

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

**Verona, New Jersey**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Verona Board of Education**

**Verona, New Jersey**

**For The Fiscal Year Ended June 30, 2019**

**Prepared by**

**Business Office**

**VERONA BOARD OF EDUCATION  
TABLE OF CONTENTS**

**Page**

**INTRODUCTORY SECTION**

Letter of Transmittal	i-iv
Organizational Chart	v-vii
Roster of Officials	viii
Consultants and Advisors	ix

**FINANCIAL SECTION**

Independent Auditor's Report	1-3
------------------------------	-----

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

Management's Discussion and Analysis	4-15
--------------------------------------	------

**Basic Financial Statements**

**A. District-wide Financial Statements**

A-1 Statement of Net Position	16
A-2 Statement of Activities	17-18

**B. Fund Financial Statements**

***Governmental Funds***

B-1 Balance Sheet	19
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	20
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21

***Proprietary Funds***

B-4 Statement of Net Position	22
B-5 Statement of Revenues, Expenses, and Changes in Net Position	23
B-6 Statement of Cash Flows	24

***Fiduciary Funds***

B-7 Statement of Fiduciary Net Position	25
B-8 Statement of Changes in Fiduciary Net Position	26

<b>Notes to the Financial Statements</b>	27-72
--	-------

**VERONA BOARD OF EDUCATION  
TABLE OF CONTENTS**

**Page**

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**C. Budgetary Comparison Schedules**

C-1	Budgetary Comparison Schedule – General Fund	73-77
C-2	Budgetary Comparison Schedule – Special Revenue Fund	78
C-3	Budgetary Comparison Schedule – Note to Required Supplementary Information	79

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**L. Schedules Related to Accounting and Reporting for Pensions and Other Postemployment Benefits**

L-1	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System	80
L-2	Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	81
L-3	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	82
L-4	Required Supplementary Information – Schedule of the District’s Proportionate Share of Net Pension Liability – Board of Education Employees’ Pension Fund Of Essex County	83
L-5	Required Supplementary Information – Schedule of the District’s Proportionate Share of Net Pension Liability and Schedule of District Contributions Notes to Required Supplementary Information	84
L-6	Required Supplementary Information – Schedule of Changes in the District’s Proportionate Share of Total OPEB Liability	85
L-7	Required Supplementary Information – Schedule of Changes in the District’s Proportionate Share of the OPEB Liability and Schedule of District Proportionate Share of the OPEB Liability - Notes to Required Supplementary Information	86

**OTHER SUPPLEMENTARY INFORMATION**

**D. School Level Schedules – Not Applicable**

**E. Special Revenue Fund**

E-1	Combining Schedule of Revenues and Expenditures Special Revenue Fund – Budgetary Basis	87-88
E-2	Preschool Education Program Aid Schedule of Expenditures – Budgetary Basis – Not Applicable	

**F.**

**G. Capital Projects Fund**

F-1	Summary Schedule of Project Expenditures	89
F-2	Summary Schedule of Project Expenditures and Changes in Fund Balance – Budgetary Basis	90
F-2a- 2j	Schedule of Project Revenues, Expenditures, Project Balance and and Project Status	91-100

**VERONA BOARD OF EDUCATION  
TABLE OF CONTENTS**

		<u>Page</u>
<b>G.</b>	<b>Enterprise Funds</b>	
G-1	Statement of Net Position – Not Applicable	101
G-2	Statements of Revenues, Expenses and Changes in Net Position – Not Applicable	101
G-3	Statement of Cash Flows – Not Applicable	101
<b>H.</b>	<b>Fiduciary Funds</b>	
H-1	Combining Statement of Agency Assets and Liabilities	102
H-2	Statement of Changes in Fiduciary Net Position – Not Applicable	102
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	103
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	103
<b>I.</b>	<b>Long-Term Debt</b>	
I-1	Schedule of Serial Bonds Payable	104
I-2	Schedule of Obligations under Capital Lease Agreements/Lease Purchase Agreements	105
I-3	Debt Service Fund Budgetary Comparison Schedule	106
<b>J.</b>	<b>STATISTICAL SECTION (Unaudited)</b>	
J-1	Net Position by Component	107
J-2	Changes in Net Position	108-109
J-3	Fund Balances – Governmental Funds	110
J-4	Changes in Fund Balances - Governmental Funds	111
J-5	Governmental Fund Other Local Revenue by Source	112
J-6	Assessed Value and Actual Value of Taxable Property	113
J-7	Property Tax Rates	114
J-8	Principal Property Taxpayers	115
J-9	Property Tax Levies and Collections	116
J-10	Ratios of Outstanding Debt by Type	117
J-11	Ratios of Net General Bonded Debt Outstanding	118
J-12	Direct and Overlapping Governmental Activities Debt	119
J-13	Legal Debt Margin Information	120
J-14	Demographic Statistics	121
J-15	Principal Employers	122
J-16	Full-Time Equivalent District Employees by Function/Program	123
J-17	Operating Statistics	124
J-18	School Building Information	125
J-19	Schedule of Required Maintenance for School Facilities	126
J-20	Schedule of Insurance	127

**VERONA BOARD OF EDUCATION  
TABLE OF CONTENTS**

**Page**

**K**

**SINGLE AUDIT SECTION**

K-1	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	128-129
K-2	Report on Compliance for each Major State Program; Report on Internal Control Over Compliance; and Schedule of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 15-08 – Independent Auditor’s Report	130-132
K-3	Schedule of Expenditures of Federal Awards	133
K-4	Schedule of State Financial Assistance	134-135
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	136-137
K-6	Schedule of Findings and Questioned Costs – Part 1 – Summary of Auditor’s Results	138-139
K-7	Schedule of Findings and Questioned Costs – Part 2 – Schedule of Financial Statement Findings	140
K-7	Schedule of Findings and Questioned Costs – Part 3 – Schedule of Federal and State Award Findings and Questioned Costs	141-142
K-8	Summary Schedule of Prior Year Findings	143

## **INTRODUCTORY SECTION**

LISA FRESCHI,  
BOARD PRESIDENT

GLENN ELLIOTT,  
BOARD VICE PRESIDENT

TIMOTHY ALWORTH  
JAMES DAY  
PAMELA PRISCOE

# VERONA BOARD OF EDUCATION

121 FAIRVIEW AVENUE  
VERONA, NEW JERSEY 07044

(973) 571-2029 / (973) 571-6779 FAX  
[WWW.VERONASCHOOLS.ORG](http://WWW.VERONASCHOOLS.ORG)

DR. RUI DIONISIO,  
SUPERINTENDENT OF SCHOOLS

CHERYL A. NARDINO, CPA  
BUSINESS ADMINISTRATOR/  
BOARD SECRETARY

MATTHEW LARACY,  
TREASURER OF SCHOOL MONIES

December 2, 2019

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, 2019, 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 2018-2019 fiscal year with an enrollment of 2,235 students, which is 17 students more than the previous year's enrollment. The following details the changes in the student enrollment of the District for the last five years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2014-2015	2,190	-.16%
2015-2016	2,189	-.04%
2016-2017	2,197	+.37%
2017-2018	2,218	+.96%
2018-2019	2,235	+.77%

2) ECONOMIC CONDITION AND OUTLOOK: The community is primarily residential but does have intensive commercial use on Bloomfield Avenue and Pompton Avenue, which provides the Township of Verona with an urban, downtown shopping district. Industrial use is limited in nature. In the past 10 years, the Township of Verona has approved development of over 300 units inclusive of Highlands at Hilltop on White Rock Road and Annin on Bloomfield Avenue. As of November 2019, the Township is currently in the process of significant development with additional housing units between Cameco on Bloomfield Avenue and Spectrum on Sunset Avenue. It is possible that future development will continue to increase in the future. All of this development is expected to have an impact on student enrollment in the Verona Public Schools impacting class size and utilization of space.

3) MAJOR INITIATIVES:

**District Goals 2018-19**

1. District-wide, Educationally Focused Professional Development:
  - a. Reading Workshop K-5
  - b. Differentiated Reading 6-12
  - c. Rich Math Tasks K-8
  - d. Social Studies/ELA 5-12
  - e. Science K-12
2. Staff book club monthly meetings with elementary/middle school mathematics teachers, STEM supervisor, and Director of Curriculum, Instruction & Assessment
3. Continue to Implement Conflict Resolution/Peer Mediation at the elementary schools
4. New Jersey Positive Behavior Supports in Schools (NJ PBSIS) at HB Whitehome Middle School and Verona High School
5. Continue to support the middle school house model
6. Continue to implement Education Council, Curriculum and Faculty Advisory Councils
7. Continue to expand Verona High School Capstone Program
8. Continue to implement VPS Strategic Plan for 2018-2023
9. Continue to develop partnerships for global connections for student learning
10. Implement Orton-Gillingham Multisensory Reading Intervention
11. Explore New Course Offerings
12. Monitor and enhance the District arts program
13. Refine assessments annually
14. Revise curriculum annually
15. Review and Revise SGO's Annually
16. Refine Evaluative Feedback for Continuous Improvement with Professional Development
17. Implement Teacher Facilitated Professional Development Programs
18. Long-range facility planning and capital improvement referendum development
19. Expansion of full day-Kindergarten
20. Implementation of K-12 mental health programming and social-emotional curriculum
21. Continue design and development of Verona Public Schools Magazine

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, 2019.

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".

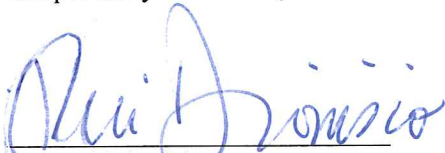
7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements". The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions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

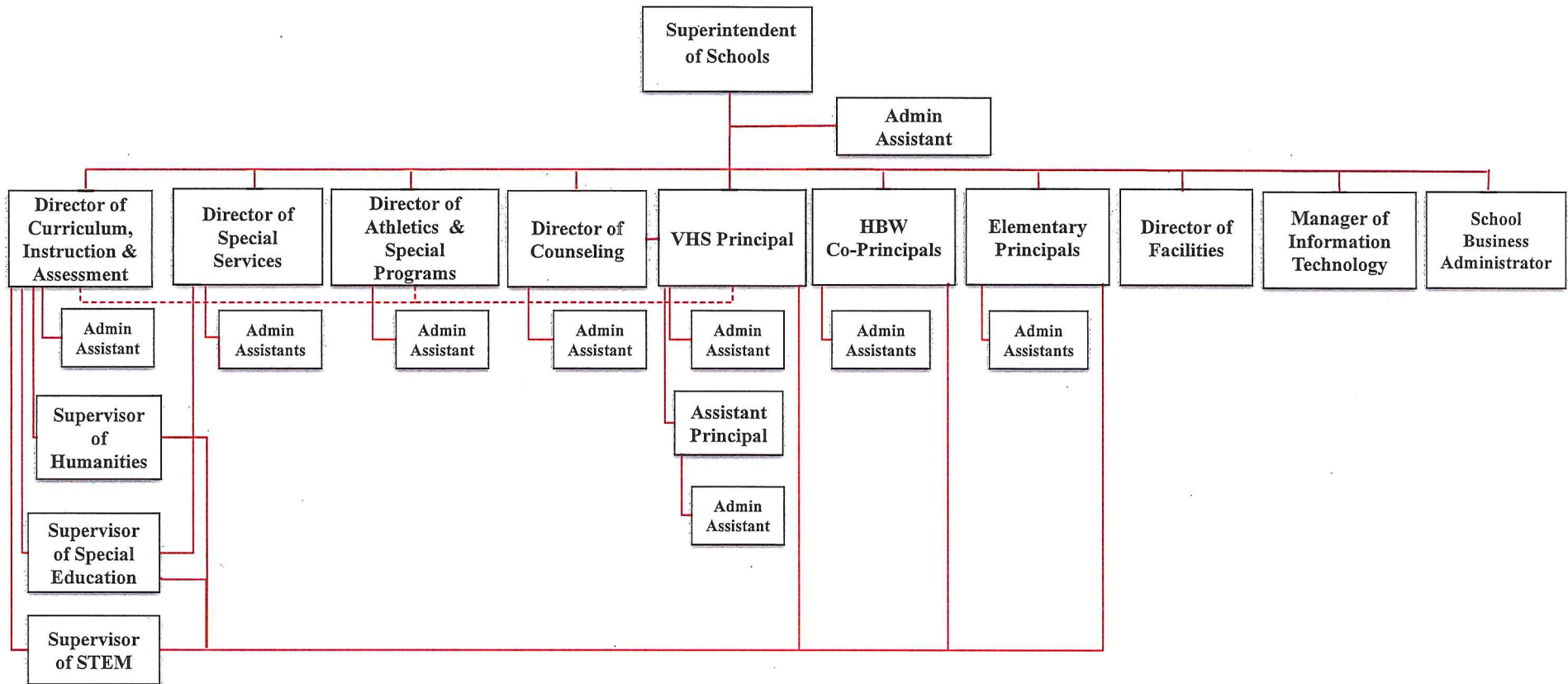


Dr. Rui Dionisio  
Superintendent

# VERONA PUBLIC SCHOOLS ORGANIZATIONAL CHART

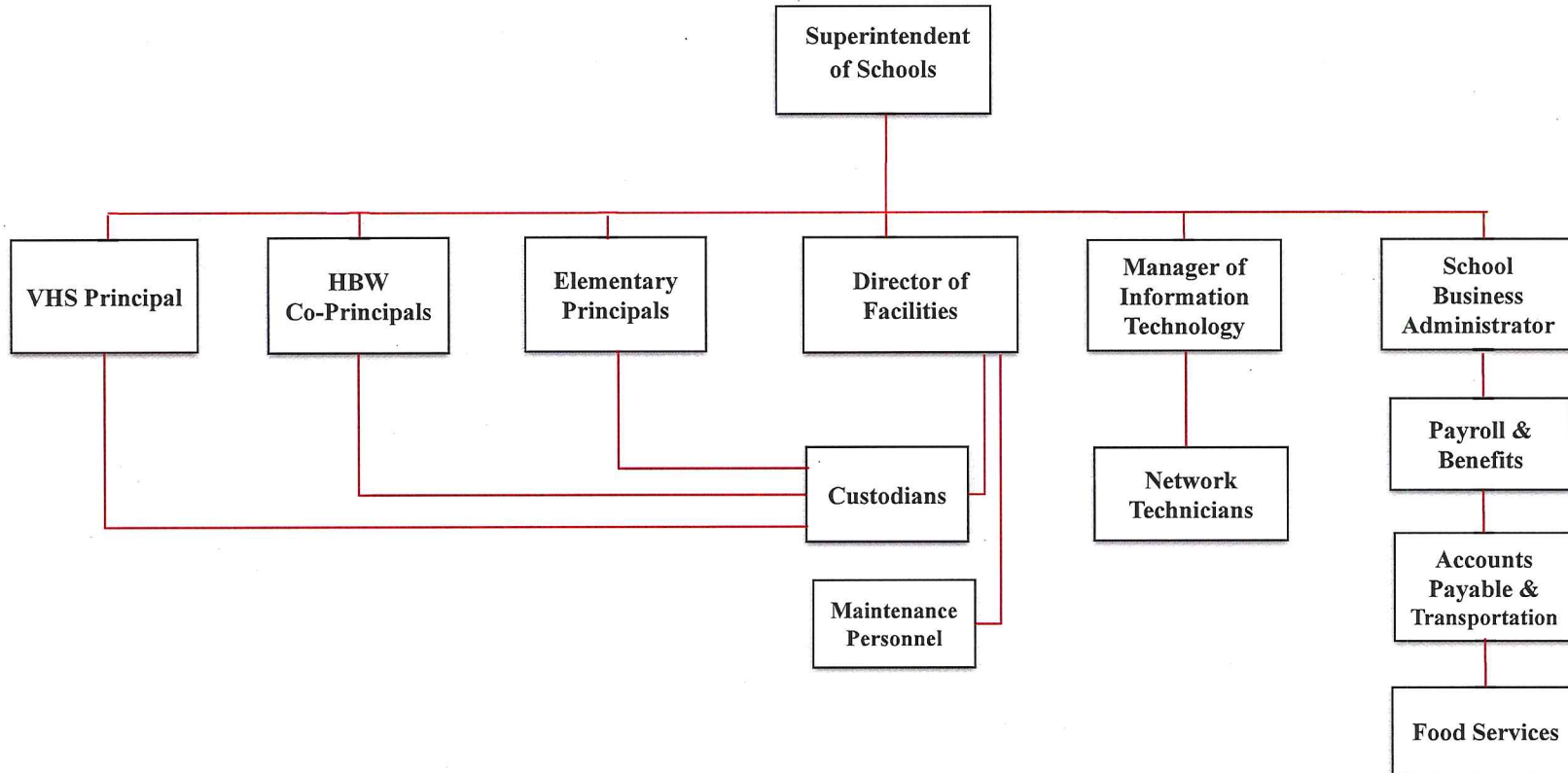
DISTRICT  
ADMINISTRATION  
OVERVIEW

PAGE 1 OF 3



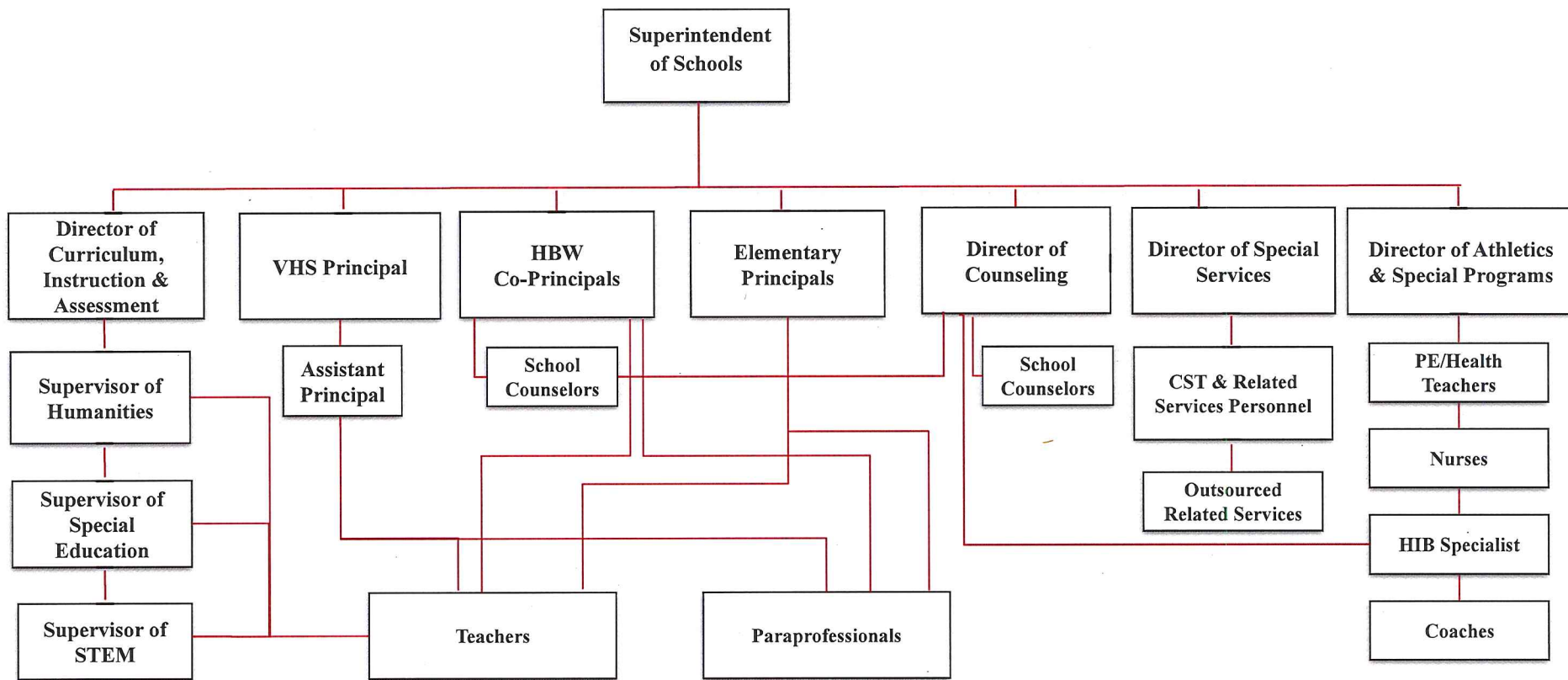
BOE Approved 11/26/19

# VERONA PUBLIC SCHOOLS ORGANIZATIONAL CHART



T-4

# VERONA PUBLIC SCHOOLS ORGANIZATIONAL CHART



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

**ROSTER OF OFFICIALS  
JUNE 30, 2019**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Lisa Freschi, President	2020
Glenn Elliott, Vice President	2019
Timothy Alworth	2021
James Day	2019
Pamela Priscoe	2021

Other Officials

Dr. Rui Dionisio, Superintendent of Schools

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**

LAN Associates  
Midland Park, New Jersey 07432

**Independent Auditor**

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

**Attorney**

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

**Official Depository**

Investors Bank

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

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of 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, 2019 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Verona Board of Education as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

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

### *Other Information*

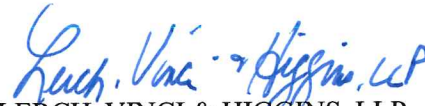
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Verona Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, 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 4, 2019 on our consideration of the Verona Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Verona Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the 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 4, 2019

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

## **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, 2019. 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 2018-2019 fiscal year include the following:

- The net position of the Verona Board of Education at the close of the fiscal year was \$1,325,822.
- Overall revenues were \$50,168,290. General revenues accounted for \$37,389,926 or 75% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$12,778,364 or 25% of total revenues.
- The school district had \$48,200,479 in expenses for governmental activities; only \$12,300,767 of the expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$37,389,926 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 \$1,590,449.
- The General Fund fund balance at June 30, 2019 was \$1,635,531, an increase of \$925,146 when compared with the beginning balance at July 1, 2018.

# VERONA BOARD OF EDUCATION

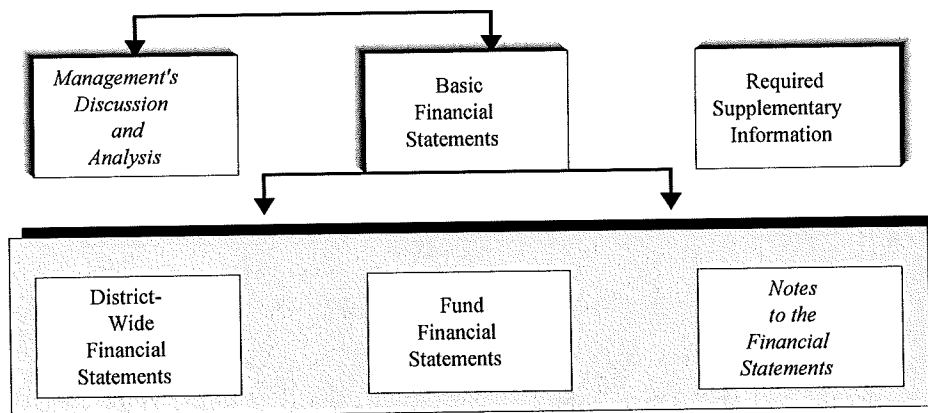
## Management's Discussion and Analysis

### 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 and VSEA 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/inflows, liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets, and liabilities, both short-term and long term funds do not currently contain capital assets.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or Paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and deductions 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 position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these 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 and deferred outflows were more than liabilities and deferred inflows by \$1,325,822 as of June 30, 2019. The following schedule summarizes this analysis as of June 30, 2019 and 2018.

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.

# VERONA BOARD OF EDUCATION

## Management's Discussion and Analysis

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Assets</b>						
Current Assets	\$ 2,453,860	\$ 1,962,369	\$ 102,173	\$ 99,486	\$ 2,556,033	\$ 2,061,855
Capital Assets	<u>45,807,985</u>	<u>47,947,971</u>	<u>21,481</u>	<u>21,118</u>	<u>45,829,466</u>	<u>47,969,089</u>
<b>Total Assets</b>	<u>48,261,845</u>	<u>49,910,340</u>	<u>123,654</u>	<u>120,604</u>	<u>48,385,499</u>	<u>50,030,944</u>
<b>Deferred Outflows of Resources</b>						
Deferred Amount on Refunding of Debt	626,940	740,693	-	-	626,940	740,693
Deferred Amounts on Net Pension Liability	<u>1,748,947</u>	<u>2,296,105</u>	<u>-</u>	<u>-</u>	<u>1,748,947</u>	<u>2,296,105</u>
<b>Total Deferred Outflows of Resources</b>	<u>2,375,887</u>	<u>3,036,798</u>	<u>-</u>	<u>-</u>	<u>2,375,887</u>	<u>3,036,798</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>50,637,732</u>	<u>52,947,138</u>	<u>123,654</u>	<u>120,604</u>	<u>50,761,386</u>	<u>53,067,742</u>
<b>Liabilities</b>						
Other Liabilities	1,219,057	1,598,445	75,020	83,183	1,294,077	1,681,628
Long-Term Liabilities	<u>45,179,639</u>	<u>49,277,074</u>	<u>-</u>	<u>-</u>	<u>45,179,639</u>	<u>49,277,074</u>
<b>Total Liabilities</b>	<u>46,398,696</u>	<u>50,875,519</u>	<u>75,020</u>	<u>83,183</u>	<u>46,473,716</u>	<u>50,958,702</u>
<b>Deferred Inflows of Resources</b>						
Deferred Amounts on Net Pension Liability	<u>2,961,848</u>	<u>2,284,645</u>	<u>-</u>	<u>-</u>	<u>2,961,848</u>	<u>2,284,645</u>
<b>Total Deferred Inflows of Resources</b>	<u>2,961,848</u>	<u>2,284,645</u>	<u>-</u>	<u>-</u>	<u>2,961,848</u>	<u>2,284,645</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>49,360,544</u>	<u>53,160,164</u>	<u>75,020</u>	<u>83,183</u>	<u>49,435,564</u>	<u>53,243,347</u>
<b>Net Position:</b>						
Net Investment in Capital Assets	10,804,944	9,954,673	21,481	21,118	10,826,425	9,975,791
Restricted	1,009,444	379,376			1,009,444	379,376
Unrestricted	<u>(10,537,200)</u>	<u>(10,547,075)</u>	<u>27,153</u>	<u>16,303</u>	<u>(10,510,047)</u>	<u>(10,530,772)</u>
<b>Total Net Position</b>	<u>\$ 1,277,188</u>	<u>\$ (213,026)</u>	<u>\$ 48,634</u>	<u>\$ 37,421</u>	<u>\$ 1,325,822</u>	<u>\$ (175,605)</u>

# VERONA BOARD OF EDUCATION

## Management's Discussion and Analysis

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

	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 100,020	\$ 149,745	\$ 473,351	\$ 402,325	\$ 573,371	\$ 552,070
Operating Grants and Contributions	12,200,747	15,011,500	4,246	4,837	12,204,993	15,016,337
Capital Grants and Contributions					-	-
General Revenues						
Property Taxes	36,298,689	34,694,545			36,298,689	34,694,545
State Aid	664,785	665,025			664,785	665,025
Other	426,452	378,902	-	-	426,452	378,902
<b>Total Revenues</b>	<u>49,690,693</u>	<u>50,899,717</u>	<u>477,597</u>	<u>407,162</u>	<u>50,168,290</u>	<u>51,306,879</u>
<b>Expenses</b>						
Instruction						
Regular	20,050,940	22,664,402			20,050,940	22,664,402
Special Education	8,408,758	8,069,439			8,408,758	8,069,439
Other Instruction	287,218	410,662			287,218	410,662
School Sponsored Activities and Ath.	1,198,893	1,357,579			1,198,893	1,357,579
Support Services						
Student and Instruction Related Serv.	6,029,430	5,770,401			6,029,430	5,770,401
General Administrative Services	1,332,307	805,213			1,332,307	805,213
School Administrative Services	3,038,800	3,425,021			3,038,800	3,425,021
Plant Operations and Maintenance	4,984,804	5,291,293			4,984,804	5,291,293
Pupil Transportation	903,057	901,393			903,057	901,393
Business and Other Support Services	847,372	925,767			847,372	925,767
Food Services			405,585	52,810	405,585	52,810
VSEA			60,799	354,475	60,799	354,475
Interest on Long-Term Debt and Other Chgs	1,118,900	1,176,502	-	-	1,118,900	1,176,502
<b>Total Expenses</b>	<u>48,200,479</u>	<u>50,797,672</u>	<u>466,384</u>	<u>407,285</u>	<u>48,666,863</u>	<u>51,204,957</u>
Change in Net Position	1,490,214	102,045	11,213	(123)	1,501,427	101,922
Net Position Beginning of Year	(213,026)	(315,071)	37,421	37,544	(175,605)	(277,527)
<b>Net Position, End of Year</b>	<u>\$ 1,277,188</u>	<u>\$ (213,026)</u>	<u>\$ 48,634</u>	<u>\$ 37,421</u>	<u>\$ 1,325,822</u>	<u>\$ (175,605)</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 \$49,690,693, for the fiscal year ended June 30, 2019. Property taxes of \$36,298,689 represented 73% percent of revenues. Another significant portion of revenues came from State aid; total State, Federal and formula aid was \$12,865,532. 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 \$48,200,479. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$29,945,809 (62%) of total expenditures. Student and instruction related support services, total \$6,029,430 or (12%) of total expenditures.

Total governmental activities revenues surpassed expenses and transfers out increasing net position \$1,490,214 from the previous year.

**Total and Net Cost of Governmental Activities.** The District's total cost of services was \$48,200,479. After applying program revenues, derived from charges for services of \$100,020 and operating grants and contributions of \$12,200,747 the net cost of services of the District is \$35,899,712.

### Total and Net Cost of Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Instruction				
Regular	\$ 20,050,940	\$ 22,664,402	\$ 13,794,424	\$ 14,073,398
Special Education	8,408,758	8,069,439	5,273,601	4,804,015
Other Instruction	287,218	410,662	65,094	230,929
School Sponsored Activities and Athletics	1,198,893	1,357,579	976,595	1,023,590
Support Services				
Student and Instruction Related Svcs.	6,029,430	5,770,401	5,141,219	4,599,656
General Administrative Services	1,332,307	805,213	911,120	643,829
School Administrative Services	3,038,800	3,425,021	2,353,388	2,416,839
Plant Operations and Maintenance	4,984,804	5,291,293	4,749,166	5,052,225
Pupil Transportation	903,057	901,393	778,340	842,764
Business and Other Support Services	847,372	925,767	737,865	772,680
Interest on Long-Term Debt	<u>1,118,900</u>	<u>1,176,502</u>	<u>1,118,900</u>	<u>1,176,502</u>
<b>Total</b>	<u>\$ 48,200,479</u>	<u>\$ 50,797,672</u>	<u>\$ 35,899,712</u>	<u>\$ 35,636,427</u>

## VERONA BOARD OF EDUCATION

### Management's Discussion and Analysis

**Business-Type Activities** – The District's total business-type activities revenues were \$477,597 for the fiscal year ended June 30, 2019. 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 \$466,384. 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 \$11,213 from 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 \$1,590,449. At June 30, 2018 the fund balance was \$739,838.

Revenues for the District's governmental funds were \$45,877,154 while total expenditures were \$45,026,573.

**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.

	<b>Fiscal Year Ended June 30, 2019</b>	<b>Fiscal Year Ended June 30, 2018</b>	<b>Amount of Increase (Decrease)</b>	<b>Percent Increase (Decrease)</b>
Local Sources:				
Property Taxes	\$ 33,336,868	\$ 31,810,340	\$ 1,526,528	4.80%
Tuition	100,020	149,745	(49,725)	-33.21%
Miscellaneous	378,051	328,411	49,640	15.12%
State Sources	<u>7,392,391</u>	<u>6,358,303</u>	<u>1,034,088</u>	16.26%
 Total General Fund Revenues	 <u>\$ 41,207,330</u>	 <u>\$ 38,646,799</u>	 <u>\$ 2,560,531</u>	 <u>6.63%</u>

Local property taxes increased 4.8% over the previous year. This includes the District's additional spending proposals approved at the November 2018 election that increased the tax levy \$765,000. State aid revenues increased in excess of \$1,034,088. This increase is attributed primarily to an increased TPAF pension contribution and additional state aid awarded to the District.

## 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, 2019</u>	Fiscal Year Ended <u>June 30, 2018</u>	Amount of Increase <u>(Decrease)</u>	Percent Increase <u>(Decrease)</u>
Instruction	\$ 25,935,505	\$ 25,222,906	\$ 712,599	2.83%
Support Services	13,928,796	13,093,132	835,664	6.38%
Debt Service	386,739	600,973	(214,234)	-35.65%
Capital Outlay	<u>31,144</u>	<u>25,304</u>	<u>5,840</u>	0.00%
 Total Expenditures	 <u>\$ 40,282,184</u>	 <u>\$ 38,942,315</u>	 <u>\$ 1,339,869</u>	 <u>3.44%</u>

Total General Fund expenditures increased \$1,339,869 or more than 3% from the previous year.

In 2018-2019 General Fund expenditures and other financing uses exceeded revenues and other financing sources by \$925,146. As a result, total fund balance increased to \$1,635,531 at June 30, 2019. After deducting statutory transfers and reserves, the unassigned fund balance decreased from \$339,755 at June 30, 2018 to \$323,440 at June 30, 2019.

**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 \$994,817 for the fiscal year ended June 30, 2019. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 74% of the total revenue for the year.

Total Special Revenue Fund revenues increased \$60,681 from the previous year.

Expenditures of the Special Revenue Fund were \$994,817. Instructional expenditures were \$857,422 or 86% of total expended for the fiscal year ended June 30, 2019.

**Capital Projects Fund** - The capital project expenditures and other financing uses exceeded revenues by \$69,248 decreasing fund balance to a deficit of \$51,868 at June 30, 2019. The cancellation of a prior year SDA accounts receivable accounted for the majority of the decrease.

#### 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, 2019 amounts to \$45,829,466 (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 2018-2019 amounted to \$2,171,130 for governmental activities and \$6,226 for business-type activities.

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

	Governmental		Business-Type		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 1,679,937	\$ 1,679,937			\$ 1,679,937	\$ 1,679,937
Improvements Other Than Buildings	5,929,394	6,270,294			5,929,394	6,270,294
Buildings	37,874,932	39,604,092			37,874,932	39,604,092
Machinery and Equipment	<u>323,722</u>	<u>393,648</u>	<u>\$ 21,481</u>	<u>\$ 21,118</u>	<u>345,203</u>	<u>414,766</u>
<b>Total Capital Assets</b>	<u>\$ 45,807,985</u>	<u>\$ 47,947,971</u>	<u>\$ 21,481</u>	<u>\$ 21,118</u>	<u>\$ 45,829,466</u>	<u>\$ 47,969,089</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 \$1,623,544, bonds payable net of unamortized premium of \$33,452,375, capital leases/lease purchase agreements payable of \$2,284,684, net pension liability - Public Employees Retirement System of \$7,682,251 and net pension liability – Essex County of \$136,785 for a total of \$45,179,639.

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, 2019 the District has in excess of \$1.1 million of General Fund reserves and fund balance (Budgetary Basis). Everyone associated with Verona School District is grateful for the community support.

Many factors were considered by the District's administration during the process of developing the fiscal year 2019/2020 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were considered when adopting the budget for fiscal year 2019-2020. Budgeted expenditures in the General Fund increased \$2,057,666 to \$36,457,053 in fiscal year 2019-2020.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the School Business Administrator, Verona Board of Education, 121 Fairview Avenue, Verona, NJ 07044.

**BASIC FINANCIAL STATEMENTS**

**VERONA BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2019**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,416,604	\$ 94,687	\$ 1,511,291
Restricted Cash with Fiscal Agents	4		4
Investments	110,449		110,449
Receivables, net			
Receivables from Other Governments	931,563	212	931,775
Internal Balance	(4,760)	4,760	-
Inventory		2,514	2,514
Capital Assets			
Not Being Depreciated	1,679,937		1,679,937
Being Depreciated, net	<u>44,128,048</u>	<u>21,481</u>	<u>44,149,529</u>
Total Assets	<u>48,261,845</u>	<u>123,654</u>	<u>48,385,499</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Refunding of Debt	626,940		626,940
Deferred Amounts on Net Pension Liability	<u>1,748,947</u>	-	<u>1,748,947</u>
Total Deferred Outflows of Resources	<u>2,375,887</u>	<u>-</u>	<u>2,375,887</u>
Total Assets and Deferred Outflows of Resources	<u>50,637,732</u>	<u>123,654</u>	<u>50,761,386</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Liabilities	97,943	2,468	100,411
Intergovernmental Payable	52,267		52,267
Accrued Interest Payable	355,646		355,646
Unearned Revenue	213,201	72,552	285,753
Grant Anticipation Note Payable	500,000		500,000
Noncurrent Liabilities			
Due Within One Year	2,714,137		2,714,137
Due Beyond One Year	<u>42,465,502</u>	-	<u>42,465,502</u>
Total Liabilities	<u>46,398,696</u>	<u>75,020</u>	<u>46,473,716</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	<u>2,961,848</u>	-	<u>2,961,848</u>
Total Liabilities and Deferred Inflows of Resources	<u>49,360,544</u>	<u>75,020</u>	<u>49,435,564</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	10,804,944	21,481	10,826,425
Restricted for:			
Capital Projects	570,381		570,381
Debt Service	8,083		8,083
Other Purposes	430,980		430,980
Unrestricted	<u>(10,537,200)</u>	<u>27,153</u>	<u>(10,510,047)</u>
Total Net Position	<u>\$ 1,277,188</u>	<u>\$ 48,634</u>	<u>\$ 1,325,822</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, 2019**

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	\$ 20,050,940	\$ 100,020	\$ 6,156,496		\$ (13,794,424)		\$ (13,794,424)
Special Education	8,408,758		3,135,157		(5,273,601)		(5,273,601)
Other Instruction	287,218		222,124		(65,094)		(65,094)
School Sponsored Activities and Athletics	1,198,893		222,298		(976,595)		(976,595)
Support Services							
Student and Instruction Related Services	6,029,430		888,211		(5,141,219)		(5,141,219)
General Administrative Services	1,332,307		421,187		(911,120)		(911,120)
School Administrative Services	3,038,800		685,412		(2,353,388)		(2,353,388)
Plant Operations and Maintenance	4,984,804		235,638		(4,749,166)		(4,749,166)
Pupil Transportation	903,057		124,717		(778,340)		(778,340)
Business and Other Support Services	847,372		109,507		(737,865)		(737,865)
Interest on Long-Term Debt and Other Charges	1,118,900	-	-	-	(1,118,900)	-	(1,118,900)
<b>Total Governmental Activities</b>	<b>48,200,479</b>	<b>100,020</b>	<b>12,200,747</b>	<b>-</b>	<b>(35,899,712)</b>	<b>-</b>	<b>(35,899,712)</b>
Business-Type Activities:							
VSEA	60,799	67,087				\$ 6,288	6,288
Food Service	405,585	406,264	4,246	-	-	4,925	4,925
<b>Total Business-Type Activities</b>	<b>466,384</b>	<b>473,351</b>	<b>4,246</b>	<b>-</b>	<b>-</b>	<b>11,213</b>	<b>11,213</b>
<b>Total Primary Government</b>	<b>\$ 48,666,863</b>	<b>\$ 573,371</b>	<b>\$ 12,204,993</b>	<b>\$ -</b>	<b>(35,899,712)</b>	<b>11,213</b>	<b>(35,888,499)</b>

Continued

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

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Total Primary Government (Carried Forward)	\$ (35,899,712)	\$ 11,213	\$ (35,888,499)
General Revenues and Transfers			
Taxes:			
Property Taxes, Levied for General Purposes	33,336,868		33,336,868
Taxes Levied for Debt Service	2,961,821		2,961,821
State Aid Restricted for Debt Service	664,785		664,785
Investment Earnings	58,678		58,678
Miscellaneous Income	367,774	-	367,774
Total General Revenues and Transfers	37,389,926	-	37,389,926
Change in Net Position	1,490,214	11,213	1,501,427
Net Position Beginning of Year	(213,026)	37,421	(175,605)
Net Position End of Year	\$ 1,277,188	\$ 48,634	\$ 1,325,822

**FUND FINANCIAL STATEMENTS**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
<b>ASSETS</b>					\$ 1,416,604
Cash and Cash Equivalents	\$ 812,959	\$ 211,258	\$ 392,387		\$ 1,416,604
Restricted Cash with Fiscal Agents			4		4
Investments			110,449		110,449
Receivables, Net					931,563
Receivables From Other Governments	831,664	99,899			931,563
Due from Other Funds	<u>47,922</u>	<u>-</u>	<u>-</u>	<u>\$ 53,489</u>	<u>101,411</u>
Total Assets	<u>\$ 1,692,545</u>	<u>\$ 311,157</u>	<u>\$ 502,840</u>	<u>\$ 53,489</u>	<u>\$ 2,560,031</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					\$ 97,943
Accounts Payable	\$ 51,754	\$ 46,189			\$ 97,943
Due to Other Funds	4,760		\$ 54,708	\$ 46,703	106,171
Payable to State Governments		52,267			52,267
Grant Anticipation Notes Payable			500,000		500,000
Unearned Revenue	<u>500</u>	<u>212,701</u>	<u>-</u>	<u>-</u>	<u>213,201</u>
Total Liabilities	<u>57,014</u>	<u>311,157</u>	<u>554,708</u>	<u>46,703</u>	<u>969,582</u>
Fund Balances					
Restricted					456,381
Capital Reserve	456,381				456,381
Capital Reserve Designated for Subsequent Years Budget	114,000				114,000
Maintenance Reserve	150,000				150,000
Legally Restricted - Unexpended Additional Spending Proposal	280,980				280,980
Excess Surplus	120,000				120,000
Capital Projects			(53,165)		(53,165)
Debt Service			1,297	6,786	8,083
Committed					70,945
Encumbrances	70,945				70,945
Assigned					119,785
Designated for Subsequent Year's Budget	119,785				119,785
Unassigned	<u>323,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>323,440</u>
Total Fund Balances	<u>1,635,531</u>	<u>-</u>	<u>(51,868)</u>	<u>6,786</u>	<u>1,590,449</u>
Total Liabilities and Fund Balances	<u>\$ 1,692,545</u>	<u>\$ 311,157</u>	<u>\$ 502,840</u>	<u>\$ 53,489</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 \$69,702,478 and the accumulated depreciation is \$23,894,493.	45,807,985
The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is:	(355,646)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 2A)	(45,179,639)
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.	626,940
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- Essex County	\$ 4,863
Deferred Outflows of Resources- Public Employees' Retirement System	1,744,084
Deferred Inflows of Resources - Public Employees' Retirement System	<u>(2,961,848)</u>
	<u>(1,212,901)</u>

Net Position of Governmental Activities (Exhibit A-1)

\$ 1,277,188



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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 33,336,868			\$ 2,961,821	\$ 36,298,689
Tuition	100,020				100,020
Interest	54,961		\$ 3,717		58,678
Miscellaneous	323,090	\$ 91,502	44,684	-	459,276
	<u>33,814,939</u>	<u>91,502</u>	<u>48,401</u>	<u>2,961,821</u>	<u>36,916,663</u>
Total - Local Sources					
State Sources	7,392,391	164,690		664,785	8,221,866
Federal Sources	-	738,625	-	-	738,625
	<u>41,207,330</u>	<u>994,817</u>	<u>48,401</u>	<u>3,626,606</u>	<u>45,877,154</u>
Total Revenues					
<b>EXPENDITURES</b>					
Current					
Regular Instruction	17,430,344	152,366			17,582,710
Special Education Instruction	7,383,015	509,100			7,892,115
Other Instruction	81,311	195,956			277,267
School Sponsored Activities and Athletics	1,040,835				1,040,835
Support Services					
Student and Instruction Related Services	5,478,238	116,919			5,595,157
General Administrative Services	1,150,435				1,150,435
School Administrative Services	2,618,591				2,618,591
Plant Operations and Maintenance	3,017,648		113,934		3,131,582
Pupil Transportation	871,547	20,476			892,023
Business and Other Support Services	792,337				792,337
Debt Service					
Principal	325,875			2,315,000	2,640,875
Interest	60,864			1,320,638	1,381,502
Capital Outlay	31,144	-	-	-	31,144
	<u>40,282,184</u>	<u>994,817</u>	<u>113,934</u>	<u>3,635,638</u>	<u>45,026,573</u>
Total Expenditures					
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>925,146</u>	<u>-</u>	<u>(65,533)</u>	<u>(9,032)</u>	<u>850,581</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In			-	3,715	3,715
Transfers Out	-	-	(3,715)	-	(3,715)
	<u>-</u>	<u>-</u>	<u>(3,715)</u>	<u>3,715</u>	<u>-</u>
Total Other Financing Sources (Uses)					
Net Change in Fund Balances	925,146	-	(69,248)	(5,317)	850,581
Fund Balance, Beginning of Year	710,385	-	17,380	12,103	739,868
Fund Balance, End of Year	<u>\$ 1,635,531</u>	<u>\$ -</u>	<u>\$ (51,868)</u>	<u>\$ 6,786</u>	<u>\$ 1,590,449</u>

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, 2019**

<b>Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)</b>	<b>\$</b>	<b>850,581</b>
 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	\$ (2,171,130)	
Capital Outlay	<u>31,144</u>	(2,139,986)
 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)		
		2,640,875
 In the statement of activities, certain operating expense-compensate absences 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		(31,834)
 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		356,057
Amortization of Deferred Amount on Refunding of Debt		(113,753)
 In the statement of activities, pension expenses are measured by the liability accrued during the year. In the governmental funds, however, expenditures are reported in the amount of financial resources used (paid):		
Increase in Pension Expense- Public Employees' Retirement System		(53,065)
Increase in Pension Expense- Essex County		(38,959)
 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>20,298</u>
 <b>Change in Net Position of Governmental Activities (Exhibit A-2)</b>	 <b>\$</b>	 <b><u>1,490,214</u></b>

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

	<b>Business-Type Activities</b>		
	<b>Enterprise Fund</b>		
	<b>Other Non-Major</b>		
	<b><u>Food Services</u></b>	<b><u>(VSEA)</u></b>	<b><u>Total</u></b>
<b>ASSETS</b>			
Current Assets			
Cash	\$ 12,749	\$ 81,938	\$ 94,687
Intergovernmental Receivable			
Federal	212		212
Due from Other Funds	4,760		4,760
Inventories	2,514	-	2,514
Total Current Assets	<u>20,235</u>	<u>81,938</u>	<u>102,173</u>
Capital Assets			
Machinery and Equipment	329,291		329,291
Less: Accumulated Depreciation	<u>(307,810)</u>	-	<u>(307,810)</u>
Total Capital Assets, Net	<u>21,481</u>	-	<u>21,481</u>
Total Assets	<u>41,716</u>	<u>81,938</u>	<u>123,654</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	2,468		2,468
Unearned Revenue	<u>12,907</u>	<u>59,645</u>	<u>72,552</u>
Total Current Liabilities	<u>15,375</u>	<u>59,645</u>	<u>75,020</u>
<b>NET POSITION</b>			
Investment in Capital Assets	21,481		21,481
Unrestricted	<u>4,860</u>	<u>22,293</u>	<u>27,153</u>
Total Net Position	<u>\$ 26,341</u>	<u>\$ 22,293</u>	<u>\$ 48,634</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, 2019**

	Business-Type Activities		Total
	Enterprise Fund	Other Non-Major	
	<u>Food Services</u>	<u>(VSEA)</u>	
<b>OPERATING REVENUES</b>			
Charges for Services			
Daily Sales	\$ 406,264		\$ 406,264
Program Fees	-	\$ 67,087	67,087
	<u>406,264</u>	<u>67,087</u>	<u>473,351</u>
Total Operating Revenues			
<b>OPERATING EXPENSES</b>			
Salaries and Wages	154,874	54,580	209,454
Food Costs	166,788		166,788
Other Expenses	29,386	6,219	35,605
Insurance	20,687		20,687
Miscellaneous	310		310
Depreciation Expense	6,226		6,226
Administrative and Management Fees	27,314	-	27,314
	<u>405,585</u>	<u>60,799</u>	<u>466,384</u>
Total Operating Expenses			
Operating Income (Loss)	<u>679</u>	<u>6,288</u>	<u>6,967</u>
<b>NONOPERATING REVENUES</b>			
Federal Sources			
Special Milk Program	4,246	-	4,246
	<u>4,246</u>	<u>-</u>	<u>4,246</u>
Total Nonoperating Revenues			
Income (Loss) Before Transfers	4,925	6,288	11,213
Transfer In	-	-	-
Change in Net Position	4,925	6,288	11,213
Net Position, Beginning of Year	<u>21,416</u>	<u>16,005</u>	<u>37,421</u>
Net Position, End of Year	<u>\$ 26,341</u>	<u>\$ 22,293</u>	<u>\$ 48,634</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, 2019**

	<b>Business-Type Activities</b>		
	<b>Enterprise Fund</b>		
	<b>Food Services</b>	<b>Other Non-Major (VSEA)</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Customers	\$ 403,459	\$ 59,261	\$ 462,720
Cash Payments for Employees' Salaries and Benefits	(154,874)	(54,580)	(209,454)
Cash Payments to Suppliers for Goods and Services	(238,626)	(6,219)	(244,845)
	<u>9,959</u>	<u>(1,538)</u>	<u>8,421</u>
Net Cash Provided (Used) By Operating Activities			
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of Capital Assets	(6,589)	-	(6,589)
	<u>(6,589)</u>	<u>-</u>	<u>(6,589)</u>
Net Cash (Used) by Capital and Financing Related Activities			
Net Change in Cash and Cash Equivalents	3,370	(1,538)	1,832
Cash and Cash Equivalents, Beginning of Year	9,379	83,476	92,855
Cash and Cash Equivalents, End of Year	<u>\$ 12,749</u>	<u>\$ 81,938</u>	<u>\$ 94,687</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) FOR OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ 679	\$ 6,288	\$ 6,967
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities			
Depreciation	6,226		6,226
Change in Assets and Liabilities			
(Increase)/Decrease in Inventory	1,888		1,888
(Increase)/Decrease in Other Accounts Receivable	1,503		1,503
Increase/(Decrease) in Accounts Payable	2,468		2,468
Increase/(Decrease) in Unearned Revenue	(2,805)	(7,826)	(10,631)
	<u>9,280</u>	<u>(7,826)</u>	<u>1,454</u>
Total Adjustments			
Net Cash Provided (Used) By Operating Activities	<u>\$ 9,959</u>	<u>\$ (1,538)</u>	<u>\$ 8,421</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, 2019**

	<u>Private Purpose Trust Fund</u>	<u>Unemployment Insurance Trust Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 10,000	\$ 22,078	\$ 225,664
Due from Other Funds	<u>-</u>	<u>-</u>	<u>41,435</u>
 Total Assets	 <u>10,000</u>	 <u>22,078</u>	 <u>\$ 267,099</u>
<b>LIABILITIES</b>			
Accrued Salaries and Wages			\$ 1,918
Payroll Deductions and Withholdings			79,446
Reserve for Flexible Spending			44,189
Due to Student Groups			141,546
Due to Other Funds	<u>-</u>	<u>22,078</u>	<u>-</u>
 Total Liabilities	 <u>-</u>	 <u>22,078</u>	 <u>\$ 267,099</u>
<b>NET POSITION</b>			
Held In Trust For Unemployment Claims and Other Purposes	<u>\$ 10,000</u>	<u>\$ -</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, 2019**

	<u>Private Purpose Trust Fund</u>	<u>Unemployment Insurance Trust Fund</u>	
<b>ADDITIONS</b>			
Contributions			
Donations			
Employee	-	\$ 56,775	
	-	56,775	
Total Additions	-	56,775	
<b>DEDUCTIONS</b>			
Unemployment Claims	-	56,775	
	-	56,775	
Total Deductions	-	56,775	
Change in Net Position	-	-	
Net Position Beginning of Year	\$ 10,000	-	
Net Position, End of Year	\$ 10,000	-	

**NOTES TO THE FINANCIAL STATEMENTS**



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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The 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 of schools 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 and student related activities of the District.

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

**B. New Accounting Standards**

During fiscal year 2019, the District adopted the following GASB statements:

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

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

- GASB No. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. New Accounting Standards (Continued)**

- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the fiscal year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

**C. Basis of Presentation - Financial Statements**

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

**District-Wide Financial Statements**

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements

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

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

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for 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 fund* accounts for the activities of the District's 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 funds* are used to account for resources legally held in trust for state unemployment insurance claims and for private donations for scholarship awards. All resources of the funds, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

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

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

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.

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.

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

***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. Restricted Assets***

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

***5. Capital Assets***

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

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

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

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	20-50
Building Improvements	20
Heavy Equipment	10-20
Office Equipment and Furniture	7-10
Computer Equipment	5

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**6. *Deferred Outflows/Inflows of Resources***

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

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

**7. *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 accumulated vacation and sick leave. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

**8. *Pensions***

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *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 with the unamortized bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

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.

10. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

*Capital Reserve - Designated for Subsequent Year's Budget* – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2019/2020 District budget certified for taxes.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. *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. (See Note 3D).

Legally Restricted – Unexpended Additional Spending Proposal – This restriction was created in accordance with NJAC 6A:23A-12.13(a)11 to represent the unexpended proceeds of separate spending proposals approved by the voters in November 2018.

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

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.

Committed Fund Balance – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Encumbrances – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee's for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

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 2019/2020 District budget certified for taxes.

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

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



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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**11. *Fund Balance Policies***

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the school district that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

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

**F. Revenues and Expenditures/Expenses**

**1. *Program Revenues***

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

**2. *Property Taxes***

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

**3. *Tuition Revenues and Expenditures***

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

Tuition Expenditures - Tuition charges for the fiscal years 2017-2018 and 2018-2019 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Revenues and Expenditures/Expenses (Continued)**

**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	\$ (31,490,000)
Issuance Premium (to be amortized over life of debt)	(1,962,375)
Capital Leases/Lease Purchase Agreements	(2,284,684)
Compensated Absences Payable	(1,623,544)
Net Pension Liability	
Public Employees' Retirement System	(7,682,251)
Employees Pension Fund of Essex County	<u>(136,785)</u>
Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Position - Governmental Activities	<u>\$ (45,179,639)</u>

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

**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**

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:

Principal Repayments:

General Obligation Bonds	\$ 2,315,000
Capital Lease/Lease Purchase Agreements	<u>325,875</u>

Net Adjustment to Increase Net Changes in Fund Balances - Total  
 Governmental Funds to Arrive at Changes in Net Position of  
 Governmental Activities

\$ 2,640,875

**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. Districts that have their school board members elected in November do not have to submit their budgets that meet levy cap requirements for voter approval. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On November 6, 2018 the voters of the Township of Verona approved two ballot questions for the expansion of the existing Kindergarten program (\$215,000) and for the expansion of the District’s Mental Health Program (\$550,000). The property tax levy will be increased by \$765,000 for these program costs.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2018/2019. Also, during 2018/2019 the Board increased the original General Fund budget by \$1,022,946, and the Special Revenue budget by \$104,616. The increase was funded by additional property taxes, state aid, grant awards and the appropriation of maintenance reserve funds. On August 28, 2018, the Board authorized and approved the withdrawal of \$81,097 from the maintenance reserve.

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

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

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

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

**B. Excess Expenditures Over Appropriations**

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Capital Outlay			
Facilities Acquisition			
Land and Improvements	<u>\$-0-</u>	<u>\$ 26,221</u>	<u>\$26,221</u>
Special Revenue Fund			
Instruction			
Salaries of Teachers	<u>\$149,000</u>	<u>\$170,031</u>	<u>\$21,031</u>

The above variances were offset with other available resources.

**C. Capital Reserve**

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

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

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

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**C. Capital Reserve (Continued)**

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

Balance, July 1, 2018	\$ 268,796
Increases:	
Deposits Approved by Board Resolution	<u>301,585</u>
Balance, June 30, 2019	<u>\$ 570,381</u>

\$114,000 of the capital reserve balance at June 30, 2019 was designated and appropriated for use in the 2019/2020 original budget certified for taxes.

**D. Maintenance Reserve**

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

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

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

Balance, July 1, 2018	\$ 81,097
Increased by:	
Deposits Approved by Board Resolution	<u>150,000</u>
	231,097
Decreased by:	
Withdrawal Approved by Board Resolution	<u>81,097</u>
Balance, June 30, 2019	<u>\$ 150,000</u>

The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities.

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

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**E. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2019 is \$120,000. This amount will be appropriated in the 2020/2021 original budget certified for taxes.

**F. Deficit Fund Equity**

The District has an accumulated deficit in fund balance of \$51,868 in the Capital Projects Fund as of June 30, 2019. This deficit is the result of the School Development Authority's (SDA) cancellation of grants relating to certain projects authorized by the 2014 referendum. The Board has budgeted a withdrawal from Capital Reserve in the 2019/20 budget to eliminate this deficit.

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2019, the book value of the Board's deposits were \$1,769,037 and bank and brokerage firm balances of the Board's deposits amounted to \$2,464,415. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

**Depository Account**

Insured \$ 2,464,415

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2019 none of the Board's bank balances were exposed to custodial credit risk.

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

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Cash Deposits and Investments (Continued)**

**Investments**

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

As of June 30, 2019, the Board had the following investments:

<b><u>Investment Type:</u></b>	<b><u>Fair Value</u></b>
U.S. Government Securities	\$ <u>110,449</u>

**Custodial Credit Risk – Investments** – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial risk. As of June 30, 2019, \$110,449 of the Board’s investments was exposed to custodial credit risk.

**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.

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

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Receivables**

Receivables as of June 30, 2019 for the district's individual major funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Intergovernmental					
Federal		\$ 99,899		\$ 212	\$ 100,111
State	\$ 66,664	-	\$ 113,934	-	180,598
Other	765,000	-	-	-	765,000
	<u>831,664</u>	<u>99,899</u>	<u>113,934</u>	<u>212</u>	<u>1,045,709</u>
Gross Receivables	831,664	99,899	113,934	212	1,045,709
Less: Allowance for Uncollectibles	-	-	113,934	-	113,934
Net Total Receivables	<u>\$ 831,664</u>	<u>\$ 99,899</u>	<u>\$ -</u>	<u>\$ 212</u>	<u>\$ 931,775</u>

**C. Unearned Revenue**

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

General Fund	
Prepaid Fees	\$ 500
Special Revenue Fund	
Unencumbered Local Donations	<u>212,701</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 213,201</u>



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

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets**

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

	<u>Balance, July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2019</u>
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 1,679,937	-	-	\$ 1,679,937
Total Capital Assets, Not Being Depreciated	<u>1,679,937</u>	<u>-</u>	<u>-</u>	<u>1,679,937</u>
Capital Assets, Being Depreciated				
Buildings and Building Improvements	57,540,671			57,540,671
Improvements Other than Buildings	8,441,311	\$ 26,221		8,467,532
Machinery and Equipment	2,009,415	4,923	-	2,014,338
Total Capital Assets Being Depreciated	<u>67,991,397</u>	<u>31,144</u>	<u>-</u>	<u>68,022,541</u>
Less Accumulated Depreciation for				
Buildings and Building Improvements	(17,936,579)	(1,729,160)		(19,665,739)
Improvements Other than Buildings	(2,171,017)	(367,121)		(2,538,138)
Machinery and Equipment	(1,615,767)	(74,849)	-	(1,690,616)
Total Accumulated Depreciation	<u>(21,723,363)</u>	<u>(2,171,130)</u>	<u>-</u>	<u>(23,894,493)</u>
Total Capital Assets, Being Depreciated, Net	<u>46,268,034</u>	<u>(2,139,986)</u>	<u>-</u>	<u>44,128,048</u>
Governmental Activities Capital Assets, Net	<u>\$ 47,947,971</u>	<u>\$ (2,139,986)</u>	<u>\$ -</u>	<u>\$ 45,807,985</u>
<b>Business-Type Activities</b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 322,702	\$ 6,589	-	\$ 329,291
Total Capital Assets Being Depreciated	<u>322,702</u>	<u>6,589</u>	<u>-</u>	<u>329,291</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(301,584)	(6,226)	-	(307,810)
Total Accumulated Depreciation	<u>(301,584)</u>	<u>(6,226)</u>	<u>-</u>	<u>(307,810)</u>
Total Capital Assets, Being Depreciated, Net	<u>21,118</u>	<u>363</u>	<u>-</u>	<u>21,481</u>
Business-Type Activities Capital Assets, Net	<u>\$ 21,118</u>	<u>\$ 363</u>	<u>\$ -</u>	<u>\$ 21,481</u>

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

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

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

**Governmental Activities:**

Instruction		
Regular		\$ 173,690
School-Sponsored Activities and Athletics/Other Instruction		65,134
Total Instruction		<u>238,824</u>
Support Services		
Student and Instruction Related Services		21,711
General Administrative Service		21,711
School Administrative Services		130,268
Plant Operations and Maintenance		<u>1,758,616</u>
Total Support Services		<u>1,932,306</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 2,171,130</u>

**Business-Type Activities:**

Food Service Operations		\$ 6,226
Total Depreciation Expense-Business-Type Activities		<u>\$ 6,226</u>

**E. Interfund Receivables, Payables, and Transfers**

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

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 1,219
General Fund	Debt Service Fund	46,703
Food Service Fund	General Fund	4,760
Debt Service Fund	Capital Projects Fund	<u>53,489</u>
Total		<u>\$ 106,171</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 and/or to cover cash balances which were in an overdraft position.

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, 2019**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

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

**Interfund Transfers**

	<u>Transfer In:</u>
	Debt Service
	<u>Fund</u>
Transfer Out:	
Capital Projects Fund	\$ 3,715
	<u>\$ 3,715</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**

The District is leasing energy initiative programs, Chromebooks, a bus and a maintenance vehicle under capital leases. The leases are for terms of 5 to 15 years.

The unexpended capital lease proceeds of \$4 at June 30, 2019 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, 2019 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2020	\$ 291,762
2021	248,114
2022	197,396
2023	202,400
2024	207,520
2025-2029	1,118,566
2030-2031	<u>349,581</u>
Total Minimum Lease Payments	2,615,339
Less: Amount Representing Interest	<u>(330,655)</u>
Present Value of Minimum Lease Payments	<u>\$ 2,284,684</u>

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

**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 and other purposes permitted by statute. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2019 are comprised of the following issues:

\$13,845,000, 2014 School Bonds, due in annual installments of \$725,000 to \$800,000 through May 1, 2034, interest at 2.500% to 3.500%	\$11,670,000
\$24,635,000, 2015 School Refunding Bonds, due in annual installments of \$1,620,000 to \$1,685,000 through March 1, 2031, interest at 2.00% to 5.00%	<u>19,820,000</u>
Total	<u>\$31,490,000</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>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2020	\$ 2,405,000	\$ 1,238,163	\$ 3,643,163
2021	2,400,000	1,152,838	3,552,838
2022	2,415,000	1,051,213	3,466,213
2023	2,375,000	997,325	3,372,325
2024	2,395,000	895,450	3,290,450
2025-2029	12,135,000	2,972,113	15,107,113
2030-2034	<u>7,365,000</u>	<u>638,700</u>	<u>8,003,700</u>
	<u>\$ 31,490,000</u>	<u>\$ 8,945,802</u>	<u>\$ 40,435,802</u>

**Statutory Borrowing Power**

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

4% of Equalized Valuation Basis (Municipal)	\$ 96,404,740
Less: Net Debt	<u>31,490,000</u>
Remaining Borrowing Power	<u>\$ 64,914,740</u>

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

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

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

	<u>Balance, July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2019</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable	\$ 33,805,000		\$ 2,315,000	\$ 31,490,000	\$ 2,405,000
Add:					
Unamortized Premium	<u>2,318,432</u>	<u>-</u>	<u>356,057</u>	<u>1,962,375</u>	<u>-</u>
	36,123,432	-	2,671,057	33,452,375	2,405,000
Capital Leases/Lease Purchase Agmts	2,610,559		325,875	2,284,684	239,137
Compensated Absences	1,591,710	\$ 98,987	67,153	1,623,544	70,000
Net Pension Liability					
PERS	8,849,099		1,166,848	7,682,251	
Essex County	<u>102,274</u>	<u>51,587</u>	<u>17,076</u>	<u>136,785</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 49,277,074</u>	<u>\$ 150,574</u>	<u>\$ 4,248,009</u>	<u>\$ 45,179,639</u>	<u>\$ 2,714,137</u>

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

**I. Short-Term Debt**

The Board's short-term activity for the fiscal year ended June 30, 2019 was as follows:

**Grant Anticipation Notes**

The Board issued Grant Anticipation Notes to interim finance Capital Projects funded by the State Development Authority's Facility construction grants. The Board's short-term debt activity for the fiscal year ended June 30, 2019 was as follows:

<u>Purpose</u>	<u>Rate %</u>	<u>Maturity Date</u>	<u>Balance, July 1, 2018</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2019</u>
Grant Anticipation Note	2.8998%	7/9/2019	<u>\$ 780,218</u>	<u>\$ 500,000</u>	<u>\$ 780,218</u>	<u>\$ 500,000</u>

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

**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 Essex Insurance Group (MEIG or Group) The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

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

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

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

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

Fiscal Year Ended <u>June 30,</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019	\$ 56,775	\$ 56,775	
2018	55,792	55,875	
2017	58,342	60,424	

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

**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, 2019, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2019, the District had no estimated arbitrage earnings due to the IRS.

**D. Employee Retirement Systems and Pension Plans**

**Plan Descriptions and Benefits Provided**

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

**Public Employees' Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost sharing multiple employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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

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

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

The following represents the membership tiers for PERS:

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

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

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

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

The following represent the membership tiers for TPAF:

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



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

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

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

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

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**Other Pension Funds**

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

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

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

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

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

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Plan Amendments**

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

**Measurement Focus and Basis of Accounting**

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

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

**Investment Valuation**

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

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

**Collective Net Pension Liability**

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

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

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

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Actuarial Methods and Assumptions**

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

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee’s annual compensation for fiscal year 2019.

PERS employers’ and TPAF State’s nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2019 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State’s annual pension contribution was less than this actuarial determined amount. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All PERS and DCRP contributions made by the Board for fiscal years 2019, 2018 and 2017 were equal to the required contributions.

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

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-Behalf <u>TPAF</u>	<u>DCRP</u>
2019	\$ 388,093	\$ 3,108,878	\$ 7,676
2018	352,161	2,318,631	8,865
2017	362,079	1,735,381	7,642

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

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Employer and Employee Pension Contributions (Continued)**

In addition for fiscal years 2019, 2018 and 2017 the District contributed \$1,799, \$4,829 and \$1,140, respectively for PERS and the State contributed \$2,726, \$2,358 and \$3,013, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,212,126 during the fiscal year ended June 30, 2019 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

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

**Public Employees Retirement System (PERS)**

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

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

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

At June 30, 2019, the District reported in the statement of net position (accrual basis) a liability of \$7,682,251 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the District's proportionate share was .03902 percent, which was an increase of .00101 percent from its proportionate share measured as of June 30, 2017 of .03801 percent.

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

**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)**

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$441,158 for PERS. The pension contribution made by the District during the current 2018/2019 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2019 with a measurement date of the prior fiscal year end of June 30, 2018. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2019 for contributions made subsequent to the measurement date. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 146,502	\$ 39,612
Changes of Assumptions	1,265,908	2,456,375
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		72,060
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>331,674</u>	<u>393,801</u>
Total	<u>\$ 1,744,084</u>	<u>\$ 2,961,848</u>

At June 30, 2019, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2020	\$ 78,842
2021	(83,991)
2022	(614,585)
2023	(478,083)
2024	(119,947)
Thereafter	<u>-</u>
	<u>\$ (1,217,764)</u>

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

**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)**

*Actuarial Assumptions*

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

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000

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

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

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

**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***

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2018 are summarized in the following table:

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

***Discount Rate***

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

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

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

**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, 2046
Municipal Bond Rate *	From July 1, 2046 and Thereafter

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

***Sensitivity of Net Pension Liability***

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

	<b>1% Decrease <u>4.66%</u></b>	<b>Current Discount Rate <u>5.66%</u></b>	<b>1% Increase <u>6.66%</u></b>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 9,659,545</u>	<u>\$ 7,682,251</u>	<u>\$ 6,023,427</u>

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

***Pension Plan Fiduciary Net Position***

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



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

**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)**

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

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

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

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$5,700,868 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2019 the State's proportionate share of the net pension liability attributable to the District is \$97,790,910. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2018. At June 30, 2018, the State's share of the net pension liability attributable to the District was .15372 percent, which was a decrease of .00056 percent from its proportionate share measured as of June 30, 2017 of .15428 percent.

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

**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)**

**Actuarial Assumptions**

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

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

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

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

**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**

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2018 are summarized in the following table:

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

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

**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 as follows:

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

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

Period of Projected Benefit

Payments for which the Following Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2040
Municipal Bond Rate *	From July 1, 2040 and Thereafter

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

***Sensitivity of Net Pension Liability***

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

	<b>1% Decrease <u>(3.86%)</u></b>	<b>Current Discount Rate <u>(4.86%)</u></b>	<b>1% Increase <u>(5.86%)</u></b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 115,586,999</u>	<u>\$ 97,790,910</u>	<u>\$ 83,038,386</u>

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

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

**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)**

***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](http://www.state.nj.us/treasury/pensions).

**Board of Education Employees' Pension Fund of Essex County (ECPF)**

**Plan Description**

The Board of Education Employees' Pension Fund of Essex County (the "Plan"), is a multiple-employer contributory defined benefit pension plan that provides pension and life insurance benefits to employees of the Boards of Education within Essex County employed before July 1, 1981, except temporary employees and employees eligible for coverage under any New Jersey State administered pension plan created under prior New Jersey laws. The ECPF became effective April 16, 1929. The Plan provides for retirement, service, and non-service connected death and disability benefits for its members. The Plan is governed by New Jersey Statutes under Title 18A, and is administered by a Board of Trustees for the plan who is also responsible for the management and investment of Plan assets. The Board of Trustees consists of one active and five retirees elected Plan members.

Pursuant to New Jersey Public Law enacted in 1980, members were given the option to transfer their membership in the plan to the PERS. Approximately 2,775 members, 58% of the membership, elected to transfer to PERS effective July 1, 1981. The Plan is closed to new entrants.

**Benefits Provided**

Regular service retirement benefits are determined as  $1/45^{\text{th}}$  of the highest 3 year average salary multiplied by the member's years of credited service. A member may elect early retirement benefits if they are under age 60 and have at least 25 years of credited services. The Plan also offers a special veterans benefits, disability and deferred benefits. Group life insurance benefits and death benefits are available to be paid to beneficiaries if elected by the member.

For more complete information about the Plan agreement and vesting and benefit provisions, participants are referred to the pamphlet, *A Summary of Benefits*. Copies of this pamphlet are available from the Pension Fund Administration Office.

**Contributions**

Contributions are made by the members at 3%, the maximum contribution rate required by statute, of their annual compensation. Contributions made by the Boards are determined annually based upon actuarial valuations. The Boards are required to reimburse the Plan for administrative expenses and cost of living increases associated with its retirees. Plan provisions and contribution requirements are established by New Jersey state statute assets. District contributions to the Plan amounted to \$17,076 for fiscal year 2019.

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

**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)**

**Board of Education Employees' Pension Fund of Essex County (ECPF) (Continued)**

Contributions (Continued)

At June 30, 2019, the District reported in the statement of net position (accrual basis) a liability of \$136,785 for its proportionate share of the ECPF net pension liability. The net pension liability was measured as of June 30, 2017, 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 school districts, actuarially determined. At June 30, 2018, the District's proportionate share was 0.43525 percent, which was an increase of .0774 percent from its proportionate share measured as of June 30, 2017 of 0.35785.

For the fiscal year ended June 30, 2019, the District recognized in the district wide statement of activities (accrual basis) a pension expense of \$56,035 for ECPF. At June 30, 2019, the District reported deferred outflows of resources related to ECPF from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>
Net Difference Between Projected and Actual On Pension Plan Investments	\$ <u>4,863</u>

At June 30, 2019, the amounts reported as deferred outflows of resources related to ECPF pension will be recognized as pension expense of \$973 per year for the fiscal years ended June 30, 2020 through June 30, 2024.

***Actuarial Assumptions***

The District's total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Salary Increases	4.50%
Investment Rate of Return	6.50%, net of pension plan investment expense, including inflation
Cost-of-living adjustments	2.00%

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, 2019**

**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)**

**Board of Education Employees' Pension Fund of Essex County (ECPF) (Continued)**

***Actuarial Assumptions (Continued)***

***Long-Term 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 rates of return (expected returns, net of pension plan investments expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing 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 plan's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Cash Equivalents	0-5.00%	
Domestic Fixed Income	30.00-50.00%	1.75%
U.S. Large Cap Growth Equity	15.00-30.00%	6.40%
U.S. Large Cap Value Equity	15.00-30.00%	
U.S. Small Cap Equity	5.00-15.00%	6.40%
Foreign Equity	0-10.00%	
	<u>100.00%</u>	

\* Net of 2.0% inflation assumption.

***Discount Rate***

The discount rate used to measure the total pension liability of the ECPF was 6.0% (measurement date June 30, 2018).

***Sensitivity of Net Pension Liability***

The following presents the District's proportionate share of the ECPF net pension liability calculated using the discount rate of 6.50% as well as what the District's proportionate share of the ECPF net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5 percent) or 1-percentage-point higher (7.5 percent) than the current rate:

	<b>Decrease (5.0%)</b>	<b>Discount Rate (6.0%)</b>	<b>Increase (7.0%)</b>
District's Proportionate Share of the Net Pension Liability	<u>\$ 186,655</u>	<u>\$ 136,785</u>	<u>\$ 93,412</u>

***Pension Plan Fiduciary Net Position***

Detailed information about the ECPF pension plan's fiduciary net position is available in the separately issued financial report for the Board of Education Employees' Pension Fund of Essex County.

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

**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts.

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

**Plan Description and Benefits Provided**

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

**State Health Benefit Program Fund – Local Education Retired Employees Plan** (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member’s employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

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

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](http://www.state.nj.us/treasury/pensions).

**Plan Membership**

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

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



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

**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Measurement Focus and Basis of Accounting**

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

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

**Investment Valuation**

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

**Collective Net OPEB Liability**

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

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

**Actuarial Methods and Assumptions**

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

**Post-Retirement Medical Benefits Contributions**

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

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

**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Post-Retirement Medical Benefits Contributions (Continued)**

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution, an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2019, 2018 and 2017 were \$1,410,182, \$1,497,554 and \$1,445,967, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

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

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

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

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$2,631,731. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2019 the State's proportionate share of the OPEB liability attributable to the District is \$62,973,465. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2018. At June 30, 2018, the state's share of the OPEB liability attributable to the District was .14 percent, which was no change from its proportionate share measured as of June 30, 2017 of .14 percent.

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

**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

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

**Actuarial Assumptions**

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

Inflation Rate	2.50%
Salary Increases *	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.55%
Rate Thereafter	2.00% to 5.45%

Mortality Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disable Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Long-Term Rate of Return 1.00%

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

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

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

**Long-Term Expected Rate of Return**

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

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

**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

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

**Discount Rate**

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

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

The discount rate represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Changes in the Total OPEB Liability**

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

	<u>Total OPEB Liability (State Share 100%)</u>
Balance, June 30, 2017 Measurement Date	\$ <u>73,758,239</u>
Changes Recognized for the Fiscal Year:	
Service Cost	2,519,437
Interest on the Total OPEB Liability	2,701,897
Differences Between Expected and Actual Experience	(7,153,898)
Changes of Assumptions	(7,226,520)
Gross Benefit Payments	(1,683,888)
Member Contributions	58,198
<b>Net Changes</b>	<u>\$ (10,784,774)</u>
Balance, June 30, 2018 Measurement Date	<u>\$ 62,973,465</u>

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

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

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

**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

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

**Sensitivity of OPEB Liability**

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

	<b>1% Decrease <u>(2.87%)</u></b>	<b>Current Discount Rate <u>(3.87%)</u></b>	<b>1% Increase <u>(4.87%)</u></b>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>74,447,455</u>	\$ <u>62,973,465</u>	\$ <u>53,852,828</u>

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

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Total OPEB Liability (School Retirees)	\$ <u>52,051,237</u>	\$ <u>62,973,465</u>	\$ <u>77,418,530</u>

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

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

**NOTE 5 OTHER INFORMATION (Continued)**

**F. Subsequent Events**

On November 5, 2019 the voters approved two referendum questions as follows:

(a) To undertake renovations, alterations and improvements at Verona High School, H.B. Whitehorne Middle School, Forest Avenue Elementary School, F.N. Brown Elementary School, Brookdale Avenue Elementary School and Laning Avenue Elementary School, including fixtures, furnishings, equipment, site work and related work; (b) to appropriate \$22,273,701 for such purposes; and (c) to issue bonds of the school district for such purposes in the principal amount of \$22,273,701.

(b) To undertake additional renovations, alterations and improvements to provide air conditioning upgrades at Verona High School, H.B. Whitehorne Middle School, Forest Avenue Elementary School, F.N. Brown Elementary School, Brookdale Avenue Elementary School and Laning Avenue Elementary School, including acquisition and installation of HVAC equipment, fixtures, furnishings, site work and related work; (b) to appropriate \$5,497,802 for such purposes; and (c) to issue bonds of the school district for such purposes in the principal amount of \$5,497,802.

**G. Tax Abatements**

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

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

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**



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

	Original <u>Budget</u>	Budget <u>Adjustments</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to <u>Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 32,571,868	\$ 765,000	\$ 33,336,868	\$ 33,336,868	\$ (122,437)
Tuition-Individuals	154,332		154,332	31,895	(23,437)
Tuition-Intergovernmental	31,562		31,562	8,125	60,000
Tuition-Preschool				60,000	54,962
Interest				54,962	63,089
Miscellaneous	260,000	-	260,000	323,089	63,089
<b>Total Local Sources</b>	<u>33,017,762</u>	<u>765,000</u>	<u>33,782,762</u>	<u>33,814,939</u>	<u>32,177</u>
State Sources					
Special Education Aid	880,894	127,713	1,008,607	1,008,607	
Security Aid	126,494	49,136	175,630	175,630	
Transportation Aid	103,500		103,500	103,500	
Extraordinary Aid	250,000		250,000	459,052	209,052
Extraordinary Aid- PY Additional				1,544	1,544
TPAF Pension Contribution (On-Behalf)					
Normal Pension Contribution				3,045,135	3,045,135
NCGI Contributions				63,743	63,743
Long Term Disability Insurance				2,726	2,726
Post Retirement				1,410,182	1,410,182
TPAF Social Security Contribution (On-Behalf)	-	-	-	1,212,126	1,212,126
<b>Total State Sources</b>	<u>1,360,888</u>	<u>176,849</u>	<u>1,537,737</u>	<u>7,482,245</u>	<u>5,944,508</u>
<b>Total Revenues</b>	<u>34,378,650</u>	<u>941,849</u>	<u>35,320,499</u>	<u>41,297,184</u>	<u>5,976,685</u>
<b>EXPENDITURES</b>					
CURRENT					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool/Kindergarten	426,394	164,862	591,256	477,825	113,431
Grades 1-5	4,359,400	94,747	4,454,147	4,405,828	48,319
Grades 6-8	2,355,480	22,451	2,377,931	2,320,270	57,661
Grades 9-12	3,347,964	87,426	3,435,390	3,430,230	5,160
Home Instruction	15,000	22,184	37,184	32,879	4,305
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	385,455	(112,723)	272,732	272,732	-
Other Purchased Services	154,639	64,577	219,216	218,690	526
General Supplies	458,601	27,878	486,479	436,473	50,006
Textbooks	69,315	(6,536)	62,779	59,158	3,621
Other Objects	3,900	3,100	7,000	3,712	3,288
<b>Total Regular Programs</b>	<u>11,576,148</u>	<u>367,966</u>	<u>11,944,114</u>	<u>11,657,797</u>	<u>286,317</u>
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	319,961	929	320,890	317,766	3,124
Other Salaries for Instruction	233,047	6,779	239,826	239,826	-
General Supplies	4,600	-	4,600	4,356	244
<b>Total Learning and/or Language Disabilities</b>	<u>557,608</u>	<u>7,708</u>	<u>565,316</u>	<u>561,948</u>	<u>3,368</u>
Behavioral Disabilities					
Salaries of Teachers	199,956	(7,000)	192,956	186,814	6,142
Other Salaries for Instruction	295,748	(17,627)	278,121	274,031	4,090
General Supplies	4,500	-	4,500	3,860	640
<b>Total Behavioral Disabilities</b>	<u>500,204</u>	<u>(24,627)</u>	<u>475,577</u>	<u>464,705</u>	<u>10,872</u>
Resource Room/Resource Center					
Salaries of Teachers	1,265,343	54,542	1,319,885	1,303,802	16,083
Other Salaries for Instruction	267,464	(22,464)	245,000	237,504	7,496
General Supplies	5,700	178	5,878	5,124	754
<b>Total Resource Room</b>	<u>1,538,507</u>	<u>32,256</u>	<u>1,570,763</u>	<u>1,546,430</u>	<u>24,333</u>

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

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT (Continued)</b>					
Autistic Program	\$ 26,036	-	\$ 26,036	\$ 19,517	\$ 6,519
Other Salaries of Instruction					
	<u>26,036</u>	<u>-</u>	<u>26,036</u>	<u>19,517</u>	<u>6,519</u>
Total Autistic Program					
Preschool Disabilities - Part-Time					
Salaries of Teachers	164,800	\$ (63,879)	100,921	100,921	-
Other Salaries for Instruction	110,973	3,330	114,303	113,376	927
General Supplies	8,500	-	8,500	8,086	414
	<u>284,273</u>	<u>(60,549)</u>	<u>223,724</u>	<u>222,383</u>	<u>1,341</u>
Total Preschool Disabilities - Part-Time					
Preschool Disabilities - Full-Time					
Salaries of Teachers	122,689	53,392	176,081	171,166	4,915
Other Salaries for Instruction	106,157	(24,522)	81,635	79,475	2,160
General Supplies	5,100	-	5,100	4,737	363
	<u>233,946</u>	<u>28,870</u>	<u>262,816</u>	<u>255,378</u>	<u>7,438</u>
Total Preschool Disabilities - Full-Time					
Home Instruction					
Salaries of Teachers	20,000	16,189	36,189	23,172	13,017
	<u>20,000</u>	<u>16,189</u>	<u>36,189</u>	<u>23,172</u>	<u>13,017</u>
Total Home Instruction					
Total Special Education	<u>3,160,574</u>	<u>(153)</u>	<u>3,160,421</u>	<u>3,093,533</u>	<u>66,888</u>
Bilingual Education					
Salaries of Teachers	47,066	-	47,066	46,650	416
General Supplies	2,000	-	2,000	1,459	541
	<u>49,066</u>	<u>-</u>	<u>49,066</u>	<u>48,109</u>	<u>957</u>
Total Bilingual Education					
School Sponsored Co-Curricular Activities					
Salaries	179,573	9,964	189,537	168,156	21,381
Other Objects	54,157	9,290	63,447	62,409	1,038
	<u>233,730</u>	<u>19,254</u>	<u>252,984</u>	<u>230,565</u>	<u>22,419</u>
Total School Sponsored Co-Curricular Activities					
School Sponsored Athletics - Instruction					
Salaries	464,027	(2,803)	461,224	380,075	81,149
Supplies & Materials	169,494	8,250	177,744	155,781	21,963
Other Objects	22,418	-	22,418	21,513	905
	<u>655,939</u>	<u>5,447</u>	<u>661,386</u>	<u>557,369</u>	<u>104,017</u>
Total School Sponsored Athletics - Instruction					
Other Instructional Programs - Instruction					
Supplies and Materials	-	16,978	16,978	8,377	8,601
	<u>-</u>	<u>16,978</u>	<u>16,978</u>	<u>8,377</u>	<u>8,601</u>
Total Other Instructional Programs - Instruction					
Summer School					
Salaries	-	450	450	-	450
	<u>-</u>	<u>450</u>	<u>450</u>	<u>-</u>	<u>450</u>
Total Summer School					
Total - Instruction	<u>15,675,457</u>	<u>409,942</u>	<u>16,085,399</u>	<u>15,595,750</u>	<u>489,649</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs within the State-Reg.	30,000	(19,003)	10,997	10,997	-
Tuition to Co. Voc School District - Special	15,600	(1,944)	13,656	13,656	-
Tuition to County Special Services - School Districts & Regional Day Schools	102,700	1,885	104,585	103,590	995
Tuition to Private Schools - Disabled w/ State	2,768,311	(5,776)	2,762,535	2,762,534	1
Tuition to Private Schools - Disabled - Other LEA's, Out of State	180,000	(180,000)	-	-	-
	<u>3,096,611</u>	<u>(204,838)</u>	<u>2,891,773</u>	<u>2,890,777</u>	<u>996</u>
Total Undistributed Expenditures - Instruction					

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

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES</b>					
CURRENT (Continued)					
Health Services					
Salaries	\$ 431,752	\$ (5,795)	\$ 425,957	\$ 425,312	\$ 645
Purchased Professional & Technical Services	7,000	(592)	6,408	5,160	1,248
Supplies and Materials	9,400	1,279	10,679	9,660	1,019
Other Objects	2,000	1,021	3,021	3,021	-
Total Health Services	<u>450,152</u>	<u>(4,087)</u>	<u>446,065</u>	<u>443,153</u>	<u>2,912</u>
Speech, OT, PT & Related Services					
Salaries	805,293	(15,520)	789,773	789,772	1
Purchased Professional/Educational Services	92,380	218,400	310,780	306,729	4,051
Supplies and Materials	3,000	-	3,000	3,000	-
Total Speech, OT, PT & Related Services	<u>900,673</u>	<u>202,880</u>	<u>1,103,553</u>	<u>1,099,501</u>	<u>4,052</u>
Guidance					
Salaries of Other Professional Staff	528,138	95,558	623,696	621,090	2,606
Salaries of Secretarial and Clerical Assistants	55,825	-	55,825	55,819	6
Purchased Professional- Educational Services	35,100	1,926	37,026	37,025	1
Supplies and Materials	26,480	-	26,480	24,298	2,182
Other Objects	6,760	-	6,760	2,868	3,892
Total Guidance	<u>652,303</u>	<u>97,484</u>	<u>749,787</u>	<u>741,100</u>	<u>8,687</u>
Child Study Teams					
Salaries of Other Professional Staff	693,651	38,467	732,118	726,848	5,270
Salaries of Secretarial and Clerical Assistants	64,899	-	64,899	64,672	227
Purchased Professional/Educational Services	22,000	59,460	81,460	74,770	6,690
Other Purchased Services	6,200	2,438	8,638	7,434	1,204
Misc. Purchased Services	6,585	(700)	5,885	4,177	1,708
Supplies and Materials	31,963	9,372	41,335	37,848	3,487
Total Child Study Teams	<u>825,298</u>	<u>109,037</u>	<u>934,335</u>	<u>915,749</u>	<u>18,586</u>
Improvement of Instruction Services/ Other Support Services-Instructional Staff					
Salaries of Supervisor of Instruction	366,480	(11,423)	355,057	354,712	345
Salaries of Other Professional Staff	147,737	-	147,737	147,687	50
Salaries of Sec and Clerical Assist.	43,352	-	43,352	43,056	296
Other Purchased Prof. And Tech. Services	46,200	(3,424)	42,776	38,341	4,435
Supplies and Materials	20,658	4,095	24,753	24,284	469
Other Objects	5,085	-	5,085	3,792	1,293
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	<u>629,512</u>	<u>(10,752)</u>	<u>618,760</u>	<u>611,872</u>	<u>6,888</u>
Educational Media Services/School Library					
Salaries	290,783	14,449	305,232	305,230	2
Supplies and Materials	38,512	(734)	37,778	32,935	4,843
Total Educational Media Services/School Library	<u>329,295</u>	<u>13,715</u>	<u>343,010</u>	<u>338,165</u>	<u>4,845</u>
Support Services General Administration					
Salaries	276,168	749	276,917	274,615	2,302
Legal Services	148,000	47,396	195,396	172,676	22,720
Audit Fees	35,000	850	35,850	35,618	232
Architectural Fees		84,000	84,000	84,000	-
Other Purchased Professional Services	10,250	(850)	9,400	6,107	3,293
Purchased Technical Services	13,925	339	14,264	14,264	-
Communications/Telephone	63,995	(3,319)	60,676	54,269	6,407
BOE Other Purchased Services	700	-	700	421	279
Miscellaneous Purchased Services	77,564	1,014	78,578	75,603	2,975
General Supplies	9,600	2	9,602	8,602	1,000
Judgments against the School District		3,000	3,000	3,000	-
Miscellaneous Expenditures	20,600	1,399	21,999	21,681	318
Total Support Services General Administration	<u>655,802</u>	<u>134,580</u>	<u>790,382</u>	<u>750,856</u>	<u>39,526</u>

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

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES</b>					
CURRENT (Continued)					
Support Services School Administration					
Salaries of Principals/Asst. Principals	\$ 1,273,882	\$ (108,554)	\$ 1,165,328	\$ 1,165,259	\$ 69
Salaries of Other Professional Staff	139,740	-	139,740	139,740	-
Salaries of Secretarial and Clerical Assistants	456,408	(8,900)	447,508	447,424	84
Other Purchased Services	6,600	(587)	6,013	5,218	795
Supplies and Materials	10,266	237	10,503	8,715	1,788
Other Objects	15,000	(1,165)	13,835	12,510	1,325
<b>Total Support Services School Administration</b>	<u>1,901,896</u>	<u>(118,969)</u>	<u>1,782,927</u>	<u>1,778,866</u>	<u>4,061</u>
Central Services					
Salaries	272,668	1,027	273,695	273,695	-
Supplies and Materials	6,000	1,001	7,001	6,811	190
Interest on Current Loans	13,254	-	13,254	13,254	-
Other Objects	2,000	(235)	1,765	1,765	-
<b>Total Central Services</b>	<u>293,922</u>	<u>1,793</u>	<u>295,715</u>	<u>295,525</u>	<u>190</u>
Administration - Information Technology Services					
Salaries	147,418	16,588	164,006	164,005	1
Purchased Technical Services	157,570	(339)	157,231	156,763	468
Other Purchased Services	6,000	-	6,000	5,114	886
<b>Total Administration Information Technology Svcs.</b>	<u>310,988</u>	<u>16,249</u>	<u>327,237</u>	<u>325,882</u>	<u>1,355</u>
Required Maintenance for School Facilities					
Salaries	336,428	(97,863)	238,565	224,824	13,741
Cleaning, Repair and Maintenance Services	170,185	90,876	261,061	183,681	77,380
General Supplies	65,280	14,438	79,718	76,856	2,862
<b>Total Required Maint. For School Facilities</b>	<u>571,893</u>	<u>7,451</u>	<u>579,344</u>	<u>485,361</u>	<u>93,983</u>
Custodial Services					
Salaries	1,119,918	22,344	1,142,262	1,117,383	24,879
Cleaning, Repair and Maintenance Services	60,000	144,498	204,498	191,083	13,415
Lease Purchase- ESIP- Principal	178,281	-	178,281	178,281	-
Lease Purchase- ESIP- Interest	54,091	-	54,091	54,091	-
Other Purchased Property Services	65,545	-	65,545	40,000	25,545
Insurance	141,862	6,146	148,008	148,008	-
General Supplies	98,500	47,260	145,760	133,231	12,529
Energy (Natural Gas)	170,000	51,620	221,620	183,610	38,010
Energy (Electricity)	225,000	11,107	236,107	236,107	-
Other Objects	4,000	-	4,000	3,959	41
<b>Total Custodial Services</b>	<u>2,117,197</u>	<u>282,975</u>	<u>2,400,172</u>	<u>2,285,753</u>	<u>114,419</u>
Care and Upkeep of Grounds					
Cleaning, Repair and Maintenance Svc.	11,730	33,097	44,827	36,511	8,316
General Supplies	17,000	16,145	33,145	31,047	2,098
<b>Total Care and Upkeep of Grounds</b>	<u>28,730</u>	<u>49,242</u>	<u>77,972</u>	<u>67,558</u>	<u>10,414</u>
Student Transportation Services					
Salaries for Pupil Trans (Bet. Home & Sch)-Sp. Ed.	95,000	(13,677)	81,323	81,322	1
Salaries for Pupil Trans (Other than Bet. Home & Sch)	66,782	19,198	85,980	75,224	10,756
Contracted Services ( Btw Home & School)- Vendors	23,100	1,635	24,735	23,585	1,150
Contracted Services ( Special Education Students)- Joint Agreements	516,000	81,058	597,058	594,527	2,531
Transportation Supplies	24,000	26,896	50,896	49,746	1,150
<b>Total Student Transportation Services</b>	<u>724,882</u>	<u>115,110</u>	<u>839,992</u>	<u>824,404</u>	<u>15,588</u>

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

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT (Continued)</b>					
Unallocated Benefits - Employee Benefits	\$ 82,000	\$ 8,950	\$ 90,950	\$ 90,949	\$ 1
Group Insurance	400,000	(30,155)	369,845	369,845	-
Social Security Contributions		18,000	18,000	17,177	823
Other Retirement Contribution-Regular	381,000	8,892	389,892	389,892	-
Other Retirement Contribution-PERS	100,000	(14,519)	85,481	85,481	-
Unemployment Compensation	202,025	-	202,025	202,025	-
Worker's Compensation	3,895,875	(108,204)	3,787,671	3,704,365	83,306
Health Benefits	96,194	35,262	131,456	131,455	1
Tuition Reimbursement	76,320	(76,320)	-	-	-
Other Employee Benefits	-	67,153	67,153	67,153	-
Unused Sick Payment to Terminated/Retired Staff	-	-	-	-	-
<b>Total Unallocated Benefits - Employee Benefits</b>	<u>5,233,414</u>	<u>(90,941)</u>	<u>5,142,473</u>	<u>5,058,342</u>	<u>84,131</u>
TPAF Pension Contribution (Non Budgeted)				3,045,135	(3,045,135)
Normal Pension Contribution				63,743	(63,743)
NCGI Contributions				2,726	(2,726)
Long Term Disability Insurance				1,410,182	(1,410,182)
Post Retirement				1,212,126	(1,212,126)
TPAF Social Security Contribution (Non Budgeted)				-	-
				5,733,912	(5,733,912)
<b>Total Undistributed Expenditures</b>	<u>18,722,568</u>	<u>600,929</u>	<u>19,323,497</u>	<u>24,646,776</u>	<u>(5,323,279)</u>
<b>Total Current Expenditures</b>	<u>34,398,025</u>	<u>1,010,871</u>	<u>35,408,896</u>	<u>40,242,526</u>	<u>(4,833,630)</u>
<b>CAPITAL OUTLAY</b>					
Equipment					
Undistributed Expenditures		12,075	12,075	12,075	-
School Sponsored and Other Instruction Programs		-	-	-	-
<b>Total Equipment</b>		<u>12,075</u>	<u>12,075</u>	<u>12,075</u>	<u>-</u>
Facilities and Acquisitions				26,221	(26,221)
Land and Improvements			1,362	1,362	-
Assessment for Debt Service on SDA Funding	1,362	-	1,362	1,362	-
<b>Total Facilities and Acquisitions</b>	<u>1,362</u>	<u>-</u>	<u>1,362</u>	<u>27,583</u>	<u>(26,221)</u>
<b>Total Capital Outlay</b>	<u>1,362</u>	<u>12,075</u>	<u>13,437</u>	<u>39,658</u>	<u>(26,221)</u>
<b>Total Expenditures - General Fund</b>	<u>34,399,387</u>	<u>1,022,946</u>	<u>35,422,333</u>	<u>40,282,184</u>	<u>(4,859,851)</u>
<b>CAPITAL OUTLAY (Continued)</b>					
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (20,737)	\$ (81,097)	\$ (101,834)	\$ 1,015,000	\$ 1,116,834
Fund Balances, Beginning of Year	1,197,108	-	1,197,108	1,197,108	-
Fund Balances, End of Year	<u>\$ 1,176,371</u>	<u>\$ (81,097)</u>	<u>\$ 1,095,274</u>	<u>\$ 2,212,108</u>	<u>\$ 1,116,834</u>
<b>Recapitulation of Fund Balance</b>					
Restricted				\$ 456,381	
Capital Reserve				114,000	
Capital Reserve - Designated for Subsequent Years' Budget				150,000	
Maintenance Reserve				120,000	
Excess Surplus				280,980	
Legally Restricted - Unexpended Additional Spending Proposal				-	
Committed				70,945	
Encumbrances				-	
Assigned				119,785	
Designated for Subsequent Year's Budget				900,017	
Unassigned Fund Balance				-	
				2,212,108	
Less State Aid not Recognized on a GAAP Basis				(576,577)	
<b>Fund Balance per Governmental Funds (GAAP)</b>				<u>\$ 1,635,531</u>	

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

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources	\$ 275,990	\$ 13,320	\$ 289,310	\$ 91,502	\$ (197,808)
State Sources	158,115	58,842	216,957	164,690	(52,267)
Federal Sources	774,599	32,454	807,053	738,625	(68,428)
Total Revenues	<u>1,208,704</u>	<u>104,616</u>	<u>1,313,320</u>	<u>994,817</u>	<u>(318,503)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	197,407	(48,407)	149,000	170,031	(21,031)
Other Salaries for Instruction		18,800	18,800	18,800	-
Purchased Prof. Tech. Svc.	105,623	28,288	133,911	89,380	44,531
Purchased Professional-Educational Services	58,188	(58,188)	-	-	-
Tuition	500,238	(59,334)	440,904	440,904	-
General Supplies	296,675	37,614	334,289	82,333	251,956
Textbooks	10,901	(969)	9,932	8,346	1,586
Total Instruction	<u>1,169,032</u>	<u>(82,196)</u>	<u>1,086,836</u>	<u>809,794</u>	<u>277,042</u>
Support Services					
Employee Benefits		52,018	52,018	47,628	4,390
Purchased Prof. and Tech. Svc.	34,228	107,424	141,652	111,161	30,491
Purchased Professional-Education Services	5,444	20,674	26,118	19,538	6,580
Supplies	-	6,696	6,696	6,696	-
Total Support Services	<u>39,672</u>	<u>186,812</u>	<u>226,484</u>	<u>185,023</u>	<u>41,461</u>
Total Expenditures	<u>1,208,704</u>	<u>104,616</u>	<u>1,313,320</u>	<u>994,817</u>	<u>318,503</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, 2019**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/Inflows of Resources</b>		
Actual revenue amounts (budgetary basis) (Exhibits C-1 and C-2)	\$ 41,297,184	\$ 994,817
State Aid payment recognized for GAAP purposes, not recognized for budgetary statements.	486,723	
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements.	<u>(576,577)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 41,207,330</u>	<u>\$ 994,817</u>
<b>Uses/Outflows of Resources</b>		
Actual expenditure amounts (budgetary basis) (Exhibits C-1 and C-2)	<u>\$ 40,282,184</u>	<u>\$ 994,817</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 40,282,184</u>	<u>\$ 994,817</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**PENSION INFORMATION  
AND  
POST EMPLOYMENT BENEFIT INFORMATION**



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

**Public Employees Retirement System**

**Last Six Fiscal Years\***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.03902%	0.03801%	.04076%	0.04091%	.03916%	.03812%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 7,682,251	\$ 8,849,099	\$ 12,071,042	\$ 9,183,572	\$ 7,331,860	\$ 7,285,885
District's Covered-Employee Payroll	\$ 2,679,024	\$ 2,749,941	\$ 2,572,880	\$ 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	287%	322%	469%	352%	285%	275%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

**VERONA BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT CONTRIBUTIONS**

**Public Employees Retirement System**

**Last Six Fiscal Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 388,093	\$ 352,161	\$ 362,079	\$ 351,720	\$ 322,831	\$ 287,242
Contributions in Relation to the Contractually Required Contribution	<u>388,093</u>	<u>352,161</u>	<u>362,079</u>	<u>351,720</u>	<u>322,831</u>	<u>287,242</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 2,401,892	\$ 2,749,941	\$ 2,572,880	\$ 2,612,297	\$ 2,574,194	\$ 2,649,102
Contributions as a Percentage of Covered-Employee Payroll	16%	13%	14%	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 Six Fiscal Years\***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	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	<u>\$ 97,790,910</u>	<u>\$ 104,023,239</u>	<u>\$ 123,998,571</u>	<u>\$ 93,280,896</u>	<u>\$ 84,014,664</u>	<u>\$ 77,734,764</u>
Total	<u>\$ 97,790,910</u>	<u>\$ 104,023,239</u>	<u>\$ 123,998,571</u>	<u>\$ 93,280,896</u>	<u>\$ 84,014,664</u>	<u>\$ 77,734,764</u>
District's Covered-Employee Payroll	16,319,268	16,142,269	15,591,191	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%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

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

**Board of Education Employees' Pension Fund of Essex County**

**Last Five Fiscal Years\***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 17,076	\$ 14,754	\$ 17,076	\$ 25,413	\$ 26,314
Contributions in Relation to the Contractually Required Contribution	<u>(17,076)</u>	<u>(14,754)</u>	<u>(17,076)</u>	<u>(25,413)</u>	<u>(26,314)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Employee Payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of Covered Employee Payroll	0%	0%	0%	0%	0%

Note : This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

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, 2019

**Change of Benefit Terms:** None.

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

**VERONA BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF  
TOTAL OTHER POSTEMPLOYMENT BENEFITS LIABILITY**

**Postemployment Health Benefit Plan**

**Last Two Fiscal Years\***

	<u>2019</u>	<u>2018</u>
Service Cost	\$ 2,519,437	\$ 3,005,167
Interest on Total OPEB Liability	2,701,897	2,345,315
Difference Between Expected and Actual Experiences	(7,153,898)	
Changes of Assumptions	(7,226,520)	(9,744,530)
Gross Benefit Payments	(1,683,888)	(1,721,873)
Member Contributions	<u>58,198</u>	<u>63,404</u>
<b>Net Change in Total OPEB Liability</b>	<b>(10,784,774)</b>	<b>(6,052,517)</b>
<b>Total OPEB Liability - Beginning of Year</b>	<b><u>73,758,239</u></b>	<b><u>79,810,756</u></b>
<b>Total OPEB Liability - End of Year</b>	<b><u>\$ 62,973,465</u></b>	<b><u>\$ 73,758,239</u></b>
District's Proportionate Share of OPEB Liability	-	-
State's Proportionate Share of OPEB Liability	<u>\$ 62,973,465</u>	<u>\$ 73,758,239</u>
Total OPEB Liability - Ending	<u>\$ 62,973,465</u>	<u>\$ 73,758,239</u>
District's Covered-Employee Payroll	<u>\$ 18,998,292</u>	<u>\$ 18,892,210</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%	0%

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

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

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

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

**Changes in Benefit Terms:**

None.

**Changes of Assumptions**

Assumptions used in calculating the OPEB liability are presented in Note 5E.

**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, 2019**

	<u>Title I</u>	<u>IDEA Basic</u>	<u>Title IIA</u>	<u>Nonpublic Technology</u>	<u>Nonpublic Textbooks</u>	<u>Nonpublic Nursing</u>	<u>Nonpublic Security</u>	<u>Total Page 2</u>	<u>Total</u>
<b>REVENUES</b>									
Local								\$ 91,502	\$ 91,502
State				\$ 6,696	\$ 8,346	\$ 18,042	\$ 21,750	109,856	164,690
Federal	\$ 195,956	\$ 463,316	\$ 42,050	-	-	-	-	37,303	738,625
<b>Total Revenues</b>	<u>\$ 195,956</u>	<u>\$ 463,316</u>	<u>\$ 42,050</u>	<u>\$ 6,696</u>	<u>\$ 8,346</u>	<u>\$ 18,042</u>	<u>\$ 21,750</u>	<u>\$ 238,661</u>	<u>\$ 994,817</u>
<b>EXPENDITURES</b>									
Instruction								\$ 21,031	\$ 170,031
Salaries of Teachers	\$ 149,000							18,800	18,800
Other Salaries for Instruction								89,380	89,380
Purchased Prof. and Technical Services		\$ 440,904							440,904
Tuition								78,693	82,333
Supplies	766	2,874						-	8,346
Textbooks	-	-	-	-	\$ 8,346	-	-	-	-
<b>Total Instruction</b>	<u>149,766</u>	<u>443,778</u>	<u>-</u>	<u>-</u>	<u>8,346</u>	<u>-</u>	<u>-</u>	<u>207,904</u>	<u>809,794</u>
Support Services								1,438	47,628
Employee Benefits	46,190							29,319	111,161
Purchased Prof. and Technical Services			\$ 42,050			\$ 18,042	\$ 21,750		19,538
Purchase Professional-Educational Services		19,538							6,696
Supplies	-	-	-	\$ 6,696	-	-	-	-	-
<b>Total Support Services</b>	<u>46,190</u>	<u>19,538</u>	<u>42,050</u>	<u>6,696</u>	<u>-</u>	<u>18,042</u>	<u>21,750</u>	<u>30,757</u>	<u>185,023</u>
<b>Total Expenditures</b>	<u>\$ 195,956</u>	<u>\$ 463,316</u>	<u>\$ 42,050</u>	<u>\$ 6,696</u>	<u>\$ 8,346</u>	<u>\$ 18,042</u>	<u>\$ 21,750</u>	<u>\$ 238,661</u>	<u>\$ 994,817</u>

**VERONA BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Title IV	IDEA Preschool	Non Public Chapter 192 Compens. Education	Non Public Chapter 192 Transpor- tation	Exam. And Class	Non Public Chapter 193 Corrective Speech	Supplem. Instruction	Local Grants	Total Page 2
<b>REVENUES</b>									
Local								\$ 91,502	\$ 91,502
State			\$ 44,330	\$ 20,476	\$ 20,749	\$ 6,696	\$ 17,605		109,856
Federal	\$ 17,031	\$ 20,272	-	-	-	-	-	-	37,303
Total Revenues	\$ 17,031	\$ 20,272	\$ 44,330	\$ 20,476	\$ 20,749	\$ 6,696	\$ 17,605	\$ 91,502	\$ 238,661
<b>EXPENDITURES</b>									
Instruction								\$ 21,031	\$ 21,031
Salaries of Teachers		\$ 18,800							18,800
Other Salaries for Instruction			\$ 44,330		\$ 20,749	\$ 6,696	\$ 17,605		89,380
Purchased Prof. and Technical Services	\$ 8,188	34	-	-	-	-	-	70,471	78,693
Supplies									
Total Instruction	8,188	18,834	44,330	-	20,749	6,696	17,605	91,502	207,904
Support Services									
Salaries of Other Professional Staff				\$ 20,476					29,319
Purchased Prof. and Technical Services	8,843								1,438
Employee Benefits	-	1,438	-	-	-	-	-	-	
Total Support Services	8,843	1,438	-	20,476	-	-	-	-	30,757
Total Expenditures	\$ 17,031	\$ 20,272	\$ 44,330	\$ 20,476	\$ 20,749	\$ 6,696	\$ 17,605	\$ 91,502	\$ 238,661

**CAPITAL PROJECTS FUND**

**VERONA BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>SDA Receivable Cancelled</u>	<u>Balance, June 30, 2019</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	\$ 16,689,257	\$ 16,673,174	\$ (44,684)	\$ (113,934)	\$ (53,167)
Acquisition of Bus, Workstations and Equipment	<u>200,826</u>	<u>200,824</u>	<u>-</u>	<u>-</u>	<u>2</u>
	<u>\$ 16,689,257</u>	<u>\$ 16,873,998</u>	<u>\$ (44,684)</u>	<u>\$ (113,934)</u>	<u>\$ (53,165)</u>
Project Balances, June 30, 2019					\$ (53,165)
Restricted for Payment of Lease Purchase					<u>1,297</u>
Fund Balance, June 30, 2019 (GAAP Basis)					<u>\$ (51,868)</u>
<b><u>Recapitulation of Fund Balance</u></b>					
Restricted:					
Available for Capital Projects					\$ (53,165)
Restricted for Payment of Lease Purchase					<u>1,297</u>
Total Fund Balance - Restricted for Capital Projects					<u>\$ (51,868)</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, 2019**

**REVENUES AND OTHER FINANCING SOURCES**

Revenues	
Interest Income	\$ 3,717
Miscellaneous - Cancelled Prior Year Accounts Payable	<u>44,684</u>
Total Revenues and Other Financing Sources	<u>48,401</u>

**EXPENDITURES AND OTHER FINANCING USES**

Transfer to Debt Service Fund	3,715
SDA Receivable Cancelled	<u>113,934</u>
Total Expenditures and Other Financing Uses	<u>117,649</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(69,248)
Fund Balance, July 1, 2018	<u>17,380</u>
Fund Balance, June 30, 2019	<u>\$ (51,868)</u>

**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, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds	\$ 1,551,447	\$ 206,505	\$ 1,757,952	\$ 1,757,952
Total Revenues and Other Financing Sources	<u>1,551,447</u>	<u>206,505</u>	<u>1,757,952</u>	<u>1,757,952</u>
<b>Expenditures and Other Financing Uses</b>				
Construction Services	1,612,038		1,612,038	1,612,038
Purchased Professional and Technical Services	<u>145,914</u>	<u>-</u>	<u>145,914</u>	<u>145,914</u>
Total Expenditures	<u>1,757,952</u>	<u>-</u>	<u>1,757,952</u>	<u>1,757,952</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (206,505)</u>	<u>\$ 206,505</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	5370-050-14-1001
Grant Date	N/A
Bond Authorization Date	April 29, 2014
Bonds Authorized	\$ 13,845,000
Bonds Issued	\$ 13,845,000
Original Authorized Cost	\$ 1,551,447
Additional Authorized Cost	\$ 206,505
Revised Authorized Cost	\$ 1,757,952
Percentage Increase Over Original Authorized Cost	13%
Percentage Completion	100%
Original Target Completion Date	August 31, 2015
Revised Target Completion Date	August 31, 2017

**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, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds	\$ 2,311,594	\$ 69,181	\$ 2,380,775	\$ 2,380,775
State Sources - SDA Grant	<u>1,411,932</u>	<u>-</u>	<u>1,411,932</u>	<u>1,411,932</u>
Total Revenues and Other Financing Sources	<u>3,723,526</u>	<u>69,181</u>	<u>3,792,707</u>	<u>3,792,707</u>
<b>Expenditures and Other Financing Uses</b>				
Construction Services	3,406,528		3,406,528	3,406,528
Purchased Professional and Technical Services	<u>386,179</u>	<u>-</u>	<u>386,179</u>	<u>386,179</u>
Total Expenditures	<u>3,792,707</u>	<u>-</u>	<u>3,792,707</u>	<u>3,792,707</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (69,181)</u>	<u>\$ 69,181</u>	<u>\$ -</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	\$ 13,845,000
Bonds Issued	\$ 13,845,000
Original Authorized Cost	\$ 3,723,526
Additional Authorized Cost	\$ 69,181
Revised Authorized Cost	\$ 3,792,707
Percentage Increase Over Original Authorized Cost	2%
Percentage Completion	100%
Original Target Completion Date	August 31, 2016
Revised Target Completion Date	August 31, 2017

**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, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds	\$ 2,330,507	\$ (891,952)	\$ 1,438,555	\$ 1,438,555
State Sources - SDA Grant	<u>509,338</u>	<u>-</u>	<u>509,338</u>	<u>509,338</u>
Total Revenues and Other Financing Sources	<u>2,839,845</u>	<u>(891,952)</u>	<u>1,947,893</u>	<u>1,947,893</u>
<b>Expenditures and Other Financing Uses</b>				
Construction Services	1,659,769		1,659,769	1,659,769
Purchased Professional and Technical Services	<u>288,124</u>	<u>-</u>	<u>288,124</u>	<u>288,124</u>
Total Expenditures	<u>1,947,893</u>	<u>-</u>	<u>1,947,893</u>	<u>1,947,893</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 891,952</u>	<u>\$ (891,952)</u>	<u>\$ -</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	\$ 13,845,000
Bonds Issued	\$ 13,845,000
Original Authorized Cost	\$ 2,839,845
Additional Authorized Cost	\$ (891,952)
Revised Authorized Cost	\$ 1,947,893

Percentage Increase Over Original Authorized Cost	-31%
Percentage Completion	100%
Original Target Completion Date	August 15, 2015
Revised Target Completion Date	August 15, 2017



**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, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds	\$ 201,355	\$ 78,307	\$ 279,662	\$ 279,662
State Sources - SDA Grant	<u>111,025</u>	<u>-</u>	<u>111,025</u>	<u>111,025</u>
 Total Revenues and Other Financing Sources	 <u>312,380</u>	 <u>78,307</u>	 <u>390,687</u>	 <u>390,687</u>
<b>Expenditures and Other Financing Uses</b>				
Construction Services	355,745		355,745	355,745
Purchased Professional and Technical Services	<u>34,942</u>	<u>-</u>	<u>34,942</u>	<u>34,942</u>
 Total Expenditures	 <u>390,687</u>	 <u>-</u>	 <u>390,687</u>	 <u>390,687</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ (78,307)</u>	 <u>\$ 78,307</u>	 <u>\$ -</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	\$ 13,845,000
Bonds Issued	\$ 13,845,000
Original Authorized Cost	\$ 312,380
Additional Authorized Cost	\$ 78,307
Revised Authorized Cost	\$ 390,687

Percentage Increase Over Original Authorized Cost	25%
Percentage Completion	100%
Original Target Completion Date	August 31, 2015
Revised Target Completion Date	August 31, 2017

**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, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds	\$ 398,802	\$ 506	\$ 399,308	\$ 399,308
State Sources - SDA Grant	<u>135,280</u>	<u>-</u>	<u>135,280</u>	<u>135,280</u>
 Total Revenues and Other Financing Sources	 <u>534,082</u>	 <u>506</u>	 <u>534,588</u>	 <u>534,588</u>
<b>Expenditures and Other Financing Uses</b>				
Construction Services	476,165		476,165	476,165
Purchased Professional and Technical Services	<u>58,423</u>	<u>-</u>	<u>58,423</u>	<u>58,423</u>
 Total Expenditures	 <u>534,588</u>	 <u>-</u>	 <u>534,588</u>	 <u>534,588</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ (506)</u>	 <u>\$ 506</u>	 <u>\$ -</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	\$ 13,845,000
Bonds Issued	\$ 13,845,000
Original Authorized Cost	\$ 534,082
Additional Authorized Cost	\$ 506
Revised Authorized Cost	\$ 534,588

Percentage Increase Over Original

Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	August 31, 2015
Revised Target Completion Date	August 31, 2017

**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, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds	\$ 419,607	\$ (61,110)	\$ 358,497	\$ 358,497
State Sources - SDA Grant	<u>162,399</u>	<u>(29,979)</u>	<u>132,420</u>	<u>162,399</u>
Total Revenues and Other Financing Sources	<u>582,006</u>	<u>(91,089)</u>	<u>490,917</u>	<u>520,896</u>
<b>Expenditures and Other Financing Uses</b>				
Construction Services	467,789		467,789	467,789
Purchased Professional and Technical Services	<u>53,107</u>	<u>-</u>	<u>53,107</u>	<u>53,107</u>
Total Expenditures	<u>520,896</u>	<u>-</u>	<u>520,896</u>	<u>520,896</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 61,110</u>	<u>\$ (91,089)</u>	<u>\$ (29,979)</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	\$ 13,845,000
Bonds Issued	\$ 13,845,000
Original Authorized Cost	\$ 582,006
Additional Authorized Cost	\$ (61,110)
Revised Authorized Cost	\$ 520,896

Percentage Increase Over Original Authorized Cost	-10%
Percentage Completion	100%
Original Target Completion Date	August 31, 2015
Revised Target Completion Date	August 31, 2017

**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, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds	\$ 820,889	\$ (95,333)	\$ 725,556	\$ 725,556
State Sources - SDA Grant	<u>237,609</u>	<u>(76,739)</u>	<u>160,870</u>	<u>237,609</u>
Total Revenues and Other Financing Sources	<u>1,058,498</u>	<u>(172,072)</u>	<u>886,426</u>	<u>963,165</u>
<b>Expenditures and Other Financing Uses</b>				
Construction Services	858,256		858,256	858,256
Purchased Professional and Technical Services	<u>104,909</u>	<u>-</u>	<u>104,909</u>	<u>104,909</u>
Total Expenditures	<u>963,165</u>	<u>-</u>	<u>963,165</u>	<u>963,165</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 95,333</u>	<u>\$ (172,072)</u>	<u>\$ (76,739)</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	\$ 13,845,000
Bonds Issued	\$ 13,845,000
Original Authorized Cost	\$ 1,058,498
Additional Authorized Cost	\$ (95,333)
Revised Authorized Cost	\$ 963,165

## Percentage Increase Over Original

Authorized Cost	-9%
Percentage Completion	100%
Original Target Completion Date	August 31, 2015
Revised Target Completion Date	August 31, 2017

**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, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds	\$ 115,444	\$ (10,417)	\$ 105,027	\$ 105,027
State Sources - SDA Grant	<u>76,962</u>	<u>(7,216)</u>	<u>69,746</u>	<u>76,962</u>
Total Revenues and Other Financing Sources	<u>192,406</u>	<u>(17,633)</u>	<u>174,773</u>	<u>181,989</u>
<b>Expenditures and Other Financing Uses</b>				
Construction Services	146,749		146,749	146,749
Purchased Professional and Technical Services	<u>19,157</u>	<u>-</u>	<u>19,157</u>	<u>19,157</u>
Total Expenditures	<u>165,906</u>	<u>-</u>	<u>165,906</u>	<u>165,906</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 26,500</u>	<u>\$ (17,633)</u>	<u>\$ 8,867</u>	<u>\$ 16,083</u>

## Additional Project Information:

Project Number	5370-095-14-1008
Grant Date	July 10, 2014
Bond Authorization Date	April 29, 2014
Bonds Authorized	\$ 13,845,000
Bonds Issued	\$ 13,845,000
Original Authorized Cost	\$ 192,406
Additional Authorized Cost	\$ (10,417)
Revised Authorized Cost	\$ 181,989

Percentage Increase Over Original Authorized Cost	-5%
Percentage Completion	91%
Original Target Completion Date	August 31, 2015
Revised Target Completion Date	August 31, 2017

**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, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds	\$ 5,695,355	\$ 704,313	\$ 6,399,668	\$ 6,399,668
Other	<u>47,401</u>	<u>-</u>	<u>47,401</u>	<u>47,401</u>
 Total Revenues and Other Financing Sources	 <u>5,742,756</u>	 <u>-</u>	 <u>6,447,069</u>	 <u>6,447,069</u>
<b>Expenditures and Other Financing Uses</b>				
Construction Services	5,798,161	(44,684)	5,753,477	5,798,161
Purchased Professional and Technical Services	<u>648,908</u>	<u>-</u>	<u>648,908</u>	<u>648,908</u>
 Total Expenditures	 <u>6,447,069</u>	 <u>(44,684)</u>	 <u>6,402,385</u>	 <u>6,447,069</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ (704,313)</u>	 <u>\$ 44,684</u>	 <u>\$ 44,684</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	April 29, 2014
Bonds Authorized	\$ 13,845,000
Bonds Issued	\$ 13,845,000
Original Authorized Cost	\$ 5,742,756
Additional Authorized Cost	\$ 704,313
Revised Authorized Cost	\$ 6,447,069
 Percentage Increase Over Original Authorized Cost	 12%
Percentage Completion	99%
Original Target Completion Date	September 30, 2015
Revised Target Completion Date	September 30, 2017

**VERONA BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS  
ACQUISITION OF BUS, WORKSTATIONS AND CHROME BOOKS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Lease Proceeds	\$ 200,826	-	\$ 200,826	\$ 200,826
	<u>200,826</u>	<u>-</u>	<u>200,826</u>	<u>200,826</u>
<b>Expenditures and Other Financing Uses</b>				
Equipment	47,500		47,500	47,500
Supplies	153,324	-	153,324	153,326
	<u>200,824</u>	<u>-</u>	<u>200,824</u>	<u>200,826</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 200,826
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 200,826

Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	June 2018
Revised Target Completion Date	June 2018

**ENTERPRISE FUNDS**



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

THIS SCHEDULE IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**COMBINING STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

THIS SCHEDULE IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

THIS SCHEDULE IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**FIDUCIARY FUNDS**

**VERONA BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES  
AS OF JUNE 30, 2019**

	<u>Student</u>	<u>Agency</u>	
	<u>Activity</u>	<u>Payroll</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 141,546	\$ 84,118	\$ 225,664
Due From Other Funds	-	41,435	41,435
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 141,546</u>	<u>\$ 125,553</u>	<u>\$ 267,099</u>
<b>LIABILITIES</b>			
Due to Student Groups	\$ 141,546		\$ 141,546
Reserve for Flexible Spending		\$ 44,189	44,189
Accrued Salaries and Wages		1,918	1,918
Payroll Deductions and Withholdings	-	79,446	79,446
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ 141,546</u>	<u>\$ 125,553</u>	<u>\$ 267,099</u>

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

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**VERONA BOARD OF EDUCATION  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Balance</u> <u>July 1, 2018</u>		<u>Cash</u> <u>Receipts</u>		<u>Cash</u> <u>Disbursements</u>		<u>Balance,</u> <u>June 30, 2019</u>
<b>JUNIOR HIGH SCHOOL</b>							
H.B. Whitehorne Middle School	\$ 27,383	\$	84,624	\$	81,493	\$	30,514
<b>SENIOR HIGH SCHOOL</b>							
Verona Senior High School	91,289		168,607		155,795		104,101
Athletic Fund	<u>4,549</u>		<u>47,658</u>		<u>45,276</u>		<u>6,931</u>
	<u>\$ 123,221</u>	\$	<u>300,889</u>	\$	<u>282,564</u>	\$	<u>141,546</u>

**PAYROLL AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Balance,</u> <u>July 1, 2018</u>		<u>Increases</u>		<u>Decreases</u>		<u>Balance,</u> <u>June 30, 2019</u>
<b>ASSETS</b>							
Cash	\$ 92,168	\$	39,971,111	\$	39,979,161	\$	84,118
Due From Other Funds	<u>-</u>		<u>41,435</u>		<u>-</u>		<u>41,435</u>
	<u>\$ 92,168</u>	\$	<u>40,012,546</u>	\$	<u>39,979,161</u>	\$	<u>125,553</u>
<b>LIABILITIES</b>							
Payroll Deductions and Withholdings	\$ 62,052	\$	25,227,860	\$	25,210,466	\$	79,446
Accrued Salaries and Wages	1,918		14,691,415		14,691,415		1,918
Reserve for Flexible Spending	<u>28,198</u>		<u>93,271</u>		<u>77,280</u>		<u>44,189</u>
	<u>\$ 92,168</u>	\$	<u>40,012,546</u>	\$	<u>39,979,161</u>	\$	<u>125,553</u>

**LONG-TERM DEBT**

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

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2018</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2019</u>
			<u>Date</u>	<u>Amount</u>					
2014 School Bonds	4/29/2014	\$ 13,845,000	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							
						\$ 12,345,000	\$ 675,000	\$ 11,670,000	
2015 School Refunding	3/13/2015	\$ 24,635,000	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							
						21,460,000	-	1,640,000	19,820,000
						\$ 33,805,000	\$ -	\$ 2,315,000	\$ 31,490,000

**VERONA BOARD OF EDUCATION  
LONG TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE AGREEMENTS/LEASE PURCHASE AGREEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Series</u>	Amount of Original Issue	Balance, July 1, 2018	<u>Issued</u>	<u>Retired</u>	Balance, June 30, 2019
2015-Energy Incentive Savings Program	\$ 3,200,000	\$ 2,355,887		\$ 178,281	\$ 2,177,606
2016- Technology Equipment	150,000	42,317		42,317	
2016- Technology Equipment	160,000	53,365		53,365	
2017- Bus, Work Stations and Technology Equipment	200,826	<u>158,990</u>	<u>-</u>	<u>51,912</u>	<u>107,078</u>
		<u>\$ 2,610,559</u>	<u>\$ -</u>	<u>\$ 325,875</u>	<u>\$ 2,284,684</u>

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

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 2,961,821		\$ 2,961,821	\$ 2,961,821	
State Sources					
Debt Service Aid	<u>664,785</u>	<u>-</u>	<u>664,785</u>	<u>664,785</u>	<u>-</u>
Total Revenues	<u>3,626,606</u>	<u>-</u>	<u>3,626,606</u>	<u>3,626,606</u>	<u>-</u>
<b>EXPENDITURES</b>					
Debt Service					
Principal	2,315,000		2,315,000	2,315,000	
Interest	<u>1,320,638</u>	<u>-</u>	<u>1,320,638</u>	<u>1,320,638</u>	<u>-</u>
Total Expenditures	<u>3,635,638</u>	<u>-</u>	<u>3,635,638</u>	<u>3,635,638</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(9,032)</u>	<u>-</u>	<u>(9,032)</u>	<u>(9,032)</u>	<u>-</u>
Other Financing Sources (Uses)					
Transfer In	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,715</u>	<u>\$ 3,715</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,715</u>	<u>3,715</u>
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures	<u>(9,032)</u>	<u>-</u>	<u>(9,032)</u>	<u>(5,317)</u>	<u>3,715</u>
Fund Balance, Beginning of Year	<u>12,103</u>	<u>-</u>	<u>12,103</u>	<u>12,103</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 3,071</u>	<u>\$ -</u>	<u>\$ 3,071</u>	<u>\$ 6,786</u>	<u>\$ 3,715</u>

Recapitulation of Fund Balance:

## Restricted for Debt Service:

Designated for Subsequent Year's Budget	\$ 3,071
Available for Debt Service Expenditures	<u>3,715</u>

Total Fund Balance-Restricted for  
Debt Service

\$ 6,786



## 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.									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 6,542,788	\$ 6,705,998	\$ 6,966,552	\$ 10,024,595	\$10,140,982	\$ 9,467,375	\$ 11,262,874	\$ 12,665,031	\$ 9,954,673	\$ 10,804,944
Restricted	501,958	171,777	164,783	90,008	287,608	500,958	673,474	352,461	379,376	1,009,444
Unrestricted	<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>(9,172,256)</u>	<u>(9,938,705)</u>	<u>(10,547,075)</u>	<u>(10,537,200)</u>
<b>Total Governmental Activities Net Position</b>	<b>\$ 5,637,501</b>	<b>\$ 5,828,655</b>	<b>\$ 5,948,230</b>	<b>\$ 9,063,697</b>	<b>\$ 1,838,572</b>	<b>\$ 1,366,588</b>	<b>\$ 2,764,092</b>	<b>\$ 3,078,787</b>	<b>\$ (213,026)</b>	<b>\$ 1,277,188</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 25,890	\$ 22,558	\$ 19,226	\$ 60,040	\$ 47,628	\$ 41,107	\$ 29,785	\$ 21,661	\$ 21,118	\$ 21,481
Unrestricted	<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>	<u>10,421</u>	<u>16,303</u>	<u>27,153</u>
<b>Total Business-Type Activities Net Position</b>	<b>\$ 45,294</b>	<b>\$ 29,568</b>	<b>\$ 32,613</b>	<b>\$ 57,001</b>	<b>\$ 68,610</b>	<b>\$ 52,245</b>	<b>\$ 47,762</b>	<b>\$ 32,082</b>	<b>\$ 37,421</b>	<b>\$ 48,634</b>
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 6,568,678	\$ 6,728,556	\$ 6,985,778	\$ 10,084,635	\$10,188,610	\$ 9,508,482	\$ 11,292,659	\$ 12,686,692	\$ 9,975,791	\$ 10,826,425
Restricted	501,958	171,777	164,783	90,008	287,608	500,958	673,474	352,461	379,376	1,009,444
Unrestricted	<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>(9,154,279)</u>	<u>(9,928,284)</u>	<u>(10,530,772)</u>	<u>(10,510,047)</u>
<b>Total District Net Position</b>	<b>\$ 5,682,795</b>	<b>\$ 5,858,223</b>	<b>\$ 5,980,843</b>	<b>\$ 9,120,698</b>	<b>\$ 1,907,182</b>	<b>\$ 1,418,833</b>	<b>\$ 2,811,854</b>	<b>\$ 3,110,869</b>	<b>\$ (175,605)</b>	<b>\$ 1,325,822</b>

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 13,979,982	\$ 13,559,950	\$ 14,274,188	\$ 14,984,681	\$ 15,097,067	\$ 18,176,045	\$ 19,295,953	\$ 22,431,887	\$ 22,664,402	\$ 20,050,940
Special Education	4,264,879	4,503,628	4,658,751	4,593,223	4,902,628	5,853,353	6,479,779	7,286,594	8,069,439	8,408,758
Other Instruction	326,495	352,996	402,188	399,407	385,944	466,439	418,197	421,161	410,662	287,218
School Sponsored Activities And Athletics	884,332	851,004	919,157	964,506	1,011,087	1,127,135	1,237,964	1,214,014	1,357,579	1,198,893
Community Services	20,963		6,450							
<b>Support Services:</b>										
Student and Instruction Related Services	3,625,257	3,812,349	4,607,480	4,945,625	4,671,838	4,765,457	5,205,468	5,590,168	5,770,401	6,029,430
General Administration	597,791	626,250	612,146	658,156	734,420	597,313	696,937	771,714	805,213	1,332,307
School Administrative Services	2,627,792	2,932,971	2,367,908	2,434,204	2,432,868	3,064,442	3,124,857	3,386,471	3,425,021	3,038,800
Plant Operations And Maintenance	3,768,008	3,727,693	3,778,372	4,200,948	4,485,650	5,667,171	4,783,433	4,705,190	5,291,293	4,984,804
Pupil Transportation	459,971	466,844	478,843	499,926	641,206	713,344	888,883	1,032,430	901,393	903,057
Business and Other Support Services	493,452	540,371	502,522	658,644	696,393	701,640	785,432	877,465	925,767	847,372
Interest On Long-Term Debt and Other Chgs	1,569,642	1,552,194	1,501,988	1,433,132	1,432,836	1,815,349	1,300,089	1,221,902	1,176,502	1,118,900
<b>Total Governmental Activities Expenses</b>	<u>32,618,564</u>	<u>32,926,250</u>	<u>34,109,993</u>	<u>35,772,452</u>	<u>36,491,937</u>	<u>42,947,688</u>	<u>44,216,992</u>	<u>48,938,996</u>	<u>50,797,672</u>	<u>48,200,479</u>
<b>Business-Type Activities</b>										
VSEA	40,416	49,526	46,815	60,478	53,724	49,836	50,521	59,952	52,810	60,799
Food Service	301,924	288,527	342,468	380,441	386,419	378,302	389,032	393,936	354,475	405,585
<b>Total Business-Type Activities Expense</b>	<u>342,340</u>	<u>338,053</u>	<u>389,283</u>	<u>440,919</u>	<u>440,143</u>	<u>428,138</u>	<u>439,553</u>	<u>453,888</u>	<u>407,285</u>	<u>466,384</u>
<b>Total District Expenses</b>	<u>\$ 32,960,904</u>	<u>\$ 33,264,303</u>	<u>\$ 34,499,276</u>	<u>\$ 36,213,371</u>	<u>\$ 36,932,080</u>	<u>\$ 43,375,826</u>	<u>\$ 44,656,545</u>	<u>\$ 49,392,884</u>	<u>\$ 51,204,957</u>	<u>\$ 48,666,863</u>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
<b>Charges For Services</b>										
Regular Instruction	\$ 114,476	\$ 208,284	\$ 257,108	\$ 243,171	\$ 150,042	\$ 175,340	\$ 179,818	\$ 182,230	\$ 149,745	\$ 100,020
<b>Operating and Capital Grants And Contributions</b>	4,346,750	3,449,371	3,985,678	4,771,362	4,704,379	9,550,380	11,770,607	14,377,728	15,011,500	12,200,747
<b>Total Governmental Activities Program Revenues</b>	<u>4,461,226</u>	<u>3,657,655</u>	<u>4,242,786</u>	<u>5,014,533</u>	<u>4,854,421</u>	<u>9,725,720</u>	<u>11,950,425</u>	<u>14,559,958</u>	<u>15,161,245</u>	<u>12,300,767</u>
<b>Business-Type Activities</b>										
<b>Charges For Services</b>										
Food Service	228,491	260,396	331,902	341,493	355,977	51,481	48,938	59,625	56,899	67,087
VSEA	33,594	40,153	55,109	56,720	59,571	347,390	355,456	372,038	345,426	406,264
<b>Operating Grants And Contributions</b>	6,200	5,000	5,317	4,937	4,796	4,658	3,819	4,273	4,837	4,246
<b>Total Business Type Activities Program Revenues</b>	<u>268,285</u>	<u>305,549</u>	<u>392,328</u>	<u>403,150</u>	<u>420,344</u>	<u>403,529</u>	<u>408,213</u>	<u>435,936</u>	<u>407,162</u>	<u>477,597</u>
<b>Total District Program Revenues</b>	<u>\$ 4,729,511</u>	<u>\$ 3,963,204</u>	<u>\$ 4,635,114</u>	<u>\$ 5,417,683</u>	<u>\$ 5,274,765</u>	<u>\$ 10,129,249</u>	<u>\$ 12,358,638</u>	<u>\$ 14,995,894</u>	<u>\$ 15,568,407</u>	<u>\$ 12,778,364</u>
<b>Net (Expense)/Revenue</b>										
<b>Governmental Activities</b>	\$ (28,157,338)	\$ (29,268,595)	\$ (29,867,207)	\$ (30,757,919)	\$ (31,637,516)	\$ (33,221,968)	\$ (32,266,567)	\$ (34,379,038)	\$ (35,636,427)	\$ (35,899,712)
<b>Business-Type Activities</b>	(74,055)	(32,504)	3,045	(37,769)	(19,799)	(24,609)	(31,340)	(17,952)	(123)	11,213
<b>Total District-Wide Net Expenses</b>	<u>\$ (28,231,393)</u>	<u>\$ (29,301,099)</u>	<u>\$ (29,864,162)</u>	<u>\$ (30,795,688)</u>	<u>\$ (31,657,315)</u>	<u>\$ (33,246,577)</u>	<u>\$ (32,297,907)</u>	<u>\$ (34,396,990)</u>	<u>\$ (35,636,550)</u>	<u>\$ (35,888,499)</u>

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Revenues and Other Changes in Net Assets</b>										
<b>Governmental Activities</b>										
Property Taxes Levied For General Purposes, Net	\$ 25,601,948	\$ 26,626,026	\$ 27,158,547	\$ 27,801,223	\$ 28,496,254	\$ 29,231,861	\$ 30,040,337	\$ 30,966,400	\$ 31,810,340	\$ 33,336,868
Taxes Levied For Debt Service	1,725,142	2,218,556	2,238,160	2,242,798	2,253,849	2,627,588	2,815,471	2,871,015	2,884,205	2,961,821
State Aid Restricted for Debt Service	503,226	423,263	429,506	435,288	625,186	621,793	687,998	667,667	665,025	664,785
Investment Earnings	1,895	940	9	8	323	20,780	17,258	10,253	26,319	58,678
Miscellaneous Income	273,419	207,738	160,660	166,829	354,072	256,206	297,580	180,670	352,583	367,774
Transfers	(64,060)	(16,774)	-	(8,931)	(31,408)	(8,244)	(26,857)	(2,272)	-	-
<b>Total Governmental Activities</b>	<b>28,041,570</b>	<b>29,459,749</b>	<b>29,986,882</b>	<b>30,637,215</b>	<b>31,698,276</b>	<b>32,749,984</b>	<b>33,831,787</b>	<b>34,693,733</b>	<b>35,738,472</b>	<b>37,389,926</b>
<b>Business-Type Activities</b>										
Investment Earnings	28	4	-	8,931	31,408	8,244	26,857	2,272	-	-
Transfers	64,060	16,774	-	8,931	31,408	8,244	26,857	2,272	-	-
<b>Total Business-Type Activities</b>	<b>64,088</b>	<b>16,778</b>	<b>-</b>	<b>8,931</b>	<b>31,408</b>	<b>8,244</b>	<b>26,857</b>	<b>2,272</b>	<b>-</b>	<b>-</b>
<b>Total District-Wide</b>	<b>\$ 28,105,658</b>	<b>\$ 29,476,527</b>	<b>\$ 29,986,882</b>	<b>\$ 30,646,146</b>	<b>\$ 31,729,684</b>	<b>\$ 32,758,228</b>	<b>\$ 33,858,644</b>	<b>\$ 34,696,005</b>	<b>\$ 35,738,472</b>	<b>\$ 37,389,926</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ (115,768)	\$ 191,154	\$ 119,675	\$ (120,704)	\$ 60,760	\$ (471,984)	\$ 1,565,220	\$ 314,695	\$ 102,045	\$ 1,490,214
Business-Type Activities	(9,967)	(15,726)	3,045	(28,838)	11,609	(16,365)	(4,483)	(15,680)	(123)	11,213
<b>Total District</b>	<b>\$ (125,735)</b>	<b>\$ 175,428</b>	<b>\$ 122,720</b>	<b>\$ (149,542)</b>	<b>\$ 72,369</b>	<b>\$ (488,349)</b>	<b>\$ 1,560,737</b>	<b>\$ 299,015</b>	<b>\$ 101,922</b>	<b>\$ 1,501,427</b>

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 724,666									
Unreserved	213,425									
Nonspendable										
Restricted		\$ 652,903	\$ 633,147	\$ 719,956	\$ 812,578	\$ 743,809	\$ 821,353	\$ 73,711	\$ 370,630	\$ 1,121,361
Committed								574,646		70,945
Assigned						9,956	36,086	31,841		119,785
Unassigned	-	414,056	341,544	313,521	323,021	339,749	302,589	325,703	339,755	323,440
<b>Total General Fund</b>	<b>\$ 938,091</b>	<b>\$ 1,066,959</b>	<b>\$ 974,691</b>	<b>\$ 1,033,477</b>	<b>\$ 1,135,599</b>	<b>\$ 1,093,514</b>	<b>\$ 1,160,028</b>	<b>\$ 1,005,901</b>	<b>\$ 710,385</b>	<b>\$ 1,635,531</b>
All Other Governmental Funds										
Reserved	\$ 318,639									
Unreserved	223,296									
Restricted	-	\$ 15,421	\$ 7,918	\$ 5,477	\$ 13,739,314	\$ 14,369,550	\$ 7,611,604	\$ 19,552	\$ 29,483	\$ (45,082)
<b>Total All Other Governmental Funds</b>	<b>\$ 541,935</b>	<b>\$ 15,421</b>	<b>\$ 7,927</b>	<b>\$ 5,477</b>	<b>\$ 13,739,314</b>	<b>\$ 14,369,550</b>	<b>\$ 7,611,604</b>	<b>\$ 19,552</b>	<b>\$ 29,483</b>	<b>\$ (45,082)</b>

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Tax Levy	\$ 27,327,090	\$ 28,844,582	\$ 29,396,707	\$ 30,044,021	\$ 30,750,103	\$ 31,859,449	\$ 32,855,808	\$ 33,837,415	\$ 34,694,545	\$ 36,298,689
Tuition Charges	114,476	208,284	257,108	243,171	150,042	175,340	179,818	182,230	149,745	100,020
Miscellaneous	299,357	258,482	261,316	185,620	371,855	269,692	343,885	317,651	413,094	459,276
Interest	1,895	940	9	8	323	20,780	17,258	10,253	26,319	58,678
State Sources	4,195,378	2,996,240	3,744,188	4,727,332	4,681,308	5,882,064	7,381,050	6,694,620	7,173,925	8,221,866
Federal Sources	628,660	823,279	570,340	460,527	630,474	553,751	597,626	632,408	723,028	738,625
<b>Total Revenues</b>	<b>32,566,856</b>	<b>33,131,807</b>	<b>34,229,668</b>	<b>35,660,679</b>	<b>36,584,105</b>	<b>38,761,076</b>	<b>41,375,445</b>	<b>41,674,577</b>	<b>43,180,656</b>	<b>45,877,154</b>
<b>Expenditures</b>										
Instruction										
Regular Instruction	13,869,191	13,439,810	14,133,388	14,833,958	14,973,975	15,511,696	16,118,945	17,123,270	17,692,779	17,582,710
Special Education Instruction	4,273,598	4,503,754	4,661,814	4,597,744	4,914,698	5,422,680	6,006,173	6,380,677	7,136,959	7,892,115
Other Instruction	326,495	352,996	402,188	399,407	385,944	396,943	349,091	316,870	305,057	277,267
School Sponsored Activities and Athletics	850,043	816,957	885,191	915,300	962,054	978,351	1,058,768	962,474	1,079,468	1,040,835
Community Services	20,963		6,450							
Support Services										
Student and Inst. Related Services	3,623,506	3,782,776	4,605,615	4,930,986	4,653,462	4,461,222	4,731,691	4,765,476	4,900,620	5,595,157
General Administration	590,725	624,997	603,465	644,203	718,345	530,085	567,910	657,594	688,637	1,150,435
School Administrative Services	2,581,689	2,819,910	2,289,114	2,317,069	2,302,511	2,673,890	2,641,920	2,613,464	2,647,740	2,618,591
Plant Operations And Maintenance	2,887,096	2,849,971	2,906,584	2,912,696	3,191,491	4,368,393	3,450,479	3,500,542	3,279,138	3,131,582
Pupil Transportation	459,971	466,844	478,843	499,926	641,206	710,979	879,621	832,949	870,651	892,023
Business and Other Support Services	493,452	540,371	502,522	658,644	680,245	660,653	724,563	782,097	806,173	792,337
Capital Outlay	207,113	300,398	46,875	165,599	176,317	2,511,014	7,862,840	7,700,369	84,860	31,144
Debt Service										
Principal	1,181,031	1,219,767	1,313,922	1,318,011	1,577,783	1,612,478	2,216,723	2,443,139	2,710,557	2,640,875
Interest and Other Charges	1,572,869	1,539,339	1,493,459	1,437,495	1,383,707	1,701,297	1,581,296	1,499,563	1,464,428	1,381,502
Bond Issuance Costs						171,893				
Claims and Judgments	-	316,268	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>32,937,742</b>	<b>33,574,158</b>	<b>34,329,430</b>	<b>35,631,038</b>	<b>36,561,738</b>	<b>41,711,574</b>	<b>48,190,020</b>	<b>49,578,484</b>	<b>43,667,067</b>	<b>45,026,573</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(370,886)	(442,351)	(99,762)	29,641	22,367	(2,950,498)	(6,814,575)	(7,903,907)	(486,411)	850,581
<b>Other Financing Sources (Uses)</b>										
Lease Purchase Proceeds	170,000	61,479				3,375,000	150,000	160,000	200,826	
Capital Lease Proceeds	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	1,895	322,168	509	8	5,783	20,698	16,651	84,468	3,070	3,715
Transfers Out	(65,955)	(338,942)	(509)	(8,939)	(37,191)	(28,942)	(43,508)	(86,740)	(3,070)	(3,715)
<b>Total Other Financing Sources (Uses)</b>	<b>183,865</b>	<b>44,705</b>	<b>-</b>	<b>26,695</b>	<b>13,813,592</b>	<b>3,538,649</b>	<b>123,143</b>	<b>157,728</b>	<b>200,826</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ (187,021)</b>	<b>\$ (397,646)</b>	<b>\$ (99,762)</b>	<b>\$ 56,336</b>	<b>\$ 13,835,959</b>	<b>\$ 588,151</b>	<b>\$ (6,691,432)</b>	<b>\$ (7,746,179)</b>	<b>\$ (285,585)</b>	<b>\$ 850,581</b>
Debt Service as a Percentage of Noncapital Expenditures	8.41%	8.29%	8.19%	7.77%	8.14%	8.45%	9.42%	9.41%	9.58%	8.94%

\* 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</u> <u>Ended June 30,</u>	<u>Tuition</u>	<u>Interest on</u> <u>Investments</u>	<u>Donations/</u> <u>Local Grants</u>	<u>Rentals</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2017	182,230	10,253	136,981	121,987	58,683	510,134
2018	149,745	26,319	107,912	105,664	199,518	589,158
2019	100,020	58,678	91,502	111,294	256,480	617,974

Source: School District's Records

**VERONA BOARD OF EDUCATION**  
**ASSESSED VALUATION AND ESTIMATED ACTUAL VALUATION 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 <sup>a</sup>
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
2017	28,968,000	1,765,295,400	185,439,700	5,356,600	36,688,900	2,021,748,600	1,336,300	2,023,084,900	2,023,084,900	1.72
2018	27,646,500	1,769,307,600	181,633,100	5,356,600	36,356,900	2,020,300,700	1,335,400	2,021,636,100	2,021,636,100	1.76
2019	29,170,800	2,093,324,300	217,876,700	6,140,200	49,048,300	2,395,560,300	1,584,800	2,397,145,100	2,397,145,100	1.56

\*- Township had a Revaluation completed in 2009.

<sup>a</sup> 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>
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
2017		1.72	0.785	0.613	3.12
2018		1.76	0.807	0.594	3.16
2019	*	1.56	0.702	0.507	2.77

\*- Township had a Revaluation completed in 2009 and 2019

Source: Tax Duplicate, Township of Verona

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

Taxpayer	2019		2010	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Claridge House Two	\$ 65,373,500	2.73%	\$ 90,153,900	4.11%
Claridge House One	11,378,200	0.47%	63,572,400	2.90%
Ardleigh Mews Condominiums	26,797,400	1.12%	28,233,300	1.29%
Wedgewood Gardens Condominiums	23,080,300	0.96%	26,696,500	1.22%
Diener Family Partnership	27,522,200	1.15%	23,961,900	1.09%
Beacon Hill Assoc.	23,419,500	0.98%	24,550,600	1.12%
Hilltop/Cenrose	9,001,900	0.38%	8,517,000	0.39%
Cam Gar	27,844,800	1.16%	15,897,100	0.73%
GAHC3 Verona Mob, LLC	9,896,400	0.41%		
Montclair Golf Club	8,138,900	0.34%	8,805,800	0.40%
EVI Realty	8,579,700	0.36%	7,680,300	0.35%
J. Webster Realty LLC			6,932,900	0.32%
225 Bloomfield Avenue LLC	6,924,200	0.29%	9,345,000	0.43%
Kadima Medical Properties Investment			5,617,800	0.26%
Nordan Realty	6,237,500	0.26%		
	<u>\$ 254,194,500</u>	<u>10.05%</u>	<u>\$ 319,964,500</u>	<u>14.60%</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	
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
2017	33,837,415	33,837,415	100.00%	N/A
2018	34,694,545	34,694,545	100.00%	N/A
2019	36,298,689	35,533,689	97.89%	\$ 765,000

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases	Loans Payable			
2010	\$ 35,091,000	\$ 327,476		\$ 35,418,476	12,643	\$ 2,801
2011	33,961,000	299,188		34,260,188	13,456	2,546
2012	32,771,000	175,266		32,946,266	13,483	2,444
2013	31,521,000	142,881		31,663,881	13,440	2,356
2014	43,866,000	65,098		43,931,098	13,418	3,274
2015	40,080,000	3,377,620		43,457,620	13,380	3,248
2016	38,080,000	3,310,897		41,390,897	13,454	3,076
2017	35,980,000	2,945,290		38,925,290	13,438	2,897
2018	33,805,000	2,610,559		36,415,559	13,399	2,718
2019	31,490,000	2,284,684		33,774,684	13,420	2,517

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			
2010	\$ 35,091,000		\$ 35,091,000	1.60%	\$ 2,776
2011	33,961,000		33,961,000	3.00%	2,524
2012	32,771,000		32,771,000	1.59%	2,431
2013	31,521,000		31,521,000	1.57%	2,345
2014	43,866,000		43,866,000	2.19%	3,269
2015	40,080,000		40,080,000	2.00%	2,996
2016	38,080,000		38,080,000	1.89%	2,830
2017	35,980,000		35,980,000	1.78%	2,677
2018	33,805,000		33,805,000	1.67%	2,523
2019	31,490,000		31,490,000	1.31%	2,346

Source: District records

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

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Verona Board of Education	\$ 34,305,000	\$ 34,305,000	
Township of Verona	<u>42,639,496</u>	<u>9,738,624</u>	<u>\$ 32,900,872</u>
	<u>\$ 76,944,496</u>	<u>\$ 44,043,624</u>	<u>32,900,872</u>
Overlapping Debt Apportioned to the Municipality:			
Essex County			13,915,184
County of Essex (A)			<u>899,465</u>
Essex County Utilities Authority (B)			<u>14,814,649</u>
			<u>\$ 47,715,521</u>
 Total Direct and Overlapping Debt			

Source:

(1) Township of Verona's 2018 Annual Debt Statement

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$100,860,695	\$ 98,668,593	\$ 95,210,285	\$ 92,038,325	\$ 89,141,839	\$ 87,978,322	\$ 89,246,737	\$ 91,844,839	\$ 93,951,723	\$ 96,404,740
Total Net Debt Applicable to Limit	<u>35,091,450</u>	<u>33,961,170</u>	<u>32,771,170</u>	<u>31,521,000</u>	<u>43,866,000</u>	<u>40,080,000</u>	<u>38,080,000</u>	<u>35,980,000</u>	<u>33,805,000</u>	<u>31,490,000</u>
Legal Debt Margin	<u>\$ 65,769,245</u>	<u>\$ 64,707,423</u>	<u>\$ 62,439,115</u>	<u>\$ 60,517,325</u>	<u>\$ 45,275,839</u>	<u>\$ 47,898,322</u>	<u>\$ 51,166,737</u>	<u>\$ 55,864,839</u>	<u>\$ 60,146,723</u>	<u>\$ 64,914,740</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	34.79%	34.42%	34.42%	34.25%	49.21%	45.56%	42.67%	39.17%	35.98%	32.66%

**Legal Debt Margin Calculation for Fiscal Year 2019**

Equalized Valuation Basis

2018	\$ 2,484,078,077
2017	2,374,337,757
2016	<u>2,371,939,654</u>

\$ 7,230,355,488

3 Year Average \$ 2,410,118,496

4% of Avg. Equalized Valuation	\$ 96,404,740
Less Net Debt	<u>31,490,000</u>

Remaining Borrowing Power \$ 64,914,740

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>
2010	5.4%	\$ 50,946	12,643
2011	5.1%	51,884	13,456
2012	5.3%	54,078	13,483
2013	4.8%	54,783	13,440
2014	4.9%	55,369	13,418
2015	4.2%	57,817	13,380
2016	3.6%	60,131	13,454
2017	3.6%	61,287	13,438
2018	3.4%	63,554	13,399
2019	3.0%	N/A	13,420

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Instruction										
Regular	152.0	154.0	154.0	156.0	158.0	159.0	142.0	149.0	142.0	136.0
Special Education	28.0	21.0	21.0	21.0	21.0	21.0	22.0	26.0	32.0	28.0
Other Instruction	2.0	2.0	2.0	2.0	2.0	2.0	55.0	75.0	80.0	72.0
Support Services:										
Student and Instruction Related Services	27.0	38.0	39.0	39.0	39.0	40.0	37.0	33.0	35.0	18.0
General Administration	2.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0	3.0	15.0
School Administrative Services	19.0	18.0	18.0	18.0	18.0	18.0	27.0	27.0	27.0	17.0
Other Administrative Services	2.0									
Central Services	4.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0	3.0	4.0
Administrative Information Technology	1.0	1.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0
Plant Operations And Maintenance	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	21.0	19.0
Pupil Transportation	3.0	3.0	3.0	3.0	3.0	4.0	3.0	5.0	5.0	4.0
Total	<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>	<u>343.0</u>	<u>351.0</u>	<u>316.0</u>

Source: District Personnel Records

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

Pupil/Teacher Ratio

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teaching Staff	Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
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	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%
2017	2,197	37,719,270	17,169	2.88%	175	18:1	11:1	12:0	2,180	2,078	1.77%	95.32%
2018	2,218	39,407,222	17,767	3.49%	174	13:05:01	11:09:01	12:01	2,175	2,072	-0.23%	95.26%
2019	2,235	40,859,118	18,281	2.90%	172	14:1	12:1	13:1	2,210	2,130	1.61%	96.38%

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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>District Building</b>										
<u>Elementary</u>										
Brookdale Avenue School (1927)										
Square Feet	37,972	37,972	37,972	37,972	37,972	37,972	37,972	37,972	37,972	37,972
Capacity (students)	270	270	270	270	270	270	270	270	270	270
Enrollment	138	137	145	132	118	123	115	135	131	127
Laning Avenue School (1918)										
Square Feet	46,477	46,477	46,477	46,477	46,477	46,477	46,477	46,477	46,477	46,477
Capacity (students)	377	377	377	377	377	377	377	377	377	377
Enrollment	259	311	329	321	291	285	265	246	249	234
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	249	249	240	214	215	212	199	215	245	257
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	239	224	231	230	227	223	234	222	219	211
<u>Middle School</u>										
H.B. Whitehorn (1920)										
Square Feet	118,224	118,224	118,224	118,224	118,224	118,224	118,224	118,224	118,224	118,224
Capacity (students)	721	721	721	721	721	721	721	721	721	721
Enrollment	622	635	664	691	733	724	726	720	681	679
<u>High School</u>										
Verona High School (1955)										
Square Feet	120,245	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	591	613	609	602	609	623	616	659	693	703

Number of Schools at June 30, 2019  
 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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b><u>School Facilities</u></b>										
Verona High School	\$ 213,232	\$ 132,129	\$ 158,314	\$ 154,400	\$ 190,081	\$ 226,973	\$ 188,615	\$ 215,392	\$ 235,747	\$ 149,780
Brookdale Avenue School	36,295	41,725	49,994	49,806	61,316	73,217	59,563	68,018	74,446	47,299
F.N. Brown School	54,442	42,838	51,328	49,807	61,316	73,217	61,152	69,833	76,432	48,561
Forest Avenue School	40,832	30,493	36,536	34,864	42,921	51,252	43,529	49,708	54,405	34,566
Henry B. Whitehorne Middle School	72,590	129,909	155,654	149,419	183,949	219,652	185,446	211,772	231,784	147,263
Laning Avenue School	<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>	<u>83,253</u>	<u>91,120</u>	<u>57,892</u>
Grand Total	<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>	<u>\$ 697,976</u>	<u>\$ 763,934</u>	<u>\$ 485,361</u>

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

<u>TYPE OF POLICY</u>	<u>POLICY LIMITS</u>	<u>DEDUCTIBLE</u>
<b>MORRIS ESSEX INSURANCE FUND</b>		
<b>ZURICH INS. CO.</b>		
<b>PROPERTY SECTION</b>		
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	\$100,000
Extra Expense	\$5,000,000	\$5,000
Contractors Equipment (\$10,000 per item limit)	\$37,770	\$500
Musical Instruments, Athletic Equipment, Band Uniforms and Theatrical Equip.	\$250,000	\$500
Valuable Papers	\$250,000	\$500
Electronic Data Process. Equip		\$5,000
Accounts Receivable	\$250,000	\$500
<b>GENERAL LIABILITY</b>		
General Aggregate	\$3,000,000	\$5,000
Each Occurrence	\$1,000,000	\$5,000
<b>COMMERCIAL AUTOMOBILE LIABILITY</b>		
Combined Single Limit	\$1,000,000	
Comprehensive		\$1,000
Collision		\$1,000
<b>COMMERCIAL UMBRELLA</b>		
	\$10,000,000	
<b>WORKERS COMPENSATION</b>		
Per Occurrence	\$5,000,000	
Policy Limit	\$5,000,000	
Aggregate	\$5,000,000	
<b>CRIME</b>		
Employee Theft	\$500,000	\$5,000
Forgery and Alterations	\$250,000	\$5,000
<b>EDUCATORS LEGAL LIABILITY</b>		
Selective Insurance Co.	\$1,000,000	\$10,000
<b>INDIVIDUAL BONDS</b>		
Business Administrator/Bd Secy	\$100,000	
Treasurer of School Monies	\$275,000	

**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  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
SHERYL M. LEIDIG, CPA, PSA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA

**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, 2019 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 4, 2019.

**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 4, 2019

### 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 I. Vinci  
Public School Accountant  
PSA Number CS00829

Fair Lawn, New Jersey  
December 4, 2019



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
SHERYL M. LEIDIG, CPA, PSA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE 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, 2019. 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, 2019.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the New Jersey OMB Circular 15-08 which is described in the accompanying schedule of findings and questioned costs as item 2019-001. Our opinion on each major state program is not modified with respect to these matters.

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

### **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 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 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 New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the Verona Board of Education, as of and for the fiscal year ended June 30, 2019 and have issued our report thereon dated December 4, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

  
Gary J. Vinci  
Public School Accountant  
PSA Number CS00829

Fair Lawn, New Jersey  
December 4, 2019

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

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant Period	Award Amount	Balance July 1, 2018	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Refund of Prior Years' Balances	June 30, 2019			Memo GAAP Receivable
											Accounts Receivable	Unearned Revenue	Due to Grantor	
<b>U.S. Department of Education Passed-through State Department of Education</b>														
Special Milk Program	10.556	181NJ304N1099	7/1/17-6/30/18	\$ 4,837	\$ (89)	-	\$ 89	\$ 4,246	-	-	\$ (212)	-	-	\$ (212)
Special Milk Program	10.556	191NJ304N1099	7/1/18-6/30/19	4,246	-	-	4,034	4,246	-	-	(212)	-	-	(212)
Total U.S. Department of Agriculture					(89)	-	4,123	4,246	-	-	(212)	-	-	(212)
<b>Special Revenue Fund</b>														
<b>U.S. Department of Education Passed-through State Department of Education</b>														
E.S.E.A.-Title I- Part A	84.010	S010A170030	7/1/17-6/30/18	196,602	(67,646)	(3,095)	67,646	-	\$ 3,095	-	-	-	-	-
E.S.E.A.-Title I- Part A	84.010	S010A180030	7/1/18-6/30/19	195,501	-	3,095	147,454	195,956	(3,095)	-	(51,142)	\$ 2,640	-	(48,502)
E.S.E.A.-Title II-Part A	84.367A	S367A170029	7/1/17-6/30/18	47,363	(33,568)	(21,271)	33,568	-	21,271	-	-	-	-	-
E.S.E.A.-Title II-Part A	84.367A	S367A180029	7/1/18-6/30/19	42,428	-	21,271	26,600	42,050	(21,271)	-	(37,099)	21,649	-	(15,450)
E.S.E.A.- Title IV	84.424	S424A170031	7/1/17-6/30/18	10,000	(2,077)	(7,923)	2,077	-	7,923	-	-	-	-	-
E.S.E.A.- Title IV	84.424	S424A180031	7/1/18-6/30/19	11,799	-	7,923	5,681	17,031	(7,923)	-	(14,041)	2,691	-	(11,350)
Total U.S. Department of Education					(118,459)	-	757,185	738,625	-	-	(168,325)	68,426	-	(99,899)
Total Special Education Cluster IDEA					(15,168)	-	474,159	483,588	-	-	(66,043)	41,446	-	(24,597)
Total U.S. Department of Education/Special Revenue Fund					(118,459)	-	757,185	738,625	-	-	(168,325)	68,426	-	(99,899)
Total Federal Financial Awards					\$ (118,548)	\$ -	\$ 761,308	\$ 742,871	\$ -	\$ -	\$ (168,537)	\$ 68,426	\$ -	\$ (100,111)

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, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Balance, July 1, 2018			Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Years' Balances	Balance, June 30, 2019			Memo		
			Award Amount	(Accounts Receivable)	Due to Grantor					(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
<b>State Department of Education</b>															
<i>General Fund</i>															
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	\$ 880,894	\$ (78,361)	\$	78,361								\$	1,008,607
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	1,008,607			916,557	\$	1,008,607		\$	(92,050)				-
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	38,359	(3,412)		3,412									175,630
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	175,630			159,601		175,630			(16,029)				-
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	21,960	(1,954)		1,954									-
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	21,960	(1,954)		1,954									-
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	21,290	(1,894)		1,894									-
<b>Total State Aid Public Cluster</b>				<b>(87,575)</b>		<b>1,163,733</b>		<b>1,184,237</b>			<b>(108,079)</b>				<b>1,184,237</b>
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	19,303	(1,717)		1,717									-
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	103,500			94,054		103,500			(9,446)				103,500
<b>Total Transportation Aid Cluster</b>				<b>(1,717)</b>		<b>95,771</b>		<b>103,500</b>			<b>(9,446)</b>				<b>103,500</b>
Extraordinary Aid	18-100-034-5120-473	7/1/17-6/30/18	398,975	(397,431)		398,975		1,544							1,544
Extraordinary Aid	19-100-034-5120-473	7/1/18-6/30/19	459,052					459,052			(459,052)				459,052
<b>Reimbursed TPAF Pension Contribution</b>															3,045,135
Normal	19-495-034-5094-002	7/1/18-6/30/19	3,045,135			3,045,135		3,045,135							63,743
NCGI	19-495-034-5094-004	7/1/18-6/30/19	63,743			63,743		63,743							2,726
LTDI	19-495-034-5094-004	7/1/18-6/30/19	2,726			2,726		2,726							1,410,182
Post Retirement	19-495-034-5094-001	7/1/18-6/30/19	1,410,182			1,410,182		1,410,182							-
<b>Total On-Behalf TPAF Contribution Cluster</b>						<b>4,521,786</b>		<b>4,521,786</b>							<b>4,521,786</b>
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17-6/30/18	1,171,432	(57,364)		57,364									-
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18-6/30/19	1,212,126			1,150,970		1,212,126			(61,156)			\$	(61,156)
<b>Total General Fund</b>				<b>(544,087)</b>		<b>7,388,599</b>		<b>7,482,245</b>			<b>(637,733)</b>				<b>7,482,245</b>
<i>Special Revenue Fund</i>															
New Jersey Nonpublic Aid:															-
Textbook	18-100-034-5120-064	7/1/17-6/30/18	10,901		\$	704				\$	704				-
Textbook	19-100-034-5120-064	7/1/18-6/30/19	9,932			9,932		8,346				\$	1,586		8,346
Nursing Services	18-100-034-5120-070	7/1/18-6/30/19	18,042			18,042		18,042							18,042
Technology Aid	18-100-034-5120-373	7/1/17-6/30/18	7,363												-
Technology Aid	19-100-034-5120-373	7/1/18-6/30/19	6,696			6,696		6,696							6,696
Security Aid	18-100-034-5120-509	7/1/17-6/30/18	14,925												-
Security Aid	19-100-034-5120-509	7/1/18-6/30/19	27,900			27,900		21,750							21,750
Auxiliary Services (Chp 192)															-
Compensatory Education	19-100-034-5120-067	7/1/18-6/30/19	54,907			54,907		44,330							44,330
Transportation	19-100-034-5120-068	7/1/18-6/30/19	20,476			20,476		20,476							20,476
<b>Total Nonpublic Auxiliary Services Aid (Chp 192) Cluster</b>						<b>75,383</b>		<b>64,806</b>							<b>64,806</b>
Handicapped Services (Chp 193)															-
Supplementary Instruction	18-100-034-5120-066	7/1/17-6/30/18	19,031			1,268									-
Supplementary Instruction	19-100-034-5120-066	7/1/18-6/30/19	26,960			26,960		17,605							17,605
Examination and Classification	18-100-034-5120-066	7/1/17-6/30/18	26,936			6,730									-
Examination and Classification	19-100-034-5120-066	7/1/18-6/30/19	32,402			32,402		20,749							20,749
Corrective Speech	18-100-034-5120-066	7/1/17-6/30/18	18,392			2,248									-
Corrective Speech	19-100-034-5120-666	7/1/18-6/30/19	19,642			19,642		6,696							6,696
<b>Total Nonpublic Handicapped Services Aid (Chp 193) Cluster</b>						<b>10,246</b>		<b>79,004</b>							<b>45,050</b>
<b>Total Special Revenue Fund</b>						<b>11,873</b>		<b>216,957</b>							<b>164,690</b>

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Balance, July 1, 2018						Refund of Prior Years' Balances	Balance, June 30, 2019			Memo			
			Award Amount	(Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	Adjustment		(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures		
<b>Capital Projects Fund</b>																
NJ Economic Development Authority																
High School Mechanical Upgrades	5370-050-14-1002		\$ 1,541,032	\$ (282,387)		\$ 278,909			\$ 3,478						\$ -	
High School Interior & Exterior Renovations	5370-050-14-1003		509,339	(101,867)		101,867									-	
Brookdale Ave. Interior & Exterior Renovations	5370-050-14-1004		134,234	(22,205)		45,414		(23,209)							-	
F. N. Brown School Interior & Exterior Renovations	5370-050-14-1005		135,280	(121,752)		112,545		9,207							-	
Forest Ave. School Interior & Exterior Renovations	5370-090-14-1006		162,399	(32,480)		2,501		29,979							\$ -	
Whitehome Middle School Interior & Exterior Renovations	5370-095-14-1007		237,609	(142,565)		65,826		76,739							-	
Laning Ave. Interior & Exterior Renovations	5370-095-14-1008		76,962	(76,962)		59,222		17,740							-	
<b>Total Capital Projects Fund</b>				<b>(780,218)</b>		<b>666,284</b>		<b>-</b>	<b>113,934</b>						<b>-</b>	
<b>Debt Service Fund</b>																
Debt Service Aid	19-495-034-5120-075	7/1/18-6/30/19	664,785	-	-	\$ 664,785	\$ 664,785	-	-							\$ 664,785
<b>Total State Financial Assistance Subject to Single Audit Determination</b>				<b>\$ (1,324,305)</b>	<b>\$ 11,873</b>	<b>8,936,625</b>	<b>8,311,720</b>	<b>113,934</b>	<b>\$ 11,873</b>	<b>\$ (637,733)</b>	<b>\$ -</b>	<b>\$ 52,267</b>	<b>\$ (61,156)</b>	<b>\$ 8,311,720</b>		
<b>State Financial Assistance Not Subject to Single Audit Major Program Determination</b>																
<b>General Fund</b>																
Normal Pension Costs	19-495-034-5094-002	7/1/18-6/30/19	3,045,135			(3,045,135)	(3,045,135)									(3,045,135)
NonContributory Insurance	19-495-034-5094-004	7/1/18-6/30/19	63,743			(63,743)	(63,743)									(63,743)
LTDI	19-495-034-5094-004	7/1/18-6/30/19	2,726			(2,726)	(2,726)									(2,726)
Post Retirement	19-495-034-5094-001	7/1/18-6/30/19	1,410,182			(1,410,182)	(1,410,182)									(1,410,182)
<b>Total for State Financial Assistance Subject to Single Audit Major Program Determination</b>				<b>\$ (1,324,305)</b>	<b>\$ 11,873</b>	<b>\$ 4,414,839</b>	<b>\$ 3,789,934</b>	<b>\$ 113,934</b>	<b>\$ 11,873</b>	<b>\$ (637,733)</b>	<b>\$ -</b>	<b>\$ 52,267</b>	<b>\$ (61,156)</b>	<b>\$ 3,789,934</b>		

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

**NOTE 1 GENERAL**

The accompanying schedules present the activity of all federal and state financial assistance programs of the 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$89,854 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		\$ 7,392,391	\$ 7,392,391
Special Revenue Fund	\$ 738,625	164,690	903,315
Debt Service Fund		664,785	664,785
Food Service Fund	4,246	-	4,246
	<u>4,246</u>	<u>-</u>	<u>4,246</u>
Total Financial Assistance	<u>\$ 742,871</u>	<u>\$ 8,221,866</u>	<u>\$ 8,964,737</u>



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

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

**NOTE 5 OTHER INFORMATION**

TPAF Social Security contributions in the amount of \$1,212,126 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2019. The amount reported as TPAF Pension System Contributions in the amount of \$3,108,878 , TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,410,182 and TPAF Long-Term Disability Insurance in the amount of \$2,726 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2019.

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

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

**NOTE 7 DE MINIMIS INDIRECT COST RATE**

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

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

*Part I – Summary of Auditor’s Results*

**Financial Statement Section**

Type of auditors' report issued on financial statements

Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified:

\_\_\_\_\_ yes      X no

2) Significant deficiencies identified that are not considered to be material weaknesses?

\_\_\_\_\_ 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 RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

***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, 2019

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

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

**CURRENT YEAR FEDERAL AWARDS**

Not Applicable

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

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

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

**CURRENT YEAR STATE AWARDS**

**Finding 2019-001**

The District's Debt Service Data Collection report used in the calculation of 2018-19 Debt Service Aid by the State did not reflect the correct Debt Service payments for the District.

**State Program Information**

Debt Service Aid

**Criteria or Specific Requirement**

NJ Department of Education – Grant Compliance Supplement

**Condition**

The District's Debt Service Data Collection report was updated to properly reflect its 2015 Refunding Bonds after the Debt Service Aid for 2018-2019 had already been calculated.

**Questioned Costs**

Debt Service Aid was overpaid by \$31,773.

**Context**

See condition.

**Effect**

The District's debt service payments for the 2018/19 fiscal year were overpaid.

**Recommendation**

None, since the District revised its Debt Service Data Collection report during 2018-2019.

**Views of Responsible Officials and Planned Corrective Actions**

The District will review the annual Debt Service Data Collection Form to confirm that the amounts are in agreement with the debt service due.

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

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

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2018-001**

The District did not update the Debt Service Data Collection report for refunding bonds previously issued by the Board.

**Current Status**

The Debt Service Data Collection report was updated for the refunding bonds; however, the update was not completed prior to the calculation and receipt of Debt Service Aid for 2018-19. See Finding 2019-001.