
Diener Family Partnership	21,565,700	4.26%	5,309,500	1.06%
Beacon Hill Assoc.	22,150,300	4.38%		
Hilltop/Cenrose	8,517,300	1.68%		
Cam Gar	45,897,100	9.07%	4,092,800	0.81%
GAHC3 Verona Mob, LLC	8,410,500	1.66%		
Montclair Golf Club	7,200,000	1.42%	1,767,300	0.35%
EVI Realty	6,912,300	1.37%	1,761,100	0.35%
J. Webster Realty LLC	4,750,000	0.94%		
Kadima Medical Properties Investment			2,500,000	0.50%
Nordan Realty	5,050,000	1.00%	1,175,000	0.23%
	<u>\$ 310,121,700</u>	<u>59.32%</u>	<u>\$ 73,154,400</u>	<u>14.56%</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	
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
2013	30,044,021	30,044,021	100.00%	N/A
2014	30,750,103	30,750,103	100.00%	N/A
2015	31,859,449	31,859,449	100.00%	N/A
2016	32,855,808	32,855,808	100.00%	N/A

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>			Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases	Loans Payable			
2007	\$ 38,136,000	\$ 341,580		\$ 38,477,580	12,689	\$ 3,032
2008	37,181,000	351,781		37,532,781	12,528	2,996
2009	36,206,000	145,582		36,351,582	12,430	2,925
2010	35,091,000	327,476		35,418,476	12,643	2,801
2011	33,961,000	299,188		34,260,188	13,459	2,546
2012	32,771,000	175,266		32,946,266	13,504	2,440
2013	31,521,000	142,881		31,663,881	13,479	2,349
2014	43,866,000	65,098		43,931,098	13,485	3,258
2015	40,080,000	3,377,620		43,457,620	13,478	3,224
2016	38,080,000	3,310,897		41,390,897	13,569	3,050

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			
2007	\$ 38,136,000		\$ 38,136,000	7.58%	\$ 3,005
2008	37,181,000		37,181,000	7.37%	2,968
2009	36,206,000		36,206,000	7.17%	2,913
2010	35,091,000		35,091,000	6.93%	2,776
2011	33,961,000		33,961,000	1.55%	2,523
2012	32,771,000		32,771,000	2.90%	2,427
2013	31,521,000		31,521,000	1.57%	2,339
2014	43,866,000		43,866,000	2.19%	3,253
2015	40,080,000		40,080,000	2.00%	2,974
2016	38,080,000		38,080,000	1.90%	2,806

Source: District records

**VERONA BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2015
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Verona Board of Education	\$ 40,080,000	\$ 40,080,000	
Township of Verona	<u>39,989,778</u>	<u>9,722,768</u>	<u>\$ 30,267,010</u>
	<u>\$ 80,069,778</u>	<u>\$ 49,802,768</u>	<u>30,267,010</u>
Overlapping Debt Apportioned to the Municipality:			
Essex County			
County of Essex (A)			12,355,272
Essex County Utilities Authority (B)			<u>1,368,576</u>
			<u>13,723,848</u>
 Total Direct and Overlapping Debt			 <u>\$ 43,990,858</u>

Source:

(1) Township of Verona's 2015 Annual Debt Statement

(A) The debt for this entity was apportioned to Verona by dividing the municipality's 2015 equalized value by the total 2015 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
(Unaudited)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 85,614,724	\$ 94,370,732	\$ 100,327,342	\$ 100,860,695	\$ 98,668,593	\$ 95,210,285	\$ 92,038,325	\$ 89,141,839	\$ 87,978,322	\$ 89,246,737
Total Net Debt Applicable to Limit	37,596,000	36,906,450	36,906,450	35,091,450	33,961,170	32,771,170	31,521,000	43,866,000	40,080,000	38,080,000
Legal Debt Margin	\$ 48,018,724	\$ 57,464,282	\$ 63,420,892	\$ 65,769,245	\$ 64,707,423	\$ 62,439,115	\$ 60,517,325	\$ 45,275,839	\$ 47,898,322	\$ 51,166,737
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	43.91%	39.11%	36.79%	34.79%	34.42%	34.42%	34.25%	49.21%	45.56%	42.67%

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized Valuation Basis

2015	\$	2,300,101,812
2014		2,216,321,436
2013		2,177,082,040
	\$	<u>6,693,505,288</u>

3 Year Average \$ 2,231,168,429

4% of Avg. Equalized Valuation	\$	89,246,737
Less Net Debt		<u>38,080,000</u>

Remaining Borrowing Power \$ 51,166,737

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>
2006	2.4%	\$ 49,158	12,689
2007	2.2%	51,568	12,528
2008	2.7%	53,136	12,430
2009	5.4%	51,288	12,643
2011	5.4%	52,324	13,459
2012	5.1%	55,014	13,504
2013	5.3%	55,404	13,479
2014	4.8%	55,692	13,485
2015	4.9%	58,319	13,478
2016	4.2%	N/A	13,569

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

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

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	150.0	150.0	152.0	152.0	154.0	154.0	156.0	158.0	159.0	142.0
Special Education	28.3	29.3	29.0	28.0	21.0	21.0	21.0	21.0	21.0	22.0
Other Instruction	3.3	3.3	3.0	2.0	2.0	2.0	2.0	2.0	2.0	55.0
Support Services:										
Student and Instruction Related Services	31.2	31.2	26.0	27.0	38.0	39.0	39.0	39.0	40.0	37.0
General Administration	2.0	2.0	3.0	2.0	1.0	1.0	1.0	1.0	1.0	2.0
School Administrative Services	18.0	18.0	19.0	19.0	18.0	18.0	18.0	18.0	18.0	27.0
Other Administrative Services	3.8	3.8	2.0	2.0						
Central Services	5.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0
Administrative Information Technology	1.0	1.0	1.0	1.0	1.0	2.0	2.0	3.0	3.0	3.0
Plant Operations And Maintenance	21.0	21.0	21.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Pupil Transportation	2.4	2.4	2.4	3.0	3.0	3.0	3.0	3.0	4.0	3.0
Total	<u>266.0</u>	<u>267.0</u>	<u>262.4</u>	<u>260.0</u>	<u>262.0</u>	<u>264.0</u>	<u>266.0</u>	<u>269.0</u>	<u>272.0</u>	<u>314.0</u>

Source: District Personnel Records

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

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				
2007	2,048	\$ 27,804,307	\$ 13,576	10.42%	196	13.2:1	20.8:1	13.6:1	2,032	1,920	-0.39%	94.49%
2008	2,043	28,977,411	14,184	4.47%	196	13.7:1	20.4:1	13.1:1	2,023	1,920	-0.46%	94.93%
2009	2,080	28,913,276	13,901	-2.00%	189	14.2:1	20.6:1	13.2:1	2,068	1,968	2.25%	95.16%
2010	2,152	29,976,729	13,930	0.21%	189	14.1:1	20.7:1	13.7:1	2,089	1,980	1.02%	94.78%
2011	2,169	30,198,386	13,923	-0.05%	189	14.8:1	21.1:1	14.3:1	2,159	2,073	3.35%	96.02%
2012	2,218	31,475,174	14,191	1.93%	195	15.1:1	22.1:1	14:1	2,210	2,098	2.36%	94.93%
2013	2,184	32,709,933	14,977	5.54%	161	14.2:1	23:1	14:1	2,183	2,100	-1.22%	96.20%
2014	2,193	33,423,931	15,241	1.76%	161	14.2:1	23:1	14:1	2,185	2,099	0.09%	96.07%
2015	2,190	35,714,892	16,308	7.00%	158	17:1	23:1	14:1	2,172	2,087	-0.59%	96.09%
2016	2,189	36,529,161	16,688	2.33%	164	17:01	23:01	14.0	2,142	2,051	-1.38%	95.75%

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 TEN FISCAL YEARS
(UNAUDITED)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
District Building										
<u>Elementary</u>										
Brookdale Avenue School (1927)										
Square Feet	30,667	37,972	37,972	37,972	37,972	37,972	37,972	37,972	37,972	37,972
Capacity (students)	220	270	270	270	270	270	270	270	270	270
Enrollment	138	138	138	138	137	145	132	118	123	115
Laning Avenue School (1918)										
Square Feet	42,066	46,477	46,477	46,477	46,477	46,477	46,477	46,477	46,477	46,477
Capacity (students)	297	377	377	377	377	377	377	377	377	377
Enrollment	230	254	280	259	311	329	321	291	285	265
F.N. Brown (1931)										
Square Feet	38,985	38,985	38,985	38,985	38,985	38,985	38,985	38,985	38,985	38,985
Capacity (students)	303	303	303	303	303	303	303	303	303	303
Enrollment	263	224	230	249	249	240	214	215	212	199
Forest Avenue School (1927)										
Square Feet	27,750	27,750	27,750	27,750	27,750	27,750	27,750	27,750	27,750	27,750
Capacity (students)	303	303	303	303	303	303	303	303	303	303
Enrollment	215	244	246	239	224	231	230	227	223	234
<u>Middle School</u>										
H.B. Whitehorne (1920)										
Square Feet	96,389	118,224	118,224	118,224	118,224	118,224	118,224	118,224	118,224	118,224
Capacity (students)	596	721	721	721	721	721	721	721	721	721
Enrollment	623	619	619	622	635	664	691	733	724	726
<u>High School</u>										
Verona High School (1955)										
Square Feet	106,768	120,245	120,245	120,245	120,245	120,245	120,245	120,245	120,245	120,245
Capacity (students)	687	687	687	687	687	687	687	687	687	687
Enrollment	584	564	567	591	613	609	602	609	623	616

Number of Schools at June 30, 2016

 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 and 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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>School Facilities</u>										
Verona High School	\$ 165,833	\$ 176,651	\$ 202,517	\$ 213,232	\$ 132,129	\$ 158,314	\$ 154,400	\$ 190,081	\$ 226,973	\$ 188,615
Brookdale Avenue School	28,227	30,068	34,471	36,295	41,725	49,994	49,806	61,316	73,217	59,563
F.N. Brown School	42,340	45,102	51,706	54,442	42,838	51,328	49,807	61,316	73,217	61,152
Forest Avenue School	31,755	33,827	38,780	40,832	30,493	36,536	34,864	42,921	51,252	43,529
Henry B. Whitehorne Middle School	56,454	60,137	68,943	72,590	129,909	155,654	149,419	183,949	219,652	185,446
Laning Avenue School	<u>28,227</u>	<u>30,068</u>	<u>34,471</u>	<u>36,295</u>	<u>51,070</u>	<u>61,191</u>	<u>59,768</u>	<u>73,580</u>	<u>87,861</u>	<u>72,904</u>
Grand Total	<u>\$ 352,836</u>	<u>\$ 375,853</u>	<u>\$ 430,888</u>	<u>\$ 453,686</u>	<u>\$ 428,164</u>	<u>\$ 513,017</u>	<u>\$ 498,064</u>	<u>\$ 613,163</u>	<u>\$ 732,172</u>	<u>\$ 611,209</u>

**VERONA BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2016
(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	\$96,900,755	\$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	\$500
Electronic Data Process.Equip	\$2,500,000	\$5,000
Accounts Receivable	\$250,000	\$500
BOILER & MACHINERY		
Property Damage (Blanket)	\$50,000,000	\$5,000
GENERAL LIABILITY		
General Aggregate	\$2,000,000	\$5,000
Each Occurrence	\$1,000,000	\$5,000
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	\$5,000,000	
Policy Limit	\$5,000,000	
Aggregate	\$5,000,000	
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	\$250,000	

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Verona Board of Education as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Verona Board of Education's basic financial statements and have issued our report thereon dated December 1, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Verona Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Verona Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Verona Board of Education's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

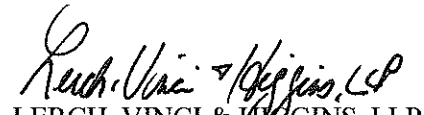
Compliance and Other Matters


As part of obtaining reasonable assurance about whether the Verona Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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.

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we 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 December 1, 2016.

Purpose of this Report

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


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
December 1, 2016



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
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JEFFREY C. BLISS, CPA, RMA, PSA
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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Verona Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Verona Board of Education's major state programs for the fiscal year ended June 30, 2016. The Verona Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of state statutes, regulations, and the terms and conditions of its state financial assistance applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Verona Board of Education's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the 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 on compliance for each major state program. However, our audit does not provide a legal determination of the Verona Board of Education's compliance.

Opinion on Each Major State Program

In our opinion, the Verona Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Verona Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Verona Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Verona Board of Education's internal control over compliance.

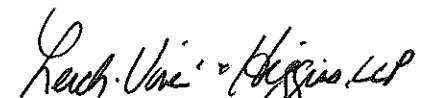
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.


Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Verona Board of Education, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated December 1, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
December 1, 2016

VERONA BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant Period	Award Amount	Balance July 1, 2015	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Refund of Prior Years' Balances	June 30, 2016			Memo GAAP Receivable	
											Accounts Receivable	Unearned Revenue	Due to Grantor		
U.S. Department of Education															
Passed-through State Department of Education															
Special Milk Program	10.556	16161NJ304N1099	7/1/15-6/30/16	\$ 3,819			\$ 3,767	\$ 3,819				\$ (52)			\$ (52)
Special Milk Program	10.556		7/1/14-6/30/15	4,658	\$ (55)	-	55	-	-	-	-	-	-	-	-
Total U.S. Department of Agriculture					(55)	-	3,822	3,819	-	-	-	(52)	-	-	(52)
Special Revenue Fund															
U.S. Department of Education															
Passed-through State Department of Education															
N.C.L.B. Title I- Part A	84.010	S010A150030	7/1/15-6/30/16	62,327			49,522	61,805				(12,805)	\$ 522		(12,283)
N.C.L.B. Title II-Part A	84.367A	S367A150029	7/1/15-6/30/16	21,415		\$ 1,329	13,439	18,551	\$ (1,329)			(9,305)	4,193		(5,112)
N.C.L.B. Title II-Part A	84.367A		7/1/14-6/30/15	23,712		(1,329)			1,329						
I.D.E.I.A. Part B, Basic	84.027	H027A150100	7/1/15-6/30/16	497,720		2,423	421,824	493,224	(2,423)			(78,319)	6,919		(71,400)
I.D.E.I.A. Part B, Basic	84.027		7/1/14-6/30/15	479,529	(62,057)	(2,423)	63,170		1,310						-
I.D.E.I.A. Part B, Preschool	84.173	H173A150114	7/1/15-6/30/16	24,046			24,046	24,046							
I.D.E.I.A. Part B, Preschool	84.173		7/1/14-6/30/15	23,501	(463)	-	463	-	-	-	-	-	-	-	-
Total Special Education Cluster IDEA					(62,520)	-	509,503	517,270	(1,113)	-	-	(78,319)	6,919	-	(71,400)
Total U.S. Department of Education/Special Revenue Fund					(62,520)	-	572,464	597,626	(1,113)	-	-	(100,429)	11,634	-	(88,795)
Total Federal Financial Awards					\$ (62,575)	\$ -	\$ 576,286	\$ 601,445	\$ (1,113)	\$ -	\$ (100,481)	\$ 11,634	\$ -	\$ (88,847)	

Note: FAIN Numbers are only applicable for current year grant awards

Note: The District is not subject to a Federal Single Audit

VERONA BOARD OF EDUCATION
 SCHEDULE OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Balance, July 1, 2015			Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2016			Memo	
			Award Amount	(Accounts Receivable)	Due to Grantor			Cash Received	(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable
State Department of Education												
<i>General Fund</i>												
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	\$ 794,481			\$ 724,157	\$ 794,481	\$ (70,324)				\$ 794,481
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	794,481	\$ (70,245)		70,245		-				
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	33,659			30,680	33,659	(2,979)				33,659
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	33,659	(2,976)		2,976		-				-
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	21,960			20,016	21,960	(1,944)				21,960
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	21,960	(1,942)		1,942		-				-
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	21,960			20,016	21,960	(1,944)				21,960
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	21,960	(1,942)		1,942		-				-
Total State Aid Public Cluster				(77,103)		871,972	872,060	(77,191)				872,060
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	15,587			14,207	15,587	(1,380)				15,587
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	15,587	(1,378)		1,378		-				-
Additional Nonpublic Transportation Aid	N/A	7/1/14-6/30/15	1,768	(1,768)	\$ -	1,768		-	\$ -	\$ -	\$ -	-
Total Transportation Aid Cluster				(3,146)		17,353	15,587	(1,380)				15,587
Extraordinary Aid	16-100-034-5120-473	7/1/15-6/30/16	306,582				306,582	(306,582)				306,582
Extraordinary Aid	15-100-034-5120-473	7/1/14-6/30/15	254,235	(254,235)		254,235		-				-
Reimbursed TPAF Pension Contribution												
Normal	16-495-034-5094-002	7/1/15-6/30/16	1,202,132			1,202,132	1,202,132					1,202,132
NCGI	16-495-034-5094-004	7/1/15-6/30/16	59,883			59,883	59,883					59,883
Post Retirement	16-495-034-5094-001	7/1/15-6/30/16	1,502,710			1,502,710	1,502,710					1,502,710
Total On-Behalf TPAF Contribution Cluster						2,764,725	2,764,725					2,764,725
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	1,121,946			1,066,601	1,121,946	(55,345)				(55,345) 1,121,946
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	7/1/14-6/30/15	1,146,188	(56,783)		56,783		-				-
Total General Fund				(391,267)		5,031,669	5,080,900	(440,498)				(55,345) 5,080,900
<i>Special Revenue Fund</i>												
Special Education Assessment Grant	N/A	7/1/10-6/30/11	4,200	674			674					674
Anti-Bullying Bill of Rights Act	N/A	7/1/13-6/30/14	1,248	50			50					50
Anti-Bullying Bill of Rights Act	N/A	7/1/11-6/30/12	1,478	1,422			1,422					1,422
New Jersey Nonpublic Aid:												
Textbook	16-100-034-5120-064	7/1/15-6/30/16	12,848			12,848	12,848					12,848
Textbook	15-100-034-5120-064	7/1/14-6/30/15	13,525		86					\$ -		-
Nursing Services	16-100-034-5120-070	7/1/15-6/30/16	20,250			20,250	20,250					20,250
Technology Aid	16-100-034-5120-373	7/1/15-6/30/16	5,850			5,850	5,850					5,850
Security Aid	16-100-034-5120-509	7/1/15-6/30/16	5,625			5,625	5,625					5,625
Auxiliary Services (Chp 192)												
Compensatory Education	16-100-034-5120-067	7/1/15-6/30/16	25,381			25,381	20,219			5,162		20,219
Compensatory Education	15-100-034-5120-067	7/1/14-6/30/15	34,488		10,033			10,033		-		-
Transportation	16-100-034-5120-068	7/1/15-6/30/16	24,495			24,495	24,495					24,495
Total Nonpublic Auxiliary Services Aid (Chp 192) Cluster					10,033	49,876	44,714	10,033			5,162	44,714
Handicapped Services (Chp 193)												
Supplementary Instruction	16-100-034-5120-066	7/1/15-6/30/16	16,337			16,337	13,291			3,046		13,291
Supplementary Instruction	15-100-034-5120-066	7/1/14-6/30/15	14,125		1,413			1,413		-		-
Examination and Classification	16-100-034-5120-066	7/1/15-6/30/16	26,751			26,751	18,748			8,003		18,748
Examination and Classification	15-100-034-5120-066	7/1/14-6/30/15	27,187		5,755			5,755		-		-
Corrective Speech	16-100-034-5120-666	7/1/15-6/30/16	17,557			17,557	14,630			2,927		14,630
Corrective Speech	15-100-034-5120-666	7/1/14-6/30/15	35,429		19,526			19,526		-		-
Home Instruction	15-100-034-5120-067	7/1/14-6/30/15	403	(403)		403						
Total Nonpublic Handicapped Services Aid (Chp 193) Cluster				(403)	26,694	61,048	46,669	26,694			13,976	46,669
Total Special Revenue Fund				1,743	36,813	155,497	138,102	36,813			19,138	138,102

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VERONA BOARD OF EDUCATION
 SCHEDULE OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title <i>Capital Projects Fund</i>	Grant or State Project Number	Grant Period	Balance, July 1, 2015			Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2016			Memo	
			Award Amount	(Accounts Receivable)	Due to Grantor			Cash Received	(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable
NJ Economic Development Authority												
High School Mechanical Upgrades	5370-050-14-1002		\$ 1,541,032	\$ (292,160)		154,103	\$ 952,474	\$ (1,386,929)	\$ 296,398		\$ (1,090,531)	\$ 1,240,416
High School Interior & Exterior Renovations	5370-050-14-1003		509,339	(205,307)		50,934	302,934	(458,405)	1,098		(457,307)	506,741
Brookdale Ave. Interior & Exterior Renovations	5370-050-14-1004		134,234	(42,427)		13,423	49,917	(120,811)	41,890		(78,921)	91,730
F. N. Brown School Interior & Exterior Renovations	5370-050-14-1005		135,280	(52,604)		13,528	82,676	(121,752)			(121,752)	134,903
Forest Ave. School Interior & Exterior Renovations	5370-090-14-1006		162,399	(61,496)		16,240	66,787	(146,159)	34,116		(112,043)	127,850
Whithorne Middle School Interior & Exterior Renovations	5370-095-14-1007		237,609	(96,239)		23,761	53,904	(213,848)	87,466		(126,382)	149,494
Laning Ave. Interior & Exterior Renovations	5370-095-14-1008		76,962	(47,369)	-	-	17,795	(76,962)	11,798	-	(65,164)	64,934
Total Capital Projects Fund				(797,602)	-	271,989	1,526,487	(2,524,865)	472,766	-	(2,052,100)	2,316,068
Debt Service Fund												
Debt Service Aid	16-495-034-5120-075	7/1/15-6/30/16	687,998	-	-	\$ 687,998	687,998	-	-	-	-	687,998
Total State Financial Assistance Subject to Single Audit Determination			\$ (1,187,126)	\$ 36,813	\$ 6,147,153	\$ 7,433,487	\$ 36,813	\$ (2,965,364)	\$ 472,766	\$ 19,138	\$ (2,107,445)	\$ 8,223,068
State Financial Assistance Not Subject to Single Audit Major Program Determination												
General Fund												
Normal Pension Costs	16-495-034-5094-002	7/1/15-6/30/16	1,202,132			(1,202,132)	(1,202,132)					(1,202,132)
NonContributory Insurance	16-495-034-5094-004	7/1/15-6/30/16	59,883			(59,883)	(59,883)					(59,883)
Post Retirement	16-495-034-5094-001	7/1/15-6/30/16	1,502,710			(1,502,710)	(1,502,710)					(1,502,710)
Total for State Financial Assistance Subject to Single Audit Major Program Determination			\$ (1,187,126)	\$ 36,813	\$ 3,382,428	\$ 4,668,762	\$ 36,813	\$ (2,965,364)	\$ 472,766	\$ 19,138	\$ (2,107,445)	\$ 5,458,343

**VERONA BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$52,437 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 5,028,463	\$ 5,028,463
Special Revenue Fund	\$ 597,626	138,102	735,728
Capital Projects Fund		1,526,487	1,526,487
Debt Service Fund		687,998	687,998
Food Service Fund	3,819	-	3,819
	<hr/>	<hr/>	<hr/>
Total Financial Assistance	\$ 601,445	\$ 7,381,050	\$ 7,982,495

**VERONA BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

TPAF Social Security contributions in the amount of \$1,121,946 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, 2016. The amount reported as TPAF Pension System Contributions in the amount of \$1,262,015 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,502,710 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

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 financial statements and the amount subject to State single audit and major program determination.

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

VERONA BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

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

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

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

Federal Awards Section

Not Applicable

VERONA BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Part I – Summary of Auditor's Results

State Awards Section

Internal Control over major programs:

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

(2) Significant deficiencies identified that are not
 considered to be material weakness(es)? ___ yes ___ none reported

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

Any audit findings disclosed that are required to be reported
 in accordance with N.J. Circular Letter 15-08? ___ yes ___ no

Identification of major state programs:

GMIS Number(s)	Name of State Program
16-495-034-5120-089	Special Education Aid
16-495-034-5120-084	Security Aid
16-495-034-5120-098	PARCC Readiness
16-495-034-5120-097	Per Pupil Growth Aid
16-495-034-5094-003	Reimbursed TPAF Social Security Contributions
Various	School Development Authority

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

Auditee qualified as low-risk auditee? ___ yes ___ no

**VERONA BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016

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

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

CURRENT YEAR FEDERAL AWARDS

NOT APPLICABLE

CURRENT YEAR STATE AWARDS

THERE ARE NONE.

**VERONA BOARD OF EDUCATION
SUMMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

STATUS OF PRIOR YEAR FINDINGS

There are none.