

**VERONA BOARD OF EDUCATION**

**VERONA BOARD OF EDUCATION**  
**Verona, New Jersey**

**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2020**

**Comprehensive Annual  
Financial Report**

**of the**

**VERONA BOARD OF EDUCATION**

**Verona, New Jersey**

**For the Fiscal Year Ended June 30, 2020**

**Prepared by**

**Verona Board of Education  
Business Office**

VERONA BOARD OF EDUCATION  
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INTRODUCTORY SECTION  
UNAUDITED



# VERONA BOARD OF EDUCATION

LISA FRESCHI  
BOARD PRESIDENT

SARA DRAPPI  
BOARD VICE PRESIDENT

TIMOTHY ALWORTH  
JIM DAY  
PAMELA PRISCOE

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DR. RUI M. DIONISIO  
SUPERINTENDENT OF SCHOOLS

EDWARD APPLETON,  
BUSINESS ADMINISTRATOR

ERNIE TURNER,  
ACTING BOARD SECRETARY

February 1, 2021

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

Dear Honorable President and Board Members:

The comprehensive annual financial report of the Verona Public Schools (District) for the fiscal year ended June 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). 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 basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES:**

Verona Public Schools is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (“GASB”) in codification section 2100. 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.

The District provides a full range of education services appropriate to grades pre-K through 12. These services include regular, vocational, and special education for handicapped students.

**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 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:**

**Distict Goals 2019-20**

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,
3. STEM supervisor, and Director of Curriculum, Instruction & Assessment
4. Continue to Implement Conflict Resolution/Peer Mediation at the elementary schools
5. New Jersey Positive Behavior Supports in Schools (NJ PBSIS) at H.B. Whitehorne
6. Middle School and Verona High School
7. Continue to support the middle school house model
8. Continue to implement Education Council, Cm-riculum and Faculty Advisory Council
9. Continue to expand Verona High School Capstone Program
10. Implement VPS Strategic .Plan for 2018-2023
11. Continue to develop partnerships for global connections for stl lident learning
12. Implement Orton-Gillingham Multisensory Reading Intervention

**4) INTERNAL ACCOUNTING CONTROLS:**

Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system 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 awards, the District is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

**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 a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. 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 cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, assignments or commitments of fund balance at June 30, 2020.

**6) ACCOUNTING SYSTEM AND REPORTS:**

The District's accounting records reflect generally accepted accounting principles (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", No. 1.

**7) CASH MANAGEMENT:**

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

**8) RISK MANAGEMENT:**

The Board carries various forms of insurance, including but not limited to general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property, contents and fidelity bonds. The Morris Essex Insurance Group oversees risk management for the District. A schedule of insurance coverage is found on Exhibit J-20.

9) **OTHER INFORMATION:**


Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors’ report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The auditors’ reports related specifically to the single audit are included in the single audit section of this report.

10) **ACKNOWLEDGEMENTS:**

We would like to express our appreciation to the members of the Verona Public Schools Board 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,

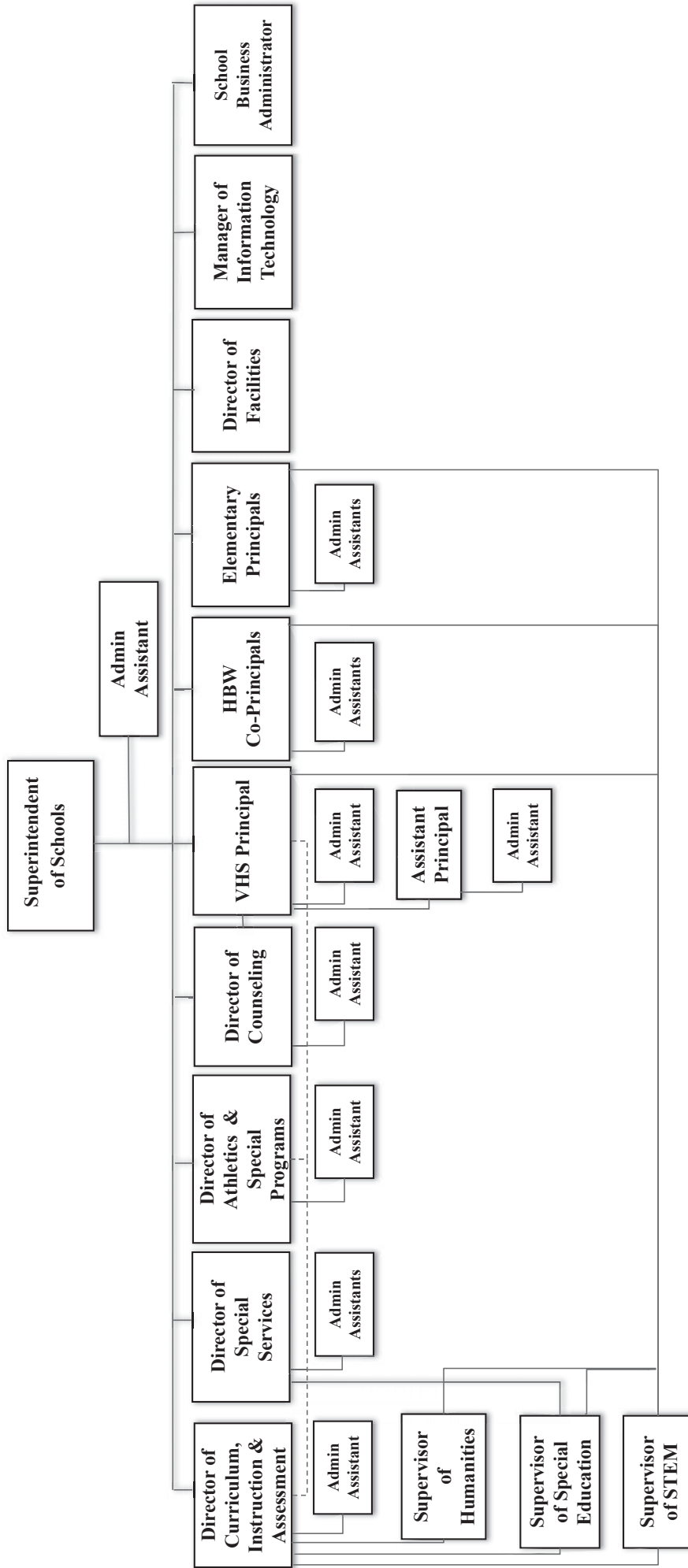
  
\_\_\_\_\_  
Ed Appleton  
Business Administrator

  
\_\_\_\_\_  
Dr. Rui Dionisio  
Superintendent of Schools

# VERONA PUBLIC SCHOOLS ORGANIZATIONAL CHART

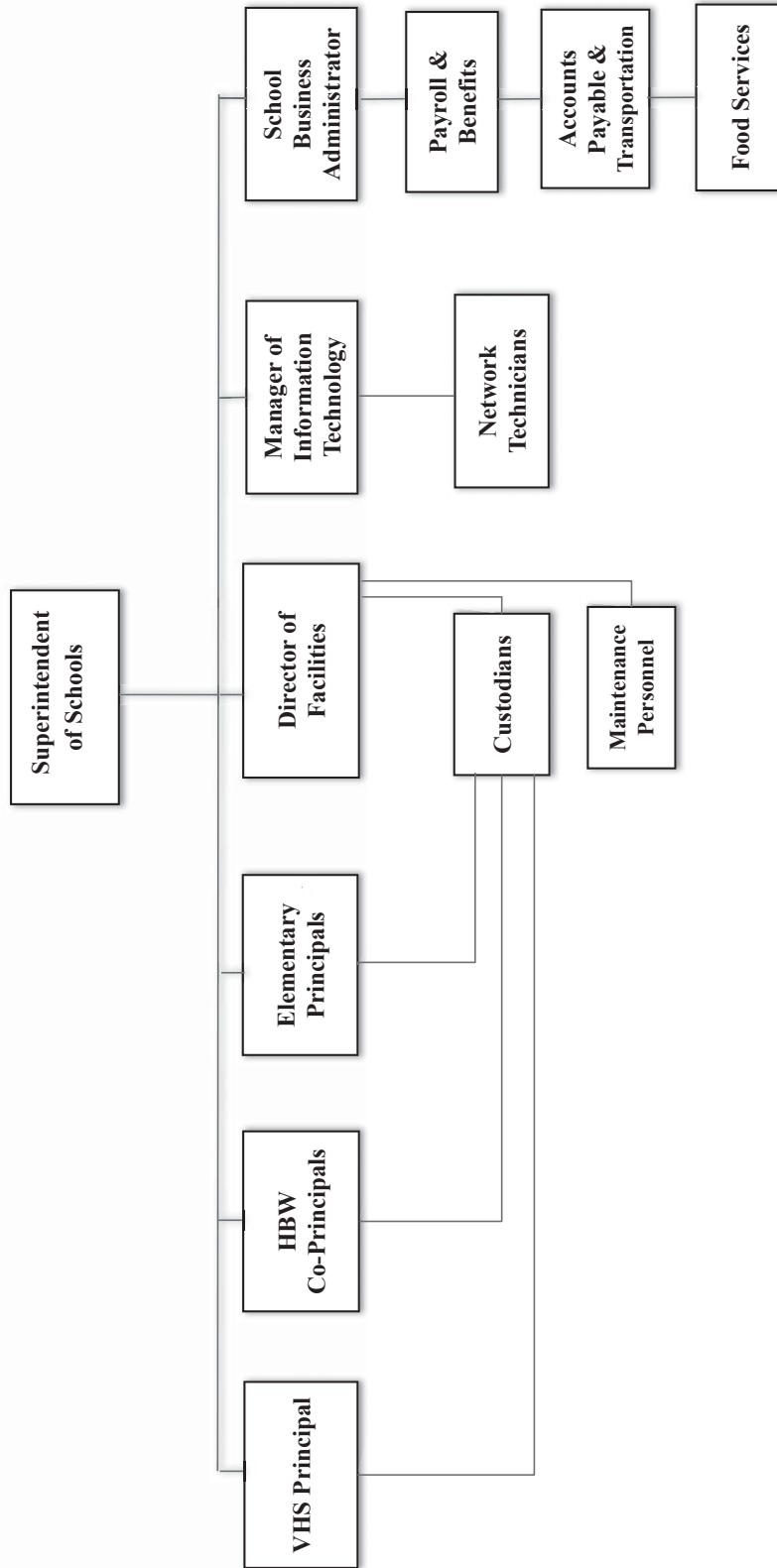
DISTRICT  
ADMINISTRATION  
OVERVIEW

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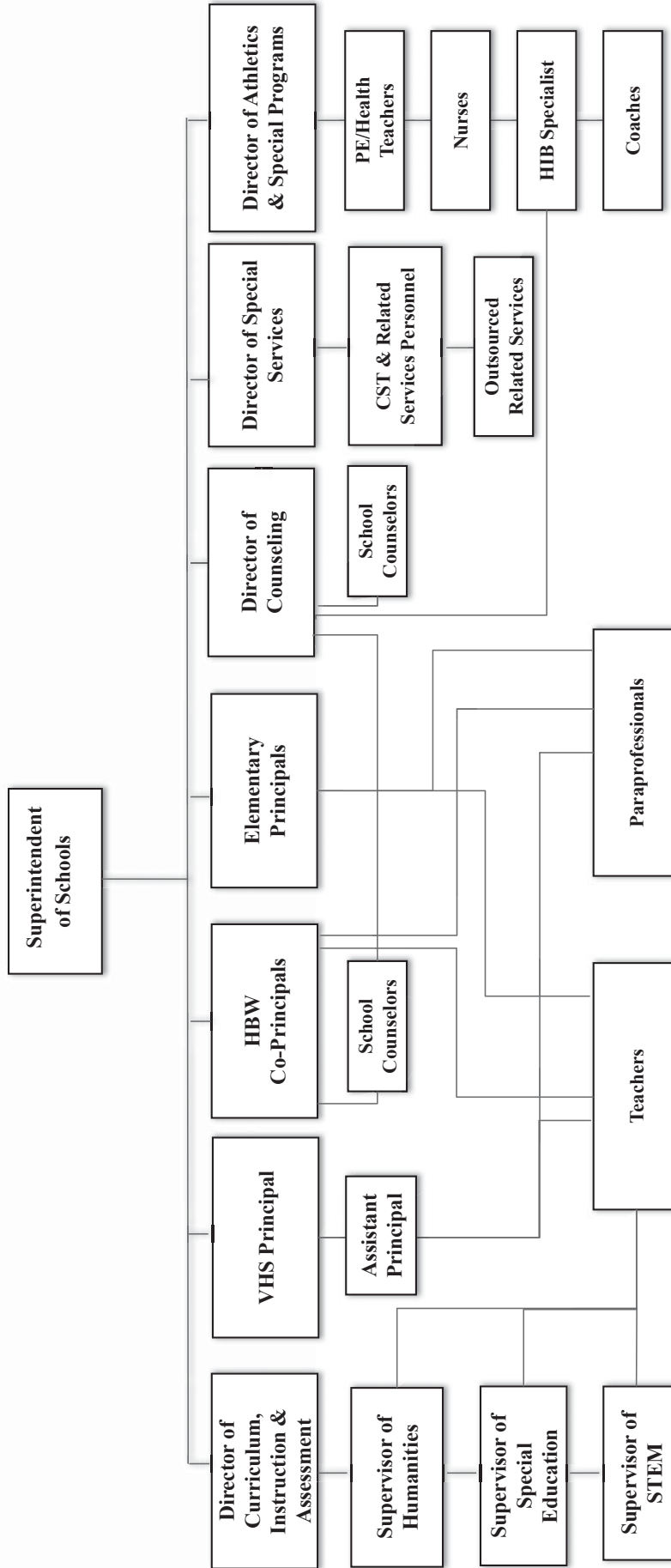


BOE Approved 11/26/19

# VERONA PUBLIC SCHOOLS ORGANIZATIONAL CHART



# VERONA PUBLIC SCHOOLS ORGANIZATIONAL CHART



**VERONA BOARD OF EDUCATION  
VERONA, NEW JERSEY  
ROSTER OF OFFICIALS  
JUNE 30, 2020**

**Members of the Board of Education**

		<b><u>Term Expires</u></b>
Lisa Freschi	President	2024
Sara Drappi	Vice President	2023
Timothy Alworth	Member	2022
James Day	Member	2023
Pamela Priscoe	Member	2022

**Other Officials**

Dr. Rui Dionisio, Superintendent

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

Mathew Laracy, CPA, Treasurer of School Monies

**TOWNSHIP OF VERONA**  
**BOARD OF EDUCATION**  
**CONSULTANTS AND ADVISORS**

**Architect of Record**

AECOM, Inc.  
Clifton, NJ 07013

**Audit Firm**

Nisivoccia LLP  
Mount Arlington Corporate Center  
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Mt. Arlington, New Jersey 07856-1320

**Attorney**

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

**Insurance Agent**

Morris/Essex Insurance Group  
C/O Burton Agency  
Westwood, NJ 07675

**Official Depositories**

Investors Bank  
NJ ARM

FINANCIAL SECTION



## Independent Auditors' Report

The Honorable President and Members  
of the Board of Education  
Verona Public Schools  
County of Essex, 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 (the "District") in the County of Essex, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District'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.

### ***Auditors' 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 *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 District'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 District'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 Board of Education of the Verona Board of Education, in the County of Essex, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

The financial statements of the District as of June 30, 2019 were audited by other auditors whose report dated December 4, 2019 expressed an unmodified opinion on those statements.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-retirement benefit schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 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 District's basic financial statements. The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards 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 other supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable President and Members  
of the Board of Education  
Verona Public Schools  
County of Essex, New Jersey  
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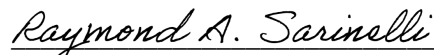
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control over financial reporting and compliance.

February 1, 2021  
Mount Arlington, New Jersey

NISIVOCCIA LLP

  
\_\_\_\_\_  
Raymond A. Sarinelli  
Licensed Public School Accountant #2549  
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Verona Board of Education  
Management’s Discussion and Analysis**

This section of Verona Board of Education’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

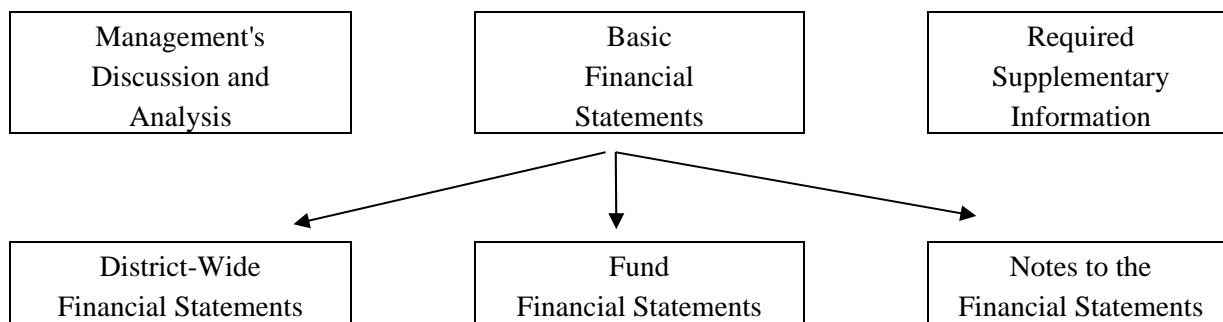
**Overview of the Financial Statements**

This annual report consists of three parts: management’s discussion and analysis (this section), the basic financial statements, and required supplementary 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 such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services and summer enrichment academy.
- *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.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1  
Organization of Verona Board of Education’s Financial Report**



**Verona Board of Education  
Management's Discussion and Analysis**

Figure A-2 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 that structure and contents of each of the statements.

**Figure A-2**

*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 special education and building maintenance	Activities the District operates similar to private businesses: food services and the summer enrichment academy	Instances in which the District administers resources on behalf of someone else, such as student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue 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 revenue 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

## Verona Board of Education Management's Discussion and Analysis

### District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflows and outflows and liabilities. All of the current year's revenue 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 inflows and outflows and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial 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 divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service and summer enrichment academy are included here.

### 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 by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal 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 you 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, additional information at the bottom of the governmental funds statements explains the relationship (or difference) 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. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.

**Verona Board of Education  
Management's Discussion and Analysis**

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as the student activities funds. 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. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

*Notes to Basic Financial Statements:* Provide additional information essential to a full understanding of the District-wide and fund financial statements.

**Financial Analysis of the District as a Whole**

*Net Position.* The District's combined net position increased by \$2,083,348. Net position from governmental activities increased by \$2,062,979 combined with an increase in net position from business-type activities of \$20,369.

**Figure A-3**

**Condensed Statement of Net Position**

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	
Current and Other Assets	\$ 27,969,373	\$ 2,453,860	\$ 38,878	\$ 102,173	\$ 28,008,251	\$ 2,556,033	
Capital Assets, Net	46,623,731	45,807,985	65,298	21,481	46,689,029	45,829,466	
Total Assets	<u>74,593,104</u>	<u>48,261,845</u>	<u>104,176</u>	<u>123,654</u>	<u>74,697,280</u>	<u>48,385,499</u>	54.38%
Deferred Outflows of Resources	<u>2,001,195</u>	<u>2,375,887</u>			<u>2,001,195</u>	<u>2,375,887</u>	-15.77%
Other Liabilities	1,505,735	1,219,057	35,173	75,020	1,540,908	1,294,077	
Long-Term Liabilities	<u>68,780,851</u>	<u>45,179,639</u>			<u>68,780,851</u>	<u>45,179,639</u>	
Total Liabilities	<u>70,286,586</u>	<u>46,398,696</u>	<u>35,173</u>	<u>75,020</u>	<u>70,321,759</u>	<u>46,473,716</u>	51.32%
Deferred Inflows of Resources	<u>2,967,546</u>	<u>2,961,848</u>			<u>2,967,546</u>	<u>2,961,848</u>	0.19%
Net Position:							
Net Investment in							
Capital Assets	13,016,608	10,804,944	65,298	21,481	13,081,906	10,826,425	
Restricted	1,388,934	1,009,444			1,388,934	1,009,444	
Unrestricted/(Deficit)	<u>(11,065,375)</u>	<u>(10,537,200)</u>	<u>3,705</u>	<u>27,153</u>	<u>(11,061,670)</u>	<u>(10,510,047)</u>	
Total Net Position	<u>\$ 3,340,167</u>	<u>\$ 1,277,188</u>	<u>\$ 69,003</u>	<u>\$ 48,634</u>	<u>\$ 3,409,170</u>	<u>\$ 1,325,822</u>	-157.14%

*Changes in Net Position.* The District's combined net position was \$3,409,170 at June 30, 2020, or \$2,083,348 more than it was the year before. (See Figure A-3). The increase in the District's combined net position is primarily due to the decrease in Net Pension Liability and changes in the related deferred outflows and inflows. Additionally, there was an increase in net position of \$20,369 in business-type activities.



**Verona Board of Education  
Management's Discussion and Analysis**

**Figure A-4  
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	
Revenue:							
Program Revenue:							
Charges for Services	\$ 71,689	\$ 100,020	\$ 316,241	\$ 473,351	\$ 387,930	\$ 573,371	
Operating Grants & Contributions	11,477,687	12,200,747	2,558	4,246	11,480,245	12,204,993	
General Revenue:							
Property Taxes	37,419,147	36,298,689			37,419,147	36,298,689	
Unrestricted Federal & State Aid	471,376	664,785			471,376	664,785	
Other	662,695	426,452	11,772		674,467	426,452	
Transfers	(93,458)		93,458				
Total Revenue	<u>50,009,136</u>	<u>49,690,693</u>	<u>424,029</u>	<u>477,597</u>	<u>50,433,165</u>	<u>50,168,290</u>	0.53%
Expenses:							
Instruction	27,172,055	29,945,809			27,172,055	29,945,809	
Pupil and Instruction Services	8,778,183	6,029,430			8,778,183	6,029,430	
Administrative and Business	4,415,738	4,371,107			4,415,738	4,371,107	
Maintenance and Operations	5,315,699	4,984,804			5,315,699	4,984,804	
Transportation	963,862	903,057			963,862	903,057	
Other	1,300,620	1,966,272	403,660	466,384	1,704,280	2,432,656	
Total Expenses	<u>47,946,157</u>	<u>48,200,479</u>	<u>403,660</u>	<u>466,384</u>	<u>48,349,817</u>	<u>48,666,863</u>	-0.65%
Increase in Net Position	<u>\$ 2,062,979</u>	<u>\$ 1,490,214</u>	<u>\$ 20,369</u>	<u>\$ 11,213</u>	<u>\$ 2,083,348</u>	<u>\$ 1,501,427</u>	38.76%

***Governmental Activities***

As discussed elsewhere in this commentary, the financial position of the District improved. Maintaining and upgrading existing programs and the provision of a multitude of special programs and services for disabled pupils place great demands on the District's resources.

Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost savings actions implemented/ continued during the year were:

Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial obligation placed on the District's taxpayers by each of these functions on the following page:

**Verona Board of Education  
Management's Discussion and Analysis**

**Figure A-5  
Net Cost of Governmental Activities**

	Total Costs of Services		Net Cost of Services	
	2019/2020	2018/2019	2019/2020	2018/2019
Instruction	\$ 27,172,055	\$ 29,945,809	\$ 16,813,747	\$ 20,109,714
Pupil and Instruction Services	8,778,183	6,029,430	8,325,561	5,141,219
Administrative and Business	4,415,738	4,371,107	3,774,206	3,264,508
Maintenance and Operations	5,315,699	4,984,804	5,315,699	4,749,166
Transportation	963,862	903,057	866,948	778,340
Other	1,300,620	1,966,272	1,394,078	1,856,765
	<u>\$ 47,946,157</u>	<u>\$ 48,200,479</u>	<u>\$ 36,490,239</u>	<u>\$ 35,899,712</u>

**Business-Type Activities**

Net position from the District's business-type activity increased by \$20,369, (Refer to Figure A-4). Factors contributing to these results included:

- Increase in business-type activity was primarily a result of reduced revenue and expenses due to the Covid-19 shutdown of the school district.

**Financial Analysis of the District's Funds**

The District's financial position has been increasing over the past several years. Expenditures during the recent year have decreased due the shut down caused by the pandemic, while revenues increased due to some one time miscellaneous revenues. The District also began work on a \$27.7 million referendum that includes upgrades to facilities district-wide, while also closing out all projects related to previous referendums. The District issued \$27,771,000 of bonds to finance the referendum as approved by voters.

These factors are likely to continue for the next several years. To maintain a stable financial position, the District must continue to practice sound fiscal management.

**General Fund Budgetary Highlights**

The District continues to look for ways to improve budget accuracy, and improve efficiency. In the 2020 fiscal year the District saw a slight increase in state aid, and fully implemented full-day kindergarten and expanded mental health services.

**Verona Board of Education  
Management's Discussion and Analysis**

**Capital Asset and Long- Term Liabilities Administration**

**Figure A-6**

**Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	
Land	\$ 1,679,937	\$ 1,679,937			\$ 1,679,937	\$ 1,679,937	
Building and Building Improvements	36,134,836	37,874,932			36,134,836	37,874,932	
Site Improvements	5,500,859	5,929,394			5,500,859	5,929,394	
Machinery and Equipment	261,023	323,722	\$ 65,298	\$ 21,481	326,321	345,203	
Construction in Progress	3,047,076				3,047,076		100.00%
<b>Total Capital Assets (Net)</b>	<b>\$ 46,623,731</b>	<b>\$ 45,807,985</b>	<b>\$ 65,298</b>	<b>\$ 21,481</b>	<b>\$ 46,689,029</b>	<b>\$ 45,829,466</b>	<b>1.88%</b>

- The change in Capital Assets is a result of the acquisition of assets net of deletions and related accumulated depreciation in the amount of \$3,014,850 offset by depreciation expense and adjustments of \$2,253,613.
- The construction in progress represents referendum expenditures as of June 30, 2020.

**Long-term Liabilities**

At year-end, the District had a net of \$56,856,000 in general obligation bonds outstanding as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 6 to the financial statements.)

**Figure A-7**

**Outstanding Long-Term Liabilities**

	Total School District		Percentage Change
	2019/2020	2018/2019	
School Bonds	\$ 56,856,000	\$ 31,490,000	
Unamortized Bond Premium	1,783,977	1,962,375	
Capital Leases	2,045,547	2,284,684	
Net Pension Liability	6,866,639	7,682,251	
Compensated Absences Payable	1,228,688	1,623,544	
	<b>\$ 68,780,851</b>	<b>\$ 45,042,854</b>	<b>52.70%</b>

- The increase of \$23,737,997 in outstanding long-term liability was primarily due to the addition of \$27,771,000 in school bonds.

## **Verona Board of Education Management's Discussion and Analysis**

### **Factors Bearing on the District's Future**

At the time these financial statements were prepared and audited, the District was aware of the following circumstance that could significantly affect its financial health in the future:

- A5 – known as School District Accountability. This new law, approved by the Governor on March 15, 2007 provides for various school district accountability measures.
- A1 – known as Tax Levy CAP. This new law, approved by the Governor on April 3, 2007 originally established a 4% cap on tax levy increases and is currently at an allowable 2% increase, changes the accounting/transfers for and expands the number of permitted fund balance reserves.
- A4 – known as CORE. This new law, approved by the Governor on April 3, 2007 implements CORE proposals and the primary focus of this new law is to establish uniform shared services and consolidation through the use of new “Executive County Superintendent”.
- The continued impact of S1701 legislation. S1701, adopted by the State of New Jersey on June 17, 2004, places limits on the School's ability to transfer funds into capital reserve for the construction and maintenance of school facilities, the ability to transfer available balance as needed and the ability to transfer available funds between appropriation accounts. Taking away the option of transferring available funds during the budget year will severely impact our ability to maintain and improve our facilities.

### **Contacting the District's Financial Management**

This financial report is designed to provide the District's 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 financial information, contact the Board of Education Office at 121 Fairview Avenue, Verona, NJ 07044.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

VERONA BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
JUNE 30, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 25,098,325	\$ 24,588	\$ 25,122,913
Internal Balances	(7,129)	7,129	
Receivables from Federal Government	348,814		348,814
Receivables from State Government	588,985		588,985
Receivables from Other Governments	765,000		765,000
Inventory		7,161	7,161
Restricted Assets:			
Capital Reserve - Cash and Cash Equivalents	1,018,249		1,018,249
Maintenance Reserve - Cash and Cash Equivalents	150,000		150,000
Capital Assets:			
Sites (Land)	1,679,937		1,679,937
Construction in Progress	3,047,076		3,047,076
Depreciable Site Improvements, Building and Building Improvements and Machinery and Equipment	41,896,718	65,298	41,962,016
Total Assets	<u>74,585,975</u>	<u>104,176</u>	<u>74,690,151</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Amount on Refunding	570,498		570,498
Deferred Outflows Related to Pensions	1,430,697		1,430,697
Total Deferred Outflows of Resources	<u>2,001,195</u>		<u>2,001,195</u>
<u>LIABILITIES:</u>			
Accounts Payable	256,250	15,624	271,874
Payable to State Government	475,737		475,737
Accrued Interest Payable	538,697		538,697
Unearned Revenue	227,922	19,549	247,471
Noncurrent Liabilities:			
Due Within One Year, Net	2,778,016		2,778,016
Due Beyond One Year, Net	66,002,835		66,002,835
Total Liabilities	<u>70,279,457</u>	<u>35,173</u>	<u>70,314,630</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows Related to Pensions	2,967,546		2,967,546
Total Deferred Inflows of Resources	<u>2,967,546</u>		<u>2,967,546</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	13,016,608	65,298	13,081,906
Restricted for:			
Debt Service	11,279		11,279
Capital Projects	1,018,249		1,018,249
Maintenance	150,000		150,000
Excess Surplus	209,406		209,406
Unrestricted/(Deficit)	(11,065,375)	3,705	(11,061,670)
Total Net Position	<u>\$ 3,340,167</u>	<u>\$ 69,003</u>	<u>\$ 3,409,170</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

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

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 21,048,782	\$ 71,689	\$ 6,916,675	\$ (14,132,107)		\$ (14,132,107)
Special Education	5,075,841		3,347,852	(1,656,300)		(1,656,300)
Other Instruction	140,505		22,092	(118,413)		(118,413)
School -Sponsored Instruction	906,927			(906,927)		(906,927)
Support Services:						
Tuition	3,319,226		452,622	(2,866,604)		(2,866,604)
Student and Instruction Related Services	5,458,957			(5,458,957)		(5,458,957)
General Administration Services	712,306			(712,306)		(712,306)
School Administration Services	2,980,819		641,532	(2,339,287)		(2,339,287)
Central Services	334,234			(334,234)		(334,234)
Administrative Information Technology	388,379			(388,379)		(388,379)
Plant Operations and Maintenance	5,315,699			(5,315,699)		(5,315,699)
Pupil Transportation	963,862		96,914	(866,948)		(866,948)
Interest on Long-Term Debt	1,299,258			(1,299,258)		(1,299,258)
Capital Outlay	1,362			(1,362)		(1,362)
Total Governmental Activities	47,946,157	71,689	11,477,687	(36,396,781)		(36,396,781)
Business-Type Activities:						
Non-Major Programs	403,660	316,241	2,558		\$ (84,861)	(84,861)
Total Business-Type Activities	403,660	316,241	2,558		(84,861)	(84,861)
Total Primary Government	48,349,817	387,930	11,480,245	(36,396,781)	(84,861)	(36,481,642)



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

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 34,250,431		\$ 34,250,431
Taxes Levied for Debt Service	3,168,716		3,168,716
Federal and State Aid not Restricted	471,376		471,376
Investment Earnings	6,267		6,267
Miscellaneous Income	656,428	\$ 11,772	668,200
Transfers	(93,458)	93,458	
Total General Revenue and Transfers	38,459,760	105,230	38,564,990
Change in Net Position	2,062,979	20,369	2,083,348
Net Position - Beginning	1,277,188	48,634	1,325,822
Net Position - Ending	\$ 3,340,167	\$ 69,003	\$ 3,409,170

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

VERONA BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 148,830	\$ 78,769	\$ 24,870,726		\$ 25,098,325
Interfund Receivable	207,858			\$ 11,279	219,137
Receivables From Federal Government		348,814			348,814
Receivables From State Government	576,302	12,683			588,985
Receivables From Other Governments	765,000				765,000
Restricted Cash and Cash Equivalents	1,168,249				1,168,249
Total Assets	<u>\$ 2,866,239</u>	<u>\$ 440,266</u>	<u>\$ 24,870,726</u>	<u>\$ 11,279</u>	<u>\$ 28,188,510</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Interfund Payable	\$ 10,844	\$ 118,673	\$ 96,749		\$ 226,266
Accounts Payable	167,765	38,434	50,051		256,250
Payable to State Government		55,737			55,737
Unearned Revenue	500	227,422			227,922
Total Liabilities	<u>179,109</u>	<u>440,266</u>	<u>146,800</u>		<u>766,175</u>
Fund Balances:					
Restricted for:					
Excess Surplus - 2020-2021	120,000				120,000
Excess Surplus - 2021-2022	89,406				89,406
Capital Reserve Account	1,018,249				1,018,249
Maintenance Reserve Account	150,000				150,000
Capital Projects			24,723,926		24,723,926
Debt Service				\$ 11,279	11,279
Assigned for:					
Designated for Subsequent Year's Expenditures	455,183				455,183
Unassigned	854,292				854,292
Total Fund Balances	<u>2,687,130</u>		<u>24,723,926</u>	<u>11,279</u>	<u>27,422,335</u>
Total Liabilities and Fund Balances	<u>\$ 2,866,239</u>	<u>\$ 440,266</u>	<u>\$ 24,870,726</u>	<u>\$ 11,279</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.					\$ 46,623,731
Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds.					(538,697)
Bond Issuance Premiums are reported as revenue in the Governmental Funds in the year the bonds are sold.					(1,783,977)
The Deferred amount on the refunding is not reported as an expenditure in the governmental funds in the year of the expenditure.					570,498
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.					(6,866,639)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds.					
Deferred Outflows					1,010,697
Deferred Inflows					(2,967,546)
Long-Term Liabilities, Including Bonds Payable, Are Not Due and Payable in the Current Period and Therefore are Not Reported as Liabilities in the Funds (see Note 6)					<u>(60,130,235)</u>
Net Position of Governmental Activities					<u>\$ 3,340,167</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 34,250,431			\$ 3,168,716	\$ 37,419,147
Tuition	71,689				71,689
Interest on Investments			\$ 6,267		6,267
Transportation Fees from Individuals	26,100				26,100
Miscellaneous	630,328	\$ 41,037			671,365
<b>Total - Local Sources</b>	<b>34,978,548</b>	<b>41,037</b>	<b>6,267</b>	<b>3,168,716</b>	<b>38,194,568</b>
State Sources	8,296,567	128,811		471,376	8,896,754
Federal Sources		736,827			736,827
<b>Total Revenues</b>	<b>43,275,115</b>	<b>906,675</b>	<b>6,267</b>	<b>3,640,092</b>	<b>47,828,149</b>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
Regular Instruction	12,231,673	413,394			12,645,067
Special Education Instruction	3,194,694	40,659			3,235,353
Other Special Instruction	44,903				44,903
School-Sponsored/Other Instruction	830,567				830,567
<b>Support Services and Undistributed Costs:</b>					
Tuition	2,958,082	452,622			3,410,704
Student and Other Instruction Related Services	4,465,949				4,465,949
General Administration Services	681,202				681,202
School Administration Services	1,807,056				1,807,056
Central Services	300,698				300,698
Administrative Information Technology	393,356				393,356
Plant Operations and Maintenance	3,096,927				3,096,927
Student Transportation	913,314				913,314
Unallocated Benefits	11,150,219				11,150,219
<b>Debt Service:</b>					
Principal				2,405,000	2,405,000
Interest and Other Charges				1,238,163	1,238,163
Capital Outlay	8,251		3,047,076		3,055,327
<b>Total Expenditures</b>	<b>42,076,891</b>	<b>906,675</b>	<b>3,047,076</b>	<b>3,643,163</b>	<b>49,673,805</b>
<b>Excess/(Deficit) of Revenue Over/(Under) Expenditures</b>	<b>1,198,224</b>		<b>(3,040,809)</b>	<b>(3,071)</b>	<b>(1,845,656)</b>
<b>OTHER FINANCING SOURCES/(USES):</b>					
Serial Bonds			27,771,000		27,771,000
Transfer In			53,167	7,564	60,731
Transfer Out	(146,625)		(7,564)		(154,189)
<b>Total Other Financing Sources/(Uses)</b>	<b>(146,625)</b>		<b>27,816,603</b>	<b>7,564</b>	<b>27,677,542</b>
<b>Net Change in Fund Balances</b>	<b>1,051,599</b>		<b>24,775,794</b>	<b>4,493</b>	<b>25,831,886</b>
<b>Fund Balance/(Deficit) - July 1</b>	<b>1,635,531</b>		<b>(51,868)</b>	<b>6,786</b>	<b>1,590,449</b>
<b>Fund Balance - June 30</b>	<b>\$ 2,687,130</b>	<b>\$ -0-</b>	<b>\$ 24,723,926</b>	<b>\$ 11,279</b>	<b>\$ 27,422,335</b>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

VERONA BOARD OF EDUCATION  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)	\$ 25,831,886
Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are Different Because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from capital outlays and deletions in the period.	
Depreciation Expense	\$ (2,133,004)
Capital outlays, net of deletions	<u>2,948,750</u>
	815,746
In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).	
	394,856
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets. Proceeds of long-term debt	
	(27,771,000)
Repayment of serial bonds is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.	
	2,405,000
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+)	
	(183,051)
The governmental funds report the effect of bond premium when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. (+)	
	178,398
Repayment of capital leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.	
	239,137
The governmental funds report the effect of the deferred amount on the refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
	(56,442)
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:	
Changes in Net Pension Liability	952,397
Changes in Deferred Outflows	(738,250)
Changes in Deferred Inflows	<u>(5,698)</u>
Change in Net Position - Governmental Activities (From Exhibit A-2)	<u>\$ 2,062,979</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

VERONA BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2020

	Business-type Activities - Enterprise Funds <hr/> Non-Major Funds <hr/>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 24,588
Intefund Receivable	7,129
Inventories	<hr/> 7,161
Total Current Assets	<hr/> 38,878
Non-Current Assets:	
Capital Assets	395,391
Less: Accumulated Depreciation	<hr/> (330,093)
Total Non-Current Assets	<hr/> 65,298
Total Assets	<hr/> 104,176
<u>LIABILITIES:</u>	
Accounts Payable - Vendors	15,624
Unearned Revenue	<hr/> 19,549
Total Liabilities	<hr/> 35,173
<u>NET POSITION:</u>	
Investment in Capital Assets	65,298
Unrestricted	<hr/> 3,705
Total Net Position	<hr/> <hr/> \$ 69,003

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

VERONA BOARD OF EDUCATION  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-type Activities - <u>Enterprise Funds</u> <u>Non-Major Funds</u>
Operating Revenue:	
Local Sources:	
Daily Sales	\$ 314,621
Special Events	1,620
Miscellaneous Revenue	<u>11,772</u>
Total Operating Revenue	<u>328,013</u>
Operating Expenses:	
Cost of Sales	167,125
Salaries, Benefits & Payroll Taxes	166,403
Supplies, Insurance & Other Costs	17,699
Management Fee	30,150
Depreciation Expense	<u>22,283</u>
Total Operating Expenses	<u>403,660</u>
Operating Loss	(75,647)
Non-Operating Revenue:	
Federal Sources:	
Special Milk Program	<u>2,558</u>
Total Non-Operating Revenue	<u>2,558</u>
Change in Net Position Before Transfers	(73,089)
Transfer in - Board Contribution	<u>93,458</u>
Change in Net Position After Transfers	20,369
Net Position - Beginning of Year	<u>48,634</u>
Net Position - End of Year	<u><u>\$ 69,003</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

VERONA BOARD OF EDUCATION  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Business-type            Activities -            Enterprise Funds</u> <u>Non-Major Funds</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 328,013
Payments to Food Service Contractor	(368,595)
Payments to Suppliers	(59,645)
Net Cash Used for Operating Activities	<u>(100,227)</u>
Cash Flows from Capital and Related Financing Activities:	
Purchases of Capital Assets	(66,100)
Net Cash Used for Capital and Related Financing Activities	<u>(66,100)</u>
Cash Flows from Noncapital Financing Activities:	
Board Contribution	93,458
Federal Sources	2,770
Net Cash Provided by Noncapital Financing Activities	<u>96,228</u>
Net Decrease in Cash and Cash Equivalents	(70,099)
Cash and Cash Equivalents, July 1	<u>94,687</u>
Cash and Cash Equivalents, June 30	<u>\$ 24,588</u>
Reconciliation of Operating Income/Loss to Net Cash Used for Operating Activities:	
Operating Income/Loss	\$ (75,647)
Adjustment to Reconcile Operating Income/Loss to Net Cash Used for Operating Activities:	
Depreciation	22,283
Changes in Assets and Liabilities:	
(Increase) in Interfund Receivable	(2,369)
(Increase) in Inventory	(4,647)
Increase in Accounts Payable	13,156
Increase/(Decrease) in Unearned Revenue	(53,003)
Net Cash Used for Operating Activities	<u>\$ (100,227)</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
 ARE AN INTEGRAL PART OF THIS STATEMENT



VERONA BOARD OF EDUCATION  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2020

<u>ASSETS:</u>	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
Cash and Cash Equivalents	\$ 166,353	\$ 32,133	\$ 56,058
Interfund Receivable	22,078		
Total Assets	<u>\$ 188,431</u>	<u>\$ 32,133</u>	<u>\$ 56,058</u>
 <u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	\$ 44,532		
Interfund Payable		\$ 22,078	
Due to Student Groups	143,899		
Total Liabilities	<u>188,431</u>	<u>22,078</u>	
 <u>NET POSITION:</u>			
Restricted for Unemployment Claims		\$ 10,055	
Restricted for Flexible Spending Claims			\$ 56,058
Total Net Position	<u>\$ -0-</u>	<u>\$ 10,055</u>	<u>\$ 56,058</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

VERONA BOARD OF EDUCATION  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Flexible Spending Trust
Additions:			
Contributions:			
Plan Members	\$ 75,029	_____	\$ 78,166
Total Contributions	75,029	_____	78,166
Total Additions	75,029	_____	78,166
Deductions:			
Quarterly Contribution Payments			
Unemployment Claims	64,974		
Flexible Spending Claims			66,297
Administrative Charges			
Account Closing Disbursement	_____	\$ 10,000	_____
Total Deductions	64,974	10,000	66,297
Change in Net Position	10,055	(10,000)	11,869
Net Position - Beginning of the Year	-0-	10,000	44,189
Net Position - End of the Year	\$ 10,055	\$ -0-	\$ 56,058

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Verona Board of Education (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business-type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other non-exchange transactions. Business-type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred to and from current expense by board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of principal and interest.

The District reports the following proprietary fund:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria operations and . The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Enterprise (VESA) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to 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 District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund, Payroll Agency Fund, Flexible Spending Trust Fund, Unemployment Compensation Insurance Trust Fund, and the Private Purpose Scholarship Trust Fund.

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts 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. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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 generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 42,799,993	\$ 906,675
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements	576,577	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(133,605)	
	\$ 43,242,965	\$ 906,675
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 43,242,965	\$ 906,675

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 42,170,349	\$ 906,675
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 42,170,349	\$ 906,675

E. Cash and Cash Equivalents:

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to the type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Government Units. If a public depository fails, the collateral it has a pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances:

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 restricted, 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.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year-end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2020.



VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line.

The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	50 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the government-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premiums and discounts are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, 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.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2020.

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy or negotiated contracts. Upon termination, employees are paid for accrued vacation. The District's policy or negotiated contracts permit employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions or the District's personnel policy.

In the district-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

O. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the \$2,687,130 General Fund fund balance at June 30, 2020, \$455,183 is assigned and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2021; \$1,018,249 is restricted in the capital reserve account; \$150,000 is restricted in the maintenance reserve account; \$209,406 is restricted for excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) (\$120,000 of prior year excess surplus has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2021; \$89,406 of current year excess surplus will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2022); and \$854,292 is unassigned fund balance which is \$133,605 less than the budgetary unassigned fund balance, on a GAAP Basis, due to the final two state aid payments, that are not recognized on a GAAP basis.

Capital Projects Fund: The \$24,723,926 Capital Projects Fund fund balance at June 30, 2020 is restricted fund balance.

Debt Service Fund: The Debt Service Fund has \$11,279 of fund balance at June 30, 2020 all of which is restricted.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Restricted Fund Balance-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 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 District has excess surplus as detailed above.

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Fund Balance Appropriated: (Cont'd)

Unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$133,605, as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the last state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize these last state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the last two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments noted above.

Q. Deficit Net Position/Fund Balance

The District has a deficit in unrestricted net position from governmental activities in the amount of \$11,065,375. This is primarily due to \$6,866,639 of net pension liability and \$2,967,546 of deferred inflows related to pensions. This deficit does not mean that the district is facing financial difficulties and is a permitted practice by generally accepted accounting principles.

R. Net Position

Net Position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had a deferred outflow of resources at June 30, 2020 for the deferred amount on refunding of debt related to the District's 2015 refunding bonds, and related to pensions.

The District had deferred inflows of resources at June 30, 2020 related to pensions.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. Net Position (Cont'd)

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus, a capital reserve, and a maintenance reserve at June 30, 2020.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had no committed resources at June 30, 2020.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for amounts appropriated in the 2020/2021 budget in the General Fund on a budgetary basis at June 30, 2020.

T. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

T. Revenue - Exchange and Nonexchange Transactions: (Cont'd)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest and tuition.

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of each Enterprise Fund. For the School District, these revenues are sales for food service and fees for the summer enrichment academy. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the respective Enterprise Fund.

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

W. Pensions

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 State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

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

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below and on the following page.

Custodial Credit Risk – The District's policy with respect to custodial credit risk requires that the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School Districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;

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

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (3) 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 obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) 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.
- (5) Bonds or other obligations, having a maturity date 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", P.L. 1983, c.313 (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 local units;
- (6) Local government investment pools;
- (7) 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); or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are 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 requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.). ;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
  - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
  - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
  - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (9) Deposit of funds in accordance with the following conditions: (Cont'd)
  - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
  - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2020, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents</u>		
		<u>Capital Reserve Account</u>	<u>Maintenance Reserve Account</u>	<u>Total</u>
Checking Accounts	<u>\$ 25,377,457</u>	<u>\$ 1,018,249</u>	<u>\$ 150,000</u>	<u>\$ 26,545,706</u>
	<u>\$ 25,377,457</u>	<u>\$ 1,018,249</u>	<u>\$ 150,000</u>	<u>\$ 26,545,706</u>

During the period ended June 30, 2020, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2020, was \$26,489,648 and the bank balance was \$27,964,010.



**VERONA BOARD OF EDUCATION**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**  
(Continued)

**NOTE 4. CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 1,679,937			\$ 1,679,937
Construction in Progress		\$ 3,047,076		3,047,076
Total Capital Assets Not Being Depreciated	<u>1,679,937</u>	<u>3,047,076</u>		<u>4,727,013</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	57,540,671		\$ (12,056)	57,528,615
Site Improvements	8,467,532		(73,721)	8,393,811
Machinery and Equipment	2,014,338		(12,549)	2,001,789
Total Capital Assets Being Depreciated	<u>68,022,541</u>		<u>(98,326)</u>	<u>67,924,215</u>
Governmental Activities Capital Assets	<u>69,702,478</u>	<u>3,047,076</u>	<u>(98,326)</u>	<u>72,651,228</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(19,665,739)	(1,728,040)		(21,393,779)
Site Improvements	(2,538,138)	(354,814)		(2,892,952)
Machinery and Equipment	(1,690,616)	(50,150)		(1,740,766)
	<u>(23,894,493)</u>	<u>(2,133,004)</u>		<u>(26,027,497)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 45,807,985</u>	<u>\$ 914,072</u>	<u>\$ (98,326)</u>	<u>\$ 46,623,731</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 329,291	\$ 66,100		\$ 395,391
Less Accumulated Depreciation	<u>(307,810)</u>	<u>(22,283)</u>		<u>(330,093)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 21,481</u>	<u>\$ 43,817</u>	<u>\$ -0-</u>	<u>\$ 65,298</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 170,640
Other Instruction	63,990
Support Services - Instructional Staff	21,330
General Administration	21,330
School Administration	127,980
Operations and Maintenance of Plant	<u>1,727,734</u>
	<u>\$ 2,133,004</u>

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 5. CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the District’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department of Education, 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-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019		\$ 570,381
Add:		
Transfer from Unassigned Fund Balance		
as per Board Resolution	\$ 500,000	
Unexpended Funds - Capital Outlay	60,833	
Interest Earnings	1,035	
		561,868
		1,132,249
Withdrawals:		
Budgeted Withdrawal	(114,000)	
		(114,000)
Ending Balance, June 30, 2020		\$ 1,018,249

The June 30, 2020 LRFP balance of local support costs of uncompleted capital projects at June 30, 2020 exceeds the balance in the capital reserve account as of June 30, 2020. The withdrawals from the capital reserve were for use in a DOE approved facilities project consistent with the District’s LRFP.

NOTE 6. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2020, the following changes occurred in liabilities reported in the District-wide financial statements:

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 6. LONG-TERM LIABILITIES (Cont'd)

	<u>Beginning Balance</u>	<u>Accrued</u>	<u>Retired</u>	<u>Ending Balance</u>
Serial Bonds Payable	\$ 31,490,000	\$ 27,771,000	\$ 2,405,000	\$ 56,856,000
Unamortized Bond Premium	1,962,375		178,398	1,783,977
Capital Leases Payable	2,284,684		239,137	2,045,547
Net Pension Liability				
PERS	7,819,036		952,397	6,866,639
Compensated Absences Payable	1,623,544		394,856	1,228,688
	<u>\$ 45,179,639</u>	<u>\$ 27,771,000</u>	<u>\$ 4,169,788</u>	<u>\$ 68,780,851</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

On April 29, 2014, the District issued debt in the amount of \$13,845,000 with interest rates ranging from 2.000% to 3.500% with consent of the taxpayers through a referendum which includes facility upgrades to all of the school in the district. The bonds mature on May 1, 2015 through 2034.

On March 13, 2015, the District issued refunding bonds in the amount of \$24,635,000 with interest rates ranging from 2.000% to 5.000%. The bonds mature on March 1, 2016 through 2031. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the School's government-wide financial statements. As a result of the advance refunding, the School reduced its total debt service requirement by \$2,374,635, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$2,377,513.

On February 19, 2020, the District issued debt in the amount of \$27,771,000 with interest rates ranging from 2.000% to 2.375% with consent of the taxpayers through a referendum which includes facility upgrades to all of the school in the district. The bonds mature on March 1, 2022 through 2040.

The District had serial bonds outstanding as of June 30, 2020 as follows:

	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Final Date of Maturity</u>	<u>Balance 6/30/2020</u>
2014 School Bonds	04/29/14	2.50%-3.50%	05/01/34	\$ 10,945,000
2015 School Refunding Bonds	03/13/15	2.00%-5.00%	03/01/31	18,140,000
2020 School Bonds	02/19/20	2.00%-2.375%	03/01/40	27,771,000
				<u>\$ 56,856,000</u>

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 6. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable: (Cont'd)

Principal and interest due on bonds outstanding are as follows:

Year	Serial Bonds		Total
	Principal	Interest	
2021	\$ 2,400,000	\$ 1,730,258	\$ 4,130,258
2022	3,591,000	1,616,873	5,207,873
2023	3,325,000	1,541,725	4,866,725
2024	3,495,000	1,419,350	4,914,350
2025	3,655,000	1,241,906	4,896,906
2026-2030	19,660,000	2,069,000	21,729,000
2031-2035	12,730,000	1,302,950	14,032,950
2036-2040	8,000,000	458,000	8,458,000
	\$ 56,856,000	\$ 11,380,062	\$ 68,236,062

B. Bonds Authorized But Not Issued:

As of June 30, 2020, the Board had no bonds authorized but not issued.

C. Capital Leases Payable:

The District is leasing a bus, work stations and technology equipment as well as an energy savings equipment through capital leases valued at \$3,400,826 of which \$1,355,279 has been liquidated. The capital leases are for terms of four and ten years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2020.

Year	Amount
2021	\$ 248,114
2022	197,396
2023	202,400
2024	207,520
2025	212,756
2026-2030	1,146,590
2031	108,801
	2,323,577
Less: Amount Representing Interest	(278,030)
Present Value Net of Minimum Lease Payments	\$ 2,045,547

The current portion of capital leases payable at June 30, 2020 is \$199,618 and the long term portion is \$1,845,929. The General Fund will be used to liquidate the capital leases payable.

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

(Continued)

NOTE 6. LONG-TERM LIABILITIES (Cont'd)

D. Compensated Absences

The liability for compensated absences of the governmental fund types is recorded in the long-term liabilities. The long-term liability balance of compensated absences is \$1,228,688. There is no current portion.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2020, no liability existed for compensated absences in the Food Service Fund.

The General Fund will be used to liquidate Compensated Absences Payable, and the Energy Savings obligations. The Debt Service Fund will be used to liquidate the Serial Bonds and Refunding Bonds.

E. Unamortized Bond Premium

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$178,398 and is separated from the long-term liability balance of \$1,605,579.

F. Net Pension Liability

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2020 is \$-0- and the long-term portion is \$6,866,639. See Note 7 for further information on the PERS.

NOTE 7. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP). a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 7. PENSIONS PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided

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. 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 Tiers 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 reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 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 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$474,421 for 2020.

The employee contribution rate was 7.50% effective July 1, 2018.

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

(Continued)

NOTE 7. PENSIONS PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

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

At June 30, 2020, the District's liability was \$6,866,639 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The District's proportion 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 members, actuarially determined. At June 30, 2019, the District's proportion was 0.0381%, which was a decrease of 0.0009% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$297,396. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferral Year</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	6.44	\$ 18,147	
	2015	5.72	112,208	
	2016	5.57	555,304	
	2017	5.48		\$ (985,731)
	2018	5.63		(796,561)
	2019	5.21		(601,096)
				<u>685,659</u>
Changes in Proportion	2014	6.44	13,553	
	2015	5.72	42,406	
	2016	5.57		(8,591)
	2017	5.48		(270,621)
	2018	5.63	145,829	
	2019	5.21		(166,220)
				<u>201,788</u>

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

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

	<u>Deferral Year</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Difference Between Projected and Actual	2016	5.00		\$ 126,739
Investment Earnings on Pension Plan Investments	2017	5.00		(152,095)
	2018	5.00		(105,794)
	2019	5.00		22,758
				(108,392)
Difference Between Expected and Actual	2015	5.72	\$ 31,132	
Experience	2016	5.57	16,852	
	2017	5.48	29,316	
	2018	5.63		(30,334)
	2019	5.21	45,948	
			123,248	(30,334)
District Contribution Subsequent to the				
Measurement Date	2019	1.00	420,000	
			\$ 1,430,695	\$ (2,967,546)

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the District contribution subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2020	\$ (198,276)
2021	(643,208)
2022	(574,347)
2023	(269,685)
2024	(27,691)
	\$ (1,713,207)



VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return 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 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 PERS' target asset allocation as of June 30, 2019 are summarized in the following table:

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Management Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2019 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>June 30, 2019</u>		
	<u>At 1% Decrease</u>	<u>At Current Discount Rate</u>	<u>At 1% Increase</u>
	<u>(5.28%)</u>	<u>(6.28%)</u>	<u>(7.28%)</u>
District's proportionate share of the Net Pension Liability	\$ 8,734,021	\$ 6,866,639	\$ 5,381,126

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.gov/treasury/pensions/annual-reports.shtml](http://www.state.nj.gov/treasury/pensions/annual-reports.shtml).

Benefits Provided

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. 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 represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 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 reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. 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 fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2020, the State of New Jersey contributed \$3,299,180 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$5,604,579.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2020, the State's proportionate share of the net pension liability associated with the District was \$95,020,763. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The District's proportion 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 members, actuarially determined. At June 30, 2019, the District's proportion was 0.154%, which was an increase of 0.001% from its proportion measured as of June 30, 2018.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		95,020,763
Total	\$	95,020,763

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$5,604,579 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2020 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 768,874,621	
	2015	8.3	2,351,172,865	
	2016	8.3	5,609,216,856	
	2017	8.3		\$ 8,483,527,374
	2018	8.29		5,172,258,445
	2019	8.04		3,507,345,617
				<u>8,729,264,342</u>
Difference Between Expected and Actual Experience	2014	8.5		7,323,009
	2015	8.3	145,211,243	
	2016	8.3		69,755,412
	2017	8.3	150,939,884	
	2018	8.29	907,352,137	
	2019	8.04		136,265,890
				<u>1,203,503,264</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5		(431,855,192)
	2017	5		452,016,524
	2018	5		288,091,115
	2019	5		(144,882,771)
			<u>\$ 9,932,767,606</u>	<u>\$ 17,539,845,423</u>

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

Fiscal Year Ending June 30,	Total
2020	\$ (272,405,510)
2021	(704,260,700)
2022	(630,562,767)
2023	(1,216,378,743)
2024	(2,381,316,232)
Thereafter	(2,402,153,865)
	\$ (7,607,077,817)

Actuarial Assumptions

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

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 – 4.45% based on years of service
Thereafter	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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

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

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return 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 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 TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 70% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the State as of June 30, 2019 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (4.60%)	At Current Discount Rate (5.60%)	At 1% Increase (6.60%)
State's Proportionate Share of the Net			
Pension Liability Associated with the District	\$ 112,050,510	\$ 95,020,763	\$ 80,891,449

Pension Plan Fiduciary Net Position - TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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 DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$10,341 for the fiscal year ended June 30, 2020. Employee contributions to DCRP amounted to \$19,734 for the year ended June 30, 2020.

NOTE 8. RISK MANAGEMENT

The District maintains commercial and risk management pool insurance coverage for property, liability, student accident and surety bonds. The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters.



VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 8. RISK MANAGEMENT (Cont'd)

Workers Compensation Insurance

The Verona Board of Education is currently a member of the Morris Essex Insurance Group (the “Group”). The Morris Essex Insurance Group provides its members with Workers' Compensation Insurance. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Group is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the Group is elected. As a member of the Group, the Board of Education could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group's liabilities.

The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

Selected, summarized financial information for the Fund as of June 30, 2020 is as follows:

	<u>Morris Essex Insurance Group</u>
Total Assets	\$ 11,802,954
Net Position	\$ 8,479,975
Total Revenue	\$ 4,013,691
Total Expenses	\$ 2,294,520
Change in Net Position	\$ 694,089
Member Dividends	\$ 1,025,082

Financial statements for the Fund are available at the Fund’s Executive Director’s Office:

The Burton Agency, Executive Director  
44 Bergen St.  
Westwoodr, NJ 07675

New Jersey Unemployment Compensation Insurance

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 District’s contributions, employee contributions and interest earned, reimbursements to the State for benefits paid and the ending balance of the District’s Unemployment Trust Fiduciary Fund for the current and previous two years:

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 8. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance (Cont'd)

<u>Fiscal Year</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020	\$ 75,029	\$ 64,974	\$ 10,055
2019	56,775	56,775	-0-
2018	55,792	55,875	-0-

NOTE 9. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

NOTE 10. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2020:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 207,858	\$ 10,844
Special Revenue Fund		118,673
Capital Projects Fund		96,749
Debt Service Fund	11,279	
Proprietary Fund	7,129	
	<u>\$ 226,266</u>	<u>\$ 226,266</u>

The interfund between the General Fund and the Special Revenue Fund represents funds advanced to the Special Revenue Fund as a result of the delay in the receipt of grant funds due to the reimbursement basis of the federal grants. The interfund between Capital Projects Fund and Debt Service Fund represents interest earned. The interfund between the General Fund and the Proprietary Fund represents a prior year interfund.

NOTE 11. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

The plan administrators are as follows:

- Equitable Life Assurance
- Metropolitan Life Insurance Company
- Lincoln Life Insurance Company
- Lincoln Investments
- Variable Annuity Life Insurance Company (V.A.L.I.C.)
- Financial Resources

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 11. DEFERRED COMPENSATION (Cont'd)

Equitable Life Assurance and Financial Resources are the plan administrators for the District's Internal Revenue Code Section 457 plans.

NOTE 12. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the local school District on a predetermined mutually agreed-upon schedule.

NOTE 13. COMMITMENTS AND CONTINGENCIES

Grant Programs

The School District participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The School District is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

The District is periodically involved in claims or lawsuits arising in the normal course of business, including a claim regarding employment matters. The District does not believe that the ultimate outcome of these cases will have a material adverse effect on the District's financial position.

Arbitrage

The District may have a liability for arbitrage payable to the federal government relative to its \$27,771,000 School dated February 19, 2020. The amount of liability at June 30, 2020, if any, is unknown.

Encumbrances

At June 30, 2020, there were encumbrances as detailed below, included int the restricted fund balance of the governmental funds. All of the governmental funds are considered to be major funds:

Capital Projects Fund	Total Governmental Funds
\$ 17,704,649	\$ 17,704,649

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30,2020  
(Continued)

NOTE 14. ACCOUNTS PAYABLE

	Governmental Funds			District Contribution Subsequent to the Measurement Date	Total Governmental Activities	Business-Type Activities
	General Fund	Special Revenue Fund	Capital Projects Fund			Food Service Fund
State of New Jersey		\$ 55,737		\$ 420,000	\$ 475,737	
Vendors	\$ 167,765	38,434	\$ 50,051		256,250	\$ 15,624
	<u>\$ 167,765</u>	<u>\$ 94,171</u>	<u>\$ 50,051</u>	<u>\$ 420,000</u>	<u>\$ 731,987</u>	<u>\$ 15,624</u>

NOTE 15. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2020, the District transferred \$6,904 to capital outlay accounts. The transfer of \$6,904 was made for equipment and therefore did not require approval from the County Superintendent.

NOTE 16. MAINTENANCE RESERVE ACCOUNT

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.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year’s budget that is certified for taxes

Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district’s school facilities.

If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year’s budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Beginning Balance, July 1, 2019	\$ 150,000
Less:	
Deposit per Board Resolution	<u>85,022</u>
	235,022
Less:	
Withdrawals by Board Resolutions	<u>(85,022)</u>
Ending Balance, June 30, 2020	<u>\$ 150,000</u>

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

(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). 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 years or more 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 total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Employees Covered by Benefit Terms

At June 30, 2018, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	148,051
Active Plan Members	216,892
Total	364,943

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017 which was rolled forward to June 30, 2018.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%	
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 3.05% based on service years	2.00 - 6.00% based on service years
Thereafter	1.55 - 3.05% based on service years	3.00 - 7.00% based on service years

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

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30,2020  
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Health Care Trend Assumptions

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

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. 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 State’s Proportionate Share of the Total OPEB Liability Associated with the District

	Total OPEB Liability
Balance at June 30, 2018	\$ 62,973,465
Changes for Year:	
Service Cost	2,223,876
Interest on the Total OPEB Liability	2,490,363
Changes of Assumptions	855,936
Differences between Expected and Actual Experience	(9,427,135)
Gross Benefit Payments by the State	(1,762,209)
Contributions from Members	52,237
Net Changes	(5,566,932)
Balance at June 30, 2019	\$ 57,406,533

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

(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPEB Liability Attributable to the District	\$ 67,819,801	\$ 57,406,533	\$ 49,134,804

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 47,300,424	\$ 57,406,533	\$ 70,784,946

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020 the District recognized OPEB expense of \$1,214,919 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2019 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:



VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30,2020  
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

	<u>Deferral Year</u>	<u>Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2017	9.54		\$ 6,683,281
	2018	9.51		5,748,526
	2019	9.29	<u>\$ 763,800</u>	<u>12,431,807</u>
			<u>763,800</u>	<u>12,431,807</u>
Differences between Expected and Actual Experience	2018	9.51		5,434,147
	2019	9.29		8,989,979
				<u>14,424,126</u>
Changes in Proportion	N/A	N/A	<u>543,554</u>	<u>618,157</u>
			<u>\$ 1,307,354</u>	<u>\$ 27,474,090</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2020	\$ (3,503,248)
2021	(3,503,248)
2022	(3,503,247)
2023	(3,503,247)
2024	(3,503,247)
Thereafter	<u>(8,575,896)</u>
	<u>\$ (26,092,133)</u>

NOTE 18: SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey has caused disruption of the District's normal financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. The District's state aid in the General Fund was reduced after their budget was adopted due to the reduction of state aid provided to certain school districts by the State of New Jersey. Also, there have been additional operating expenses in the General Fund not planned for or expected at the time of the adoption of the District's 2020-21 budget related to COVID-19. Additionally, the District's cash flow in the Governmental Funds may be affected by the timing of the collection of the District's tax levy as well as certain State aid payments.

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30,2020  
(Continued)

NOTE 18: SUBSEQUENT EVENT (Cont'd)

The District's Food Service and Summer Enrichment Academy Enterprise Funds likely will be impacted by COVID-19 for the fiscal year ending June 30, 2021.

NOTE 19. 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 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 a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

The Township of Verona recognized revenue in the amount of \$1,129,347 from 5 payment in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2020 without the abatement would have been \$2,715,176 of which \$1,520,864 would have been for the local school tax.

REQUIRED SUPPLEMENTARY INFORMATION

VERONA BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
District's proportion of the net pension liability	0.0391601951%	0.0409104326%	0.0407569587%	0.0380142039%	0.0390169900%	0.0381088649%
District's proportionate share of the net pension liability	\$ 7,331,860	\$ 9,183,572	\$ 12,071,042	\$ 8,849,099	\$ 7,682,251	\$ 6,866,639
District's covered employee payroll	\$ 2,649,102	\$ 2,574,194	\$ 2,612,297	\$ 2,572,880	\$ 2,749,941	\$ 2,679,024
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	283.04%	284.82%	351.55%	469.16%	321.79%	286.76%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%

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 SCHEDULES  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 322,831	\$ 351,720	\$ 362,079	\$ 352,161	\$ 388,093	\$ 474,421
Contributions in relation to the contractually required contribution	(322,831)	(351,720)	(362,079)	(352,161)	(388,093)	(474,421)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 2,574,194	\$ 2,612,297	\$ 2,572,880	\$ 2,749,941	\$ 2,679,024	\$ 2,609,386
Contributions as a percentage of covered employee payroll	12.54%	13.46%	14.07%	12.81%	14.49%	18.18%

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 SCHEDULES  
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY ATTRIBUTABLE TO THE DISTRICT  
TEACHERS' PENSION AND ANNUITY FUND  
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
State's proportion of the net pension liability attributable to the District	0.1571932268%	0.1475863822%	0.1576259021%	0.1542831150%	0.1537161453%	0.1548302120%
State's proportionate share of the net pension liability attributable to the District	\$ 84,014,664	\$ 93,280,896	\$ 123,998,571	\$ 104,023,239	\$ 97,790,910	\$ 95,020,763
District's covered employee payroll	\$ 14,603,136	\$ 14,991,957	\$ 15,817,173	\$ 15,591,191	\$ 16,142,269	\$ 16,319,268
State proportionate share of the net pension liability attributable to the district as a percentage of its covered employee payroll	575.32%	622.21%	783.95%	667.19%	605.81%	582.26%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%

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 SCHEDULES  
SCHEDULE OF STATE CONTRIBUTIONS  
TEACHERS' PENSION AND ANNUITY FUND  
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 4,520,778	\$ 9,316,767	\$ 9,316,767	\$ 7,206,203	\$ 5,700,868	\$ 5,604,579
Contributions in relation to the contractually required contribution	(744,353)	(1,202,132)	(1,674,703)	(2,263,697)	(3,045,135)	(3,299,180)
Contribution deficiency/(excess)	<u>\$ 3,776,425</u>	<u>\$ 8,114,635</u>	<u>\$ 7,642,064</u>	<u>\$ 4,942,506</u>	<u>\$ 2,655,733</u>	<u>\$ 2,305,399</u>
District's covered employee payroll	\$ 14,991,957	\$ 15,817,173	\$ 15,591,191	\$ 16,142,269	\$ 16,319,268	\$ 17,906,395
Contributions as a percentage of covered employee payroll	4.97%	7.60%	10.74%	14.02%	18.66%	18.42%

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 SCHEDULES  
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY  
ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS  
LAST THREE FISCAL YEARS

	Fiscal Year Ending June 30,		
	2017	2018	2019
Service Cost	\$ 3,005,167	\$ 2,519,437	\$ 2,223,876
Interest	2,345,315	2,701,897	2,490,363
Changes in Assumptions	(9,744,530)	(7,226,520)	855,936
Differences between Expected and Actual Experience		(7,153,898)	(9,427,135)
Member Contributions	63,404	58,198	52,237
Gross Benefit Payments	(1,721,873)	(1,683,888)	(1,762,209)
Net Change in Total OPEB Liability	(6,052,517)	(10,784,774)	(5,566,932)
Total OPEB Liability - Beginning	<u>79,810,756</u>	<u>73,758,239</u>	<u>62,973,465</u>
Total OPEB Liability - Ending	<u>\$ 73,758,239</u>	<u>\$ 62,973,465</u>	<u>\$ 57,406,533</u>
District's Covered Employee Payroll *	\$ 17,566,151	\$ 18,429,470	\$ 18,164,071
Total OPEB Liability as a Percentage of Covered Employee Payroll	420%	342%	316%

\* - Covered payroll for the fiscal years ending June 30, 2017, 2018, and 2019 are based on the payroll on the June 30, 2016, 2017, and 2018 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.



VERONA BOARD OF EDUCATION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2020

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%.

The inflation rate was 2.25% as of June 30, 2018. As of June 30, 2019, the inflation rate was as follows – Price – 2.75% and Wage – 3.25%. The salary increases as of June 30, 2018 were as follows: Through 2026 – 1.65% - 4.15% based on age and Thereafter – 2.65% - 5.15% based on age. The salary increases as of June 30, 2019 are as follows: Through 2026 – 2.00% - 6.00% based on years of service and Thereafter – 3.00% - 7.00% based on years of service.

The July 1, 2017 actuarial valuation utilized the following mortality rate assumptions:

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the plan actuary's modified MP-2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The July 1, 2018 actuarial valuation utilized the following mortality rate assumptions:

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

VERONA BOARD OF EDUCATION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2020

B. TEACHERS' PENSION AND ANNUITY FUND (Cont'd)

Changes of Actuarial Assumptions

The discount rate changed from 4.86% as of June 30, 2018 to 5.60% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%. The inflation rate as of June 30, 2018 was 2.25%. The inflation rate as of June 30, 2019 was as follows: Price – 2.75% and Wage – 3.25%.

The salary increases in the July 1, 2018 valuation were as follows: Through 2026 - 1.55 – 4.45% based on years of service and thereafter - 2.75 – 5.65% based on years of service. The salary increases in the July 1, 2017 valuation were as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

The mortality rates utilized in the July 1, 2018 valuation were as follows: Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEN PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%.

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement 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. Post-retirement 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 Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

VERONA BOARD OF EDUCATION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2020

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEN PLAN (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The mortality rates in the valuation as of June 30, 2019 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The health care trend rates in the valuation as of June 30, 2019 were based on the following:

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

BUDGETARY COMPARISON SCHEDULES

VERONA BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 34,250,431		\$ 34,250,431	\$ 34,250,431	\$ 16,089
Tuition from Other LEAs			80,000	55,600	(24,400)
Tuition from Individuals	80,000		200,000	630,328	430,328
Unrestricted Miscellaneous Revenues	200,000			26,100	26,100
Transportation Fees From Individuals					
<b>Total - Local Sources</b>	<b>34,530,431</b>		<b>34,530,431</b>	<b>34,978,548</b>	<b>448,117</b>
State Sources:					
Special Education Aid	1,163,707		1,163,707	1,163,707	
Security Aid	175,630		175,630	175,630	
Transportation Aid	103,500		103,500	103,500	
Extraordinary Aid for Special Education Costs	250,000		250,000	512,044	262,044
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				3,299,180	3,299,180
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				59,134	59,134
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				2,181	2,181
On-Behalf TPAF Post Retirement Medical Benefits (non-budgeted)				1,245,873	1,245,873
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,292,346	1,292,346
<b>Total State Sources</b>	<b>1,692,837</b>		<b>1,692,837</b>	<b>7,853,595</b>	<b>6,160,758</b>
<b>TOTAL REVENUES</b>	<b>36,223,268</b>		<b>36,223,268</b>	<b>42,832,143</b>	<b>6,608,875</b>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 806,779	\$ (116,362)	\$ 690,417	\$ 690,417	
Grades 1-5 - Salaries of Teachers	4,514,438	6,046	4,520,484	4,520,483	\$ 1
Grades 6-8 - Salaries of Teachers	2,420,959	(109,809)	2,311,150	2,310,988	162
Grades 9-12 - Salaries of Teachers	3,833,760	(41,451)	3,792,309	3,792,309	
Regular Programs - Home Instruction:					
Salaries of Teachers	18,500	12,465	30,965	29,777	1,188
Other Salaries for Instruction	313,697	(80,447)	233,250	233,250	
Regular Programs - Undistributed Instruction:					
Other Purchased Services (400-500 series)	210,580	2,201	212,781	212,781	
General Supplies	469,230	(71,472)	397,758	397,529	229
Textbooks	69,314	(26,662)	42,652	42,643	9
Other Objects	3,900	(2,404)	1,496	1,496	
<b>Total Regular Programs - Instruction</b>	<b>12,661,157</b>	<b>(427,895)</b>	<b>12,233,262</b>	<b>12,231,673</b>	<b>1,589</b>
<b>Special Education:</b>					
Learning and/or Language Disabilities:					
Salaries of Teachers	329,854	1,833	331,687	331,687	
Other Salaries for Instruction	284,921	(41,867)	243,054	243,054	
General Supplies	6,100	(2,392)	3,708	3,708	
<b>Total Learning and/or Language Disabilities</b>	<b>620,875</b>	<b>(42,426)</b>	<b>578,449</b>	<b>578,449</b>	
<b>Behavioral Disabilities:</b>					
Salaries of Teachers	210,598	6,257	216,855	216,855	
Other Salaries for Instruction	228,212	(23,630)	204,582	204,582	
General Supplies	4,500	(678)	3,822	3,822	
<b>Total Behavioral Disabilities</b>	<b>443,310</b>	<b>(18,051)</b>	<b>425,259</b>	<b>425,259</b>	

VERONA BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 1,379,194	\$ (122,335)	\$ 1,256,859	\$ 1,256,859	
Other Salaries for Instruction	288,928	10,368	299,296	299,296	
General Supplies	5,700	(982)	4,718	4,718	
<b>Total Resource Room/Resource Center</b>	<b>1,673,822</b>	<b>(112,949)</b>	<b>1,560,873</b>	<b>1,560,873</b>	
Autism:					
Other Salaries for Instruction	16,318	1,686	18,004	18,004	
<b>Total Autism</b>	<b>16,318</b>	<b>1,686</b>	<b>18,004</b>	<b>18,004</b>	
Preschool Disabilities - Part-Time:					
Salaries of Teachers	133,603	(18,778)	114,825	114,825	
Other Salaries for Instruction	90,055	46,525	136,580	136,580	
General Supplies	8,500	(5,412)	3,088	3,088	
<b>Total Preschool Disabilities - Part-Time</b>	<b>232,158</b>	<b>22,335</b>	<b>254,493</b>	<b>254,493</b>	
Preschool Disabilities - Full-Time:					
Salaries of Teachers	175,135	139	175,274	175,274	
Other Salaries for Instruction	142,105	(4,042)	138,063	138,062	\$ 1
General Supplies	5,100	(1,506)	3,594	3,594	
<b>Total Preschool Disabilities - Full-Time</b>	<b>322,340</b>	<b>(5,409)</b>	<b>316,931</b>	<b>316,930</b>	<b>1</b>

VERONA BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Special Education: (Cont'd)					
Home Instruction - Special Education:					
Salaries of Teachers	\$ 32,000	\$ 8,686	\$ 40,686	40,686	
Total Home Instruction - Special Education	32,000	8,686	40,686	40,686	
Total Special Education Instruction	3,340,823	(146,128)	3,194,695	3,194,694	\$ 1
Bilingual Education - Instruction:					
Salaries of Teachers	47,322	(3,670)	43,652	43,652	
General Supplies	2,000	(933)	1,067	1,067	
Total Bilingual Education - Instruction	49,322	(4,603)	44,719	44,719	
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	210,835	(9,836)	200,999	178,314	22,685
Other Objects	54,157	39,120	93,277	78,879	14,398
Total School-Sponsored Cocurricular Activities - Instruction	264,992	29,284	294,276	257,193	37,083
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	454,059	30,171	484,230	463,493	20,737
Supplies and Materials	169,494	(34,008)	135,486	102,638	32,848
Other Objects	22,418	(15,174)	7,244	7,243	1
Total School-Sponsored Cocurricular Athletics - Instruction	645,971	(19,011)	626,960	573,374	53,586



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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Other Instructional Programs - Instruction:					
Salaries	\$ 2,000	\$ 369	\$ 369	\$ 184	\$ 185
Supplies and Materials	2,000	(2,000)			
Total Other Instructional Programs - Instruction:		(1,631)	369	184	185
<b>Total Instruction</b>	16,964,265	(569,984)	16,394,281	16,301,837	92,444
<b>Undistributed Expenditures:</b>					
Instruction:					
Tuition to Other LEAs Within the State - Regular	40,000	(34,824)	5,176	5,176	
Tuition to County Vocational School District - Special	35,656	(16,157)	19,499	15,649	3,850
Tuition to CSSD & Regional Day Schools	107,450	1,767	109,217	107,836	1,381
Tuition to Private Schools for the Handicapped - Within State	2,577,352	269,857	2,847,209	2,829,421	17,788
Tuition to Private Schools for the Handicapped - Outside State	160,000	(160,000)			
<b>Total Undistributed Expenditures - Instruction</b>	2,920,458	60,643	2,981,101	2,958,082	23,019
<b>Health Services:</b>					
Salaries	442,140	(37,305)	404,835	404,549	286
Purchased Professional and Technical Services	7,000	(3,566)	3,434	3,284	150
Supplies and Materials	9,400	2,015	11,415	8,602	2,813
Other Objects	2,000	1,849	3,849	3,849	
<b>Total Health Services</b>	460,540	(37,007)	423,533	420,284	3,249
<b>Speech, OT, PT &amp; Related Services:</b>					
Salaries	820,937	48,298	869,235	868,735	500
Purchased Professional - Educational Services	441,880	(24,157)	417,723	417,101	622
Supplies and Materials	3,000	(684)	2,316	2,315	1
<b>Total Speech, OT, PT &amp; Related Services</b>	1,265,817	23,457	1,289,274	1,288,151	1,123
<b>Guidance:</b>					
Salaries of Other Professional Staff	634,814	27,417	662,231	662,231	
Salaries of Secretarial and Clerical Assistants	57,279		57,279	57,279	
Purchased Professional and Educational Services	69,000	(68,745)	255	255	
Supplies and Materials	26,480	(7,040)	19,440	19,320	120
Other Objects	6,760	(2,525)	4,235	3,535	700
<b>Total Guidance</b>	794,333	(50,893)	743,440	742,620	820

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Child Study Teams:					
Salaries of Other Professional Staff	\$ 884,957	\$ 2,092	\$ 887,049	\$ 884,690	\$ 2,359
Salaries of Secretarial and Clerical Assistants	66,132		66,132	66,132	
Purchased Professional - Educational Services	22,000	(12,226)	9,774	9,768	6
Other Purchased Services (400-500)	17,785	(10,679)	7,106	7,105	1
Supplies and Materials	40,909	(5,459)	35,450	34,750	700
<b>Total Child Study Teams</b>	<b>1,031,783</b>	<b>(26,272)</b>	<b>1,005,511</b>	<b>1,002,445</b>	<b>3,066</b>
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	380,339		380,339	380,339	
Salaries of Other Professional Staff	155,591	(3,312)	152,279	152,279	
Salaries of Secretarial and Clerical Assistants	43,706	521	44,227	44,227	
Other Purchased Professional and Technical Services	54,050	(16,079)	37,971	35,603	2,368
Supplies and Materials	24,658	(5,249)	19,409	17,668	1,741
Other Objects	5,085	(277)	4,808	4,808	
<b>Total Improvement of Instructional Services</b>	<b>663,429</b>	<b>(24,396)</b>	<b>639,033</b>	<b>634,924</b>	<b>4,109</b>
Educational Media Services/School Library:					
Salaries	319,098	16,794	335,892	335,892	
Supplies and Materials	38,512	3,121	41,633	41,633	
<b>Total Educational Media Services/School Library</b>	<b>357,610</b>	<b>19,915</b>	<b>377,525</b>	<b>377,525</b>	

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Support Services - General Administration:					
Salaries	\$ 282,381	\$ 18,744	\$ 301,125	\$ 299,945	\$ 1,180
Legal Services	148,000	4,194	152,194	144,657	7,537
Audit Fees	35,000		35,000	35,000	
Other Purchased Professional Services	10,250	5,350	15,600	11,400	4,200
Purchased Technical Services	13,925	767	14,692	14,692	
Communications/Telephone	64,995	(2,328)	62,667	57,068	5,599
BOE Other Purchased Services	700	2,616	3,316	2,033	1,283
Miscellaneous Purchased Services (400-500 series)	81,950	(399)	81,551	81,330	221
General Supplies	9,600	749	10,349	10,349	
Miscellaneous Expenditures	23,600	1,128	24,728	24,728	
<b>Total Support Services - General Administration</b>	<b>670,401</b>	<b>30,821</b>	<b>701,222</b>	<b>681,202</b>	<b>20,020</b>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	1,196,442	(14,680)	1,181,762	1,181,762	
Salaries of Other Professional Staff	142,535		142,535	142,535	
Salaries of Secretarial and Clerical Assistants	456,690	3,291	459,981	459,981	
Other Purchased Services (400-500 series)	6,300	(3,213)	3,087	3,087	
Supplies and Materials	10,266	(2,297)	7,969	7,956	13
Other Objects	15,000	(3,265)	11,735	11,735	
<b>Total Support Services - School Administration</b>	<b>1,827,233</b>	<b>(20,164)</b>	<b>1,807,069</b>	<b>1,807,056</b>	<b>13</b>
Support Services - Central Services:					
Salaries	277,218	6,397	283,615	283,615	
Supplies and Materials	6,000	328	6,328	6,328	
Interest on Current Loans	9,465		9,465	9,465	
Miscellaneous Expenditures	2,000	(710)	1,290	1,290	
<b>Total Support Services - Central Services</b>	<b>294,683</b>	<b>6,015</b>	<b>300,698</b>	<b>300,698</b>	

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Support Services - Administration Information Technology:					
Salaries	\$ 166,818	\$ 75,611	\$ 242,429	\$ 242,429	
Purchased Technical Services	157,570	(6,643)	150,927	150,927	
Other Purchased Services (400-500 series)	6,000	(6,000)			
Supplies and Materials	500	(500)			
<b>Total Support Services - Administration Information Technology</b>	<b>330,888</b>	<b>62,468</b>	<b>393,356</b>	<b>393,356</b>	
Required Maintenance of School Facilities:					
Salaries	240,467	78,112	318,579	318,579	
Cleaning, Repair and Maintenance Services	183,645	297,440	481,085	481,085	
General Supplies	102,955	7,372	110,327	110,327	
<b>Total Required Maintenance of School Facilities</b>	<b>527,067</b>	<b>382,924</b>	<b>909,991</b>	<b>909,991</b>	
Custodial Services:					
Salaries	1,082,742	(22,959)	1,059,783	1,059,782	\$ 1
Cleaning, Repair and Maintenance Services	56,000	48,958	104,958	98,458	6,500
Lease Purchase Pymts-- Energy Savings Impr Prog	186,277		186,277	186,277	
Other Purchased Property Services	45,000	1,646	46,646	46,646	
Insurance	155,408	4,325	159,733	159,733	
General Supplies	115,420	15,063	130,483	130,481	2
Energy (Natural Gas)	170,000	237,980	407,980	407,980	
Energy (Electricity)	242,000	(242,000)			

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Custodial Services (Cont'd):					
Other Objects	\$ 7,500	\$ 48,917	\$ 56,417	\$ 56,417	
Interest - Energy Savings Impr Prog Bonds	49,873	(49,873)			
Total Custodial Services	2,110,220	42,057	2,152,277	2,145,774	\$ 6,503
Care & Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	11,730	26,843	38,573	33,804	4,769
General Supplies	22,000	(14,642)	7,358	7,358	
Total Care & Upkeep of Grounds	33,730	12,201	45,931	41,162	4,769
Student Transportation Services:					
Salaries for Transportation - Between Home & School - Sp Ed	95,000	(38,647)	56,353	56,353	
Sal. for Pupil Trans(Other than Bet. Home & Sch)	63,964	89,487	153,451	153,450	1
Contracted Services:					
Between Home and School - Vendors	23,100	(2,645)	20,455	20,455	
Joint Agreements	570,000	64,563	634,563	634,563	

VERONA BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Student Transportation Services (Cont'd):					
Transportation Supplies	\$ 24,000	\$ 24,493	\$ 48,493	\$ 48,493	
Total Student Transportation Services	776,064	137,251	913,315	913,314	\$ 1
Unallocated Benefits:					
Group Insurance	84,000	3,389	87,389	87,389	
Social Security Contributions	420,000	7,317	427,317	427,317	
Other Retirement Contributions - PERS	381,000	93,421	474,421	474,421	
Unemployment Compensation	60,000	(60,000)			
Workmen's Compensation	202,025	(27,668)	174,357	174,357	
Health Benefits	4,070,677	(110,330)	3,960,347	3,942,994	17,353
Tuition Reimbursement	96,194	(15,984)	80,210	80,210	
Other Employee Benefits	70,219	(5,402)	64,817	64,817	
Total Unallocated Benefits	5,384,115	(115,257)	5,268,858	5,251,505	17,353
On-Behalf Contributions:					
On-behalf TPAF Pension Contributions (non-budgeted)				3,299,180	(3,299,180)
On-behalf Non-Contributory Insurance (non-budgeted)				59,134	(59,134)
On-behalf Long-Term Disability Insurance (non-budgeted)				2,181	(2,181)
On-Behalf TPAF Post Retirement Medical Benefits (non-budgeted)				1,245,873	(1,245,873)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				1,292,346	(1,292,346)
Total On-Behalf Contributions				5,898,714	(5,898,714)
Total Personal Services - Employee Benefits	5,384,115	(115,257)	5,268,858	11,150,219	(5,881,361)
Total Undistributed Expenses	19,448,371	503,763	19,952,134	25,766,803	(5,814,669)
<b>TOTAL CURRENT EXPENSE</b>	36,412,636	(66,221)	36,346,415	42,068,640	(5,722,225)

VERONA BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CAPITAL OUTLAY</b>					
Equipment:					
Regular Programs - Grades 9-12		\$ 2,129	\$ 2,129	\$ 2,114	\$ 15
Undistributed Expenditures:					
Required Maintenance for School Faculty	\$ 114,000	(53,167)	60,833		60,833
Undistributed Expenditures:					
Non-Instructional Services		4,775	4,775	4,775	
Total Equipment	114,000	(46,263)	67,737	6,889	60,848
Facilities Acquisition and Construction Services:					
Other Objects - Debt Service Assessment	1,362		1,362	1,362	
Total Facilities Acquisition and Construction Services	1,362		1,362	1,362	
<b>TOTAL CAPITAL OUTLAY</b>	115,362	(46,263)	69,099	8,251	60,848
<b>TOTAL EXPENDITURES</b>	36,527,998	(112,484)	36,415,514	42,076,891	(5,661,377)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(304,730)	112,484	(192,246)	755,252	947,498
Other Financing Sources/(Uses):					
Transfer to Capital Reserve to Capital Projects Fund		(53,167)	(53,167)	(53,167)	
Transfer to Food Service Enterprise Fund		(144,339)	(144,339)	(93,458)	50,881
Total Other Financing Sources		(197,506)	(197,506)	(146,625)	50,881

VERONA BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	\$ (304,730)	\$ (85,022)	\$ (389,752)	\$ 608,627	\$ 998,379
Fund Balance, July 1	<u>2,212,108</u>		<u>2,212,108</u>	<u>2,212,108</u>	
Fund Balance, June 30	<u>\$ 1,907,378</u>	<u>\$ (85,022)</u>	<u>\$ 1,822,356</u>	<u>\$ 2,820,735</u>	<u>\$ 998,379</u>
 <u>Recapitulation:</u>					
Restricted:				\$ 89,406	
Excess Surplus to be Utilized for 2021-2022 school year				120,000	
Excess Surplus to be Utilized for 2020-2021 school year				1,018,249	
Capital Reserve				150,000	
Maintenance Reserve				455,183	
Assigned:				987,897	
For Subsequent Year's Expenditures				2,820,735	
Unassigned Fund Balance				(133,605)	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis				2,687,130	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 2,687,130</u>	



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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources	\$ 243,619	\$ (32,526)	\$ 211,093	\$ 41,037	\$ (170,056)
State Sources	142,373	42,541	184,914	128,811	(56,103)
Federal Sources	807,053	258,610	1,065,663	736,827	(328,836)
Total Revenues	1,193,045	268,625	1,461,670	906,675	(554,995)
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	260,000	(30,204)	229,796	165,444	64,352
Purchased Professional and Technical Services	30,000	(1,066)	28,934	5,250	23,684
Purchased Professional - Educational Services	75,000	71,525	146,525	77,875	68,650
Tuition	500,000	164,347	664,347	452,622	211,725
General Supplies	90,000	(4,870)	85,130	57,593	27,537
Textbooks	10,000	(38)	9,962	9,962	
Total Instruction	965,000	199,694	1,164,694	768,746	395,948
Support Services:					
Salaries of Other Professional Staff	30,000	(11,667)	18,333	11,000	7,333
Personal Services - Employee Benefits	50,000	27,478	77,478	1,362	76,116
Purchased Professional and Technical Services	20,000	32,694	52,694	15,492	37,202
Purchased Professional - Educational Services	100,000	31,939	131,939	97,722	34,217
Total Support Services	200,000	80,444	280,444	125,576	154,868
Facilities Acquisition and Construction Services:					
Instructional Equipment	28,045	(11,513)	16,532	12,353	4,179
Total Facilities Acquisition and Construction Services	28,045	(11,513)	16,532	12,353	4,179
Total Expenditures	\$ 1,193,045	\$ 268,625	\$ 1,461,670	\$ 906,675	\$ 554,995

VERONA BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 42,832,143	\$ 906,675
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements	576,577	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(133,605)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 43,275,115</u>	<u>\$ 906,675</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 42,076,891	\$ 906,675
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 42,076,891</u>	<u>\$ 906,675</u>

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts 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)l. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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 generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from the GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SPECIAL REVENUE FUND

VERONA BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Local Grants	Elementary and Secondary Education Act		
		Title I	Title IIA	Title IV
<b>REVENUE:</b>				
Local Sources	\$ 41,037			
State Sources		\$ 169,446	\$ 58,608	\$ 15,492
Federal Sources		169,446	58,608	15,492
Total Revenue	41,037	169,446	58,608	15,492
<b>EXPENDITURES:</b>				
Instruction:				
Salaries of Teachers		165,444		
Purchased Professional and Technical Services				
Purchased Professional - Educational Services				
Tuition				
General Supplies	41,037	2,640		
Textbooks				
Total Instruction	41,037	168,084		
Support Services:				
Salaries of Other Professional Staff		1,362		
Personal Services - Employee Benefits				15,492
Purchased Professional & Technical Services			58,608	
Purchased Professional - Educational Services		1,362	58,608	15,492
Total Support Services		1,362	58,608	15,492
Facilities Acquisition:				
Instructional Equipment				
Total Facilities Acquisition				
Total Expenditures	\$ 41,037	\$ 169,446	\$ 58,608	\$ 15,492

VERONA BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Non-Public			
	Textbook	Technology Initiative	Nursing	Security
<b>REVENUE:</b>				
Local Sources				
State Sources	\$ 9,962	\$ 2,592	\$ 11,000	\$ 27,382
Federal Sources				
Total Revenue	<u>9,962</u>	<u>2,592</u>	<u>11,000</u>	<u>27,382</u>
<b>EXPENDITURES:</b>				
Instruction:				
Salaries of Teachers				
Purchased Professional and Technical Services				
Purchased Professional - Educational Services				
Tuition				
General Supplies	9,962			
Textbooks	<u>9,962</u>			
Total Instruction				
Support Services:				
Salaries of Other Professional Staff			11,000	
Personal Services - Employee Benefits				
Purchased Professional & Technical Services		2,592		27,382
Purchased Professional - Educational Services		<u>2,592</u>	<u>11,000</u>	<u>27,382</u>
Total Support Services				
Facilities Acquisition:				
Instructional Equipment				
Total Facilities Acquisition	<u>9,962</u>	<u>2,592</u>	<u>11,000</u>	<u>27,382</u>
Total Expenditures				

VERONA BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	IDEA			Chapter 192	
	Basic	Preschool	Transportation	Compensatory Education	
<b>REVENUE:</b>					
Local Sources					
State Sources	\$ 468,902	\$ 24,379	\$ 20,221	\$ 29,203	
Federal Sources					
Total Revenue	<u>468,902</u>	<u>24,379</u>	<u>20,221</u>	<u>29,203</u>	
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	5,250				
Purchased Professional and Technical Services			20,221		29,203
Purchased Professional - Educational Services	452,622				
Tuition	1,890	12,026			
General Supplies					
Textbooks					
Total Instruction	<u>459,762</u>	<u>12,026</u>	<u>20,221</u>	<u>29,203</u>	
Support Services:					
Salaries of Other Professional Staff					
Personal Services - Employee Benefits					
Purchased Professional & Technical Services	9,140				
Purchased Professional - Educational Services	9,140				
Total Support Services					
Facilities Acquisition:					
Instructional Equipment		12,353			
Total Facilities Acquisition		<u>12,353</u>			
Total Expenditures	<u>\$ 468,902</u>	<u>\$ 24,379</u>	<u>\$ 20,221</u>	<u>\$ 29,203</u>	

VERONA BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Chapter 193			Totals
	Initial Exam & Class	Corrective Speech	Supplemental Instruction	June 30, 2020
<b>REVENUE:</b>				
Local Sources				\$ 41,037
State Sources	14,121	2,916	11,414	128,811
Federal Sources				736,827
<b>Total Revenue</b>	<u>14,121</u>	<u>2,916</u>	<u>11,414</u>	<u>906,675</u>
<b>EXPENDITURES:</b>				
Instruction:				
Salaries of Teachers				165,444
Purchased Professional and Technical Services				5,250
Purchased Professional - Educational Services	14,121	2,916	11,414	77,875
Tuition				452,622
General Supplies				57,593
Textbooks				9,962
<b>Total Instruction</b>	<u>14,121</u>	<u>2,916</u>	<u>11,414</u>	<u>768,746</u>
<b>Support Services:</b>				
Salaries of Other Professional Staff				11,000
Personal Services - Employee Benefits				1,362
Purchased Professional & Technical Services				15,492
Purchased Professional - Educational Services				97,722
<b>Total Support Services</b>				<u>125,576</u>
<b>Facilities Acquisition:</b>				
Instructional Equipment				12,353
<b>Total Facilities Acquisition</b>				<u>12,353</u>
<b>Total Expenditures</b>	<u>\$ 14,121</u>	<u>\$ 2,916</u>	<u>\$ 11,414</u>	<u>\$ 906,675</u>

VERONA BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOT APPLICABLE



CAPITAL PROJECTS FUND

VERONA BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Revenue and Other Financing Sources:	
Bond Proceeds	\$ 27,771,000
Transfer In - Capital Reserve	53,167
Interest on Investments	6,267
	<hr/>
Total Revenue and Other Financing Sources	27,830,434
	<hr/>
Expenditures:	
Construction Services	1,191,636
Purchased Professional and Technical Services	1,855,440
	<hr/>
Total Expenditures	3,047,076
	<hr/>
Excess/(Deficit) of Revenue and Other Financing Sources Over Expenditures	24,783,358
Other Financing (Uses):	
Operating Transfers Out - Debt Service Fund	(7,564)
	<hr/>
Total Other Financing Sources/(Uses)	(7,564)
	<hr/>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing (Uses)	24,775,794
Fund Balance/(Deficit) - Beginning of Year	(51,868)
	<hr/>
Fund Balance - End of Year	\$ 24,723,926
	<hr/> <hr/>
<u>Recapitulation:</u>	
Restricted	\$ 7,019,277
Restricted - Year End Encumbrances	17,704,649
Fund Balance per Governmental Funds (GAAP)	\$ 24,723,926
	<hr/> <hr/>

VERONA BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
FOREST AVENUE SCHOOL INTERIOR AND EXTERIOR RENOVATIONS  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Costs</u>
Revenue and Other Financing Sources:				
Bond Proceeds	\$ 358,497	\$ 29,979	\$ 388,476	\$ 388,476
State Sources - SDA Grant	132,420		132,420	132,420
Total Revenue and Other Financing Sources	490,917	29,979	520,896	520,896
Expenditures:				
Construction Services	467,789		467,789	467,789
Purchased Professional and Technical Services	53,107		53,107	53,107
Total Expenditures	520,896		520,896	520,896
Excess/(Deficit) of Revenue and Other Financing Sources over/(under) Expenditures	\$ (29,979)	\$ 29,979	\$ -0-	\$ -0-
Additional Project Information:				
Project Number	5370-090-14-1006			
Grant Date	7/10/2014			
Bond Authorization Date	4/29/2014			
Bonds Authorized	\$ 13,845,000			
Bond Issued	\$ 13,845,000			
Original Authorized Cost	\$ 582,006			
Additional Authorized Costs	\$ (61,110)			
Revised Authorized Costs	\$ 520,896			
Change Order Percentage	-10%			
Percentage Completion	100%			
Original Target Completion Date	08/31/15			
Revised Target Completion Date	06/30/20			

VERONA BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
HENRY B. WHITEHORNE MIDDLE SCHOOL INTERIOR AND EXTERIOR RENOVATIONS  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	Prior Periods	Current Year	Totals	Revised Authorized Costs
Revenue and Other Financing Sources:				
Bond Proceeds	\$ 725,556	\$ 23,572	\$ 749,128	\$ 749,128
State Sources - SDA Grant	160,870		160,870	160,870
Transfer from Capital Reserve		53,167	53,167	53,167
Total Revenue and Other Financing Sources	886,426	76,739	963,165	963,165
Expenditures:				
Construction Services	858,256		858,256	858,256
Purchased Professional and Technical Services	104,909		104,909	104,909
Total Expenditures	963,165		963,165	963,165
Excess/(Deficit) of Revenue and Other Financing Sources over/(under) Expenditures				
	\$ (76,739)	\$ 76,739	\$ -0-	\$ -0-
Additional Project Information:				
Project Number	5370-095-14-1007			
Grant Date	7/10/2014			
Bond Authorization Date	4/29/2014			
Bonds Authorized	\$ 13,845,000			
Bond Issued	\$ 13,845,000			
Original Authorized Cost	\$ 1,058,498			
Additional Authorized Costs	(95,333)			
Revised Authorized Costs	\$ 963,165			
Change Order Percentage	-9%			
Percentage Completion	100%			
Original Target Completion Date	08/31/15			
Revised Target Completion Date	06/30/20			

VERONA BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
LANING AVENUE ELEMENTARY SCHOOL INTERIOR AND EXTERIOR RENOVATIONS  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Costs</u>
Revenue and Other Financing Sources:				
Bond Proceeds	\$ 105,027	\$ (8,867)	\$ 96,160	\$ 96,160
State Sources - SDA Grant	69,746		69,746	69,746
Total Revenue and Other Financing Sources	<u>174,773</u>	<u>(8,867)</u>	<u>165,906</u>	<u>165,906</u>
Expenditures:				
Construction Services	146,749		146,749	146,749
Purchased Professional and Technical Services	19,157		19,157	19,157
Total Expenditures	<u>165,906</u>		<u>165,906</u>	<u>165,906</u>
Excess/(Deficit) of Revenue and Other Financing Sources over/(under) Expenditures	<u>\$ 8,867</u>	<u>\$ (8,867)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Number	5370-095-14-1008			
Grant Date	7/10/2014			
Bond Authorization Date	4/29/2014			
Bonds Authorized	\$ 13,845,000			
Bond Issued	\$ 13,845,000			
Original Authorized Cost	\$ 192,406			
Additional Authorized Costs	(26,500)			
Revised Authorized Costs	\$ 165,906			
Change Order Percentage	-5%			
Percentage Completion	100%			
Original Target Completion Date	08/31/15			
Revised Target Completion Date	06/30/20			

VERONA BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
MULTI-PURPOSE FIELD WORK  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Costs</u>
Revenue and Other Financing Sources:				
Bond Proceeds	\$ 6,399,668	\$ (44,684)	\$ 6,354,984	\$ 6,354,984
Local Donation	47,401		47,401	47,401
Total Revenue and Other Financing Sources	<u>6,447,069</u>	<u>(44,684)</u>	<u>6,402,385</u>	<u>6,402,385</u>
Expenditures:				
Construction Services	5,753,477		5,753,477	5,753,477
Purchased Professional and Technical Services	648,908		648,908	648,908
Total Expenditures	<u>6,402,385</u>		<u>6,402,385</u>	<u>6,402,385</u>
Excess/(Deficit) of Revenue and Other Financing Sources over/(under) Expenditures	<u>\$ 44,684</u>	<u>\$ (44,684)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	4/29/2014			
Bonds Authorized	\$ 13,845,000			
Bond Issued	\$ 13,845,000			
Original Authorized Cost	\$ 5,742,756			
Additional Authorized Costs	659,629			
Revised Authorized Costs	\$ 6,402,385			
Change Order Percentage	11%			
Percentage Completion	100%			
Original Target Completion Date	09/30/15			
Revised Target Completion Date	06/30/20			

VERONA BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
ACQUISITION OF BUS, WORKSTATIONS AND CHROME BOOKS  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Costs</u>
Revenue and Other Financing Sources:				
Lease Proceeds	\$ 200,826		\$ 200,826	\$ 200,826
Total Revenue and Other Financing Sources	200,826		200,826	200,826
Expenditures:				
Equipment	47,500		47,500	47,500
Supplies	153,324		153,324	153,326
Total Expenditures	200,824		200,824	200,826
Excess/(Deficit) of Revenue and Other Financing Sources over/(under) Expenditures	\$ 2	\$ -0-	\$ 2	\$ -0-
Additional Project Information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bond Issued	N/A			
Original Authorized Cost	\$ 200,826			
Additional Authorized Costs	-0-			
Revised Authorized Costs	\$ 200,826			
Percentage Completion	100%			
Original Target Completion Date	06/01/18			
Revised Target Completion Date	06/30/20			

VERONA BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
2020 REFERENDUM  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Costs</u>
Revenue and Other Financing Sources:			
Bond Proceeds	\$ 27,771,000	\$ 27,771,000	\$ 27,771,000
Total Revenue and Other Financing Sources	<u>27,771,000</u>	<u>27,771,000</u>	<u>27,771,000</u>
Expenditures:			
Purchased Professional and Technical Services	1,855,440	1,855,440	4,812,257
Construction Services	<u>1,191,636</u>	<u>1,191,636</u>	<u>22,958,743</u>
Total Expenditures	<u>3,047,076</u>	<u>3,047,076</u>	<u>27,771,000</u>
Excess/(Deficit) of Revenue and Other Financing Sources over/(under) Expenditures	<u>\$ 24,723,924</u>	<u>\$ 24,723,924</u>	<u>\$ -0-</u>
Additional Project Information:			
Project Number	N/A		
Grant Date	N/A		
Bond Authorization Date	2/19/2020		
Bonds Authorized	\$ 27,771,000		
Bond Issued	\$ 27,771,000		
Original Authorized Cost	\$ 27,771,000		
Percentage Completion	10.97%		
Original Target Completion Date	6/30/2021		



PROPRIETARY FUNDS

VERONA BOARD OF EDUCATION  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2020

	Enterprise Funds		
	Non-Major Funds		
	Food Service Program	Verona Summer Enrichment Academy	Total
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents		\$ 24,588	\$ 24,588
Interfund Receivable	\$ 7,129		7,129
Inventories	7,161		7,161
Total Current Assets	14,290	24,588	38,878
Non-Current Assets:			
Capital Assets	395,391		395,391
Less: Accumulated Depreciation	(330,093)		(330,093)
Total Non-Current Assets	65,298		65,298
Total Assets	79,588	24,588	104,176
<u>LIABILITIES:</u>			
Accounts Payable - Vendors	15,624		15,624
Unearned Revenue	19,549		19,549
Total Liabilities	35,173		35,173
<u>NET POSITION:</u>			
Investment in Capital Assets	65,298		65,298
Unrestricted/Deficit	(20,883)	24,588	3,705
Total Net Position	\$ 44,415	\$ 24,588	\$ 69,003

VERONA BOARD OF EDUCATION  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Enterprise Funds		
	Non-Major Funds		
	Food Service Program	Verona Summer Enrichment Academy	Total
Operating Revenue:			
Local Sources:			
Daily Sales	\$ 314,621		\$ 314,621
Special Events	1,620		1,620
Miscellaneous Revenue	9,477	\$ 2,295	11,772
Total Operating Revenue	325,718	2,295	328,013
Operating Expenses:			
Cost of Sales	167,125		167,125
Salaries, Benefits & Payroll Taxes	166,403		166,403
Supplies, Insurance & Other Costs	17,699		17,699
Management Fee	30,150		30,150
Depreciation Expense	22,283		22,283
Total Operating Expenses	403,660		403,660
Operating Loss	(77,942)	2,295	(75,647)
Non-Operating Revenue:			
Federal Sources:			
Special Milk Program	2,558		2,558
Total Non-Operating Revenue	2,558		2,558
Change in Net Position Before Transfers	(75,384)	2,295	(73,089)
Transfer in - Board Contribution	93,458		93,458
Change in Net Position After Transfers	18,074	2,295	20,369
Net Position - Beginning of Year	26,341	22,293	48,634
Net Position - End of Year	\$ 44,415	\$ 24,588	\$ 69,003

VERONA BOARD OF EDUCATION  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Enterprise Funds Non-Major Funds		Total
	Food Service Program	Verona Summer Enrichment Academy	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 325,718	\$ 2,295	\$ 328,013
Payments to Food Service Contractor	(368,595)		(368,595)
Payments to Suppliers		(59,645)	(59,645)
Net Cash Used for Operating Activities	<u>(42,877)</u>	<u>(57,350)</u>	<u>(100,227)</u>
Cash Flows from Capital and Related Financing Activities:			
Purchases of Capital Assets	(66,100)		(66,100)
Net Cash Used for Capital and Related Financing Activities	<u>(66,100)</u>		<u>(66,100)</u>
Cash Flows from Noncapital Financing Activities:			
Board Contribution	93,458		93,458
Federal Sources	2,770		2,770
Net Cash Provided by Noncapital Financing Activities	<u>96,228</u>		<u>96,228</u>
Net Decrease in Cash and Cash Equivalents	(12,749)	(57,350)	(70,099)
Cash and Cash Equivalents, July 1	12,749	81,938	94,687
Cash and Cash Equivalents, June 30	<u>\$ -0-</u>	<u>\$ 24,588</u>	<u>\$ 24,588</u>
Reconciliation of Operating Income/Loss to Net Cash Used for Operating Activities:			
Operating Income/Loss	\$ (77,942)	\$ 2,295	\$ (75,647)
Adjustment to Reconcile Operating Income/Loss to Net Cash Used for Operating Activities:			
Depreciation	22,283		22,283
Changes in Assets and Liabilities:			
(Increase) in Interfund Receivable	(2,369)		(2,369)
(Increase) in Inventory	(4,647)		(4,647)
Increase in Accounts Payable	13,156		13,156
Increase/(Decrease) in Unearned Revenue	6,642	(59,645)	(53,003)
Net Cash Used for Operating Activities	<u>\$ (42,877)</u>	<u>\$ (57,350)</u>	<u>\$ (100,227)</u>

FIDUCIARY FUNDS

VERONA BOARD OF EDUCATION  
FIDUCIARY FUND  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2020

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Totals</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 166,353	\$ 32,133	\$ 56,058	\$ 254,544
Interfund Receivable	22,078			22,078
Total Assets	<u>188,431</u>	<u>32,133</u>	<u>56,058</u>	<u>276,622</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	44,532			44,532
Intefund Payable		22,078		22,078
Due to Student Groups	143,899			143,899
Total Liabilities	<u>188,431</u>	<u>22,078</u>		<u>210,509</u>
<u>NET POSITION:</u>				
Restricted for Unemployment Claims		10,055		10,055
Restricted for Flexible Spending Claims			56,058	56,058
Total Net Position	<u>\$ -0-</u>	<u>\$ 10,055</u>	<u>\$ 56,058</u>	<u>\$ 66,113</u>

VERONA BOARD OF EDUCATION  
FIDUCIARY FUND  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Flexible Spending Trust	Totals
Additions:				
Contributions:				
Plan Members	\$ 75,029		\$ 78,166	\$ 153,195
Total Contributions	75,029		78,166	153,195
Total Additions	75,029		78,166	153,195
Deductions:				
Unemployment Claims	64,974			64,974
Flexible Spending Claims			66,297	66,297
Account Closing Disbursement		10,000		10,000
Total Deductions	64,974	10,000	66,297	141,271
Change in Net Position	10,055	(10,000)	11,869	11,924
Net Position - Beginning of the Year	-0-	10,000	44,189	54,189
Net Position - End of the Year	\$ 10,055	\$ -0-	\$ 56,058	\$ 66,113

VERONA BOARD OF EDUCATION  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 141,546	\$ 188,990	\$ 186,637	\$ 143,899
Total Assets	<u>\$ 141,546</u>	<u>\$ 188,990</u>	<u>\$ 186,637</u>	<u>\$ 143,899</u>
 <u>LIABILITIES:</u>				
Due to Student Groups	\$ 141,546	\$ 188,990	\$ 186,637	\$ 143,899
Total Liabilities	<u>\$ 141,546</u>	<u>\$ 188,990</u>	<u>\$ 186,637</u>	<u>\$ 143,899</u>



VERONA BOARD OF EDUCATION  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2020</u>
H.B. Whitehorne Middle School	\$ 30,514	\$ 43,699	\$ 35,443	\$ 38,770
Verona High School	104,101	112,433	116,127	100,407
Ahtletics Account	6,931	32,858	35,067	4,722
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Total	<u>\$ 141,546</u>	<u>\$ 188,990</u>	<u>\$ 186,637</u>	<u>\$ 143,899</u>

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

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 39,929	\$ 40,971,594	\$ 40,989,069	\$ 22,454
Interfund Receivable	41,435		19,357	22,078
Total Assets	\$ 81,364	\$ 40,971,594	\$ 41,008,426	\$ 44,532
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 81,364	\$ 40,971,594	\$ 41,008,426	\$ 44,532
Total Liabilities	\$ 81,364	\$ 40,971,594	\$ 41,008,426	\$ 44,532

LONG-TERM DEBT

VERONA BOARD OF EDUCATION  
LONG TERM DEBT  
STATEMENT OF SERIAL BONDS  
(Continued)

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance July 1, 2019	Issued	Retired or Matured	Balance June 30, 2020
			Date	Outstanding June 30, 2020 Amount					
2014 School Bonds	04/29/14	\$ 13,845,000	05/01/21	\$ 735,000	2.50%				
			05/01/22	745,000	2.75%				
			05/01/23	750,000	2.75%				
			05/01/24	765,000	2.75%				
			05/01/25	775,000	2.75%				
			05/01/26	775,000	3.00%				
			05/01/27	800,000	3.00%				
			05/01/28	800,000	3.00%				
			05/01/29	800,000	3.00%				
			05/01/30	800,000	3.13%				
			05/01/31	800,000	3.25%				
			05/01/32	800,000	3.25%				
			05/01/33	800,000	3.38%				
			05/01/34	800,000	3.50%	\$ 11,670,000		\$ 725,000	\$ 10,945,000
2015 School Refunding Bonds	03/13/15	24,635,000	03/01/21	1,665,000	5.00%				
			03/01/22	1,670,000	2.00%				
			03/01/23	1,625,000	5.00%				
			03/01/24	1,630,000	5.00%				
			03/01/25	1,630,000	5.00%				
			03/01/26	1,635,000	4.00%				
			03/01/27	1,620,000	5.00%				
			03/01/28	1,625,000	5.00%				
			03/01/29	1,675,000	5.00%				
			03/01/30	1,680,000	4.00%				
			03/01/31	1,685,000	5.00%	19,820,000		1,680,000	18,140,000

VERONA BOARD OF EDUCATION  
LONG TERM DEBT  
STATEMENT OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds			Interest Rate	Balance July 1, 2019	Issued	Retired or Matured	Balance June 30, 2020
			Date	June 30, 2020 Amount	Outstanding June 30, 2020					
School Bonds	2/19/2020	\$ 27,771,000	03/01/22	\$ 1,176,000		2.000%				
			03/01/23	950,000		2.000%				
			03/01/24	1,100,000		2.000%				
			03/01/25	1,250,000		2.000%				
			03/01/26	1,450,000		2.000%				
			03/01/27	1,500,000		2.000%				
			03/01/28	1,500,000		2.000%				
			03/01/29	1,500,000		2.000%				
			03/01/30	1,500,000		2.000%				
			03/01/31	1,560,000		2.000%				
			03/01/32	1,560,000		2.000%				
			03/01/33	1,560,000		2.000%				
			03/01/34	1,565,000		2.000%				
			03/01/35	1,600,000		2.125%				
			03/01/36	1,600,000		2.125%				
			03/01/37	1,600,000		2.250%				
			03/01/38	1,600,000		2.250%				
			03/01/39	1,600,000		2.250%				
			03/01/40	1,600,000		2.375%				
							\$ 27,771,000		\$ 27,771,000	
							\$ 31,490,000	\$ 2,405,000	\$ 56,856,000	

VERONA BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE AGREEMENT/LEASE PURCHASE AGREEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Purpose	Interest Rate	Original Issue	Balance July 1, 2019	Matured	Balance June 30, 2020
2015 Energy Savings Incentive Program	2.34%	\$ 3,200,000	\$ 2,177,606	\$ 186,277	\$ 1,991,329
2017 Bus, Work Stations and Technology Equipment	2.57%	200,826	107,078	52,860	54,218
			\$ 2,284,684	\$ 239,137	\$ 2,045,547

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 3,168,716		\$ 3,168,716	\$ 3,168,716	
State Sources:					
Debt Service Aid Type II	471,376		471,376	471,376	
<b>Total Revenues</b>	<u>3,640,092</u>		<u>3,640,092</u>	<u>3,640,092</u>	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	1,238,163		1,238,163	1,238,163	
Redemption of Principal	2,405,000		2,405,000	2,405,000	
<b>Total Regular Debt Service</b>	<u>3,643,163</u>		<u>3,643,163</u>	<u>3,643,163</u>	
<b>Total Expenditures</b>	<u>3,643,163</u>		<u>3,643,163</u>	<u>3,643,163</u>	
<b>Excess/(Deficit) of Revenues Over/(Under) Expenditures</b>	<u>(3,071)</u>		<u>(3,071)</u>	<u>(3,071)</u>	
Other Financing Sources/(Uses):					
Transfer In:					
Interest from Capital Projects Fund				7,564	(7,564)
<b>Total Other Financing Sources/(Uses)</b>				<u>7,564</u>	<u>(7,564)</u>
<b>(Deficit)/Excess of Revenues Over/(Under) Expenditures</b>	<u>(3,071)</u>		<u>(3,071)</u>	<u>4,493</u>	<u>(7,564)</u>
<b>Fund Balance, July 1</b>	6,786		6,786	6,786	
<b>Fund Balance, June 30</b>	<u>3,715</u>	<u>-0-</u>	<u>3,715</u>	<u>11,279</u>	<u>(7,564)</u>
Recapitulation:					
Restricted Fund Balance				<u>\$ 11,279</u>	<u>\$ (7,564)</u>

**STATISTICAL SECTION**  
(UNAUDITED)

This part of the School'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 School's overall financial health.

**Contents**

	<b><u>Exhibit</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the School's financial performance and well-being have changed over time.	J-1 thru J-5
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the School's ability to generate its property taxes.	J-6 thru J-9
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the School's current levels of outstanding debt and the School's ability to issue additional debt in the future.	J-10 thru J-13
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
<b>Operating Information</b> These schedules contain information about the School's operations and resources to help the reader understand how the School's financial information relates to the services the School provides and the activities it performs.	J-16 thru J-20

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.



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

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 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	\$ 13,016,608
Restricted	171,777	164,783	90,008	287,608	500,958	673,474	352,461	379,376	1,009,444	1,388,934
Unrestricted/(Deficit)	(1,049,120)	(1,183,105)	(1,050,906)	(8,590,018)	(8,601,745)	(9,172,256)	(9,938,705)	(10,547,075)	(10,537,200)	(11,065,375)
<b>Total Governmental Activities Net Position/ (Deficit)</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>\$ 3,340,167</b>
<b>Business-Type Activities:</b>										
Net Investment in Capital Assets	\$ 22,558	\$ 19,226	\$ 60,040	\$ 47,628	\$ 41,107	\$ 29,785	\$ 21,661	\$ 21,118	\$ 21,481	\$ 65,298
Unrestricted	7,010	13,387	(3,039)	20,982	11,138	17,977	10,421	16,303	27,153	3,705
<b>Total Business-Type Activities Net Position</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>\$ 69,003</b>
<b>District-Wide:</b>										
Investment in Capital Assets	\$ 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	\$ 13,081,906
Restricted	171,777	164,783	90,008	287,608	500,958	673,474	352,461	379,376	1,009,444	1,388,934
Unrestricted/(Deficit)	(1,042,110)	(1,169,718)	(1,053,945)	(8,569,036)	(8,590,607)	(9,154,279)	(9,928,284)	(10,530,772)	(10,510,047)	(11,061,670)
<b>Total District Net Position/ (Deficit)</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>	<b>\$ 3,409,170</b>

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses:</b>										
<b>Governmental Activities</b>										
<b>Instruction:</b>										
Regular	\$ 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	\$ 21,048,782
Special Education	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	5,075,841
Other Education	352,996	402,188	399,407	385,944	466,439	418,197	421,161	410,662	287,218	140,505
School-Sponsored Instruction	851,004	919,157	964,506	1,011,087	1,127,135	1,237,964	1,214,014	1,357,579	1,198,893	906,927
Community Services		6,450								
<b>Support Services:</b>										
Tuition	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	3,319,226
Student & Instructional Related Services	626,250	612,146	658,156	734,420	597,313	696,937	771,714	805,213	1,332,307	712,306
General Administrative Services	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	2,980,819
Central Services										334,234
Administrative Information Technology										388,379
Plant Operations and Maintenance	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	5,315,699
Pupil Transportation	466,844	478,843	499,926	641,206	713,344	888,883	1,032,430	901,393	903,057	963,862
Business and Other Support Services	540,371	502,522	658,644	696,393	701,640	785,432	877,465	925,767	847,372	
Interest on Long-term Debt	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	1,299,258
Capital Outlay										1,362
<b>Total Governmental Activities Expenses</b>	<b>32,926,250</b>	<b>34,109,993</b>	<b>35,772,452</b>	<b>36,491,937</b>	<b>42,947,688</b>	<b>44,216,992</b>	<b>48,938,996</b>	<b>50,797,672</b>	<b>48,200,479</b>	<b>47,946,157</b>
<b>Business-Type Activities:</b>										
VSEA	49,526	46,815	60,478	53,724	49,836	50,521	59,952	52,810	60,799	
Food Service	288,527	342,468	380,441	386,419	378,302	389,032	393,936	354,475	405,585	403,660
<b>Total Business-type Activities Expense</b>	<b>338,053</b>	<b>389,283</b>	<b>440,919</b>	<b>440,143</b>	<b>428,138</b>	<b>439,553</b>	<b>453,888</b>	<b>407,285</b>	<b>466,384</b>	<b>403,660</b>
<b>Total District Expenses</b>	<b>\$ 33,264,303</b>	<b>\$ 34,499,276</b>	<b>\$ 36,213,371</b>	<b>\$ 36,932,080</b>	<b>\$ 43,375,826</b>	<b>\$ 44,656,545</b>	<b>\$ 49,392,884</b>	<b>\$ 51,204,957</b>	<b>\$ 48,666,863</b>	<b>\$ 48,349,817</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services	\$ 208,284	\$ 257,108	\$ 243,171	\$ 150,042	\$ 175,340	\$ 179,818	\$ 182,230	\$ 149,745	\$ 100,020	\$ 71,689
Operating Grants and Contributions	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	11,477,687
<b>Total Governmental Activities Program Revenues</b>	<b>3,657,655</b>	<b>4,242,786</b>	<b>5,014,533</b>	<b>4,854,421</b>	<b>9,725,720</b>	<b>11,950,425</b>	<b>14,559,958</b>	<b>15,161,245</b>	<b>12,300,767</b>	<b>11,549,376</b>

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

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Program Revenues</b>										
Business-Type Activities:										
Charges for Services										
Food Service	260,396	331,902	341,493	355,977	51,481	48,938	59,625	56,899	67,087	313,946
VSEA	40,153	55,109	56,720	59,571	347,390	355,456	372,038	345,426	406,264	2,295
Operating Grants and Contributions	5,000	5,317	4,937	4,796	4,658	3,819	4,273	4,837	4,246	2,558
Total Business-type Activities Program Revenues	305,549	392,328	403,150	420,344	403,529	408,213	435,936	407,162	477,597	318,799
Total District Program Revenues	\$ 3,963,204	\$ 4,635,114	\$ 5,417,683	\$ 5,274,765	\$ 10,129,249	\$ 12,358,638	\$ 14,995,894	\$ 15,568,407	\$ 12,778,364	\$ 11,868,175
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (36,396,781)
Business-type Activities	(32,504)	3,045	(37,769)	(19,799)	(24,609)	(31,340)	(17,952)	(123)	11,213	(84,861)
Total District-wide Net Expense/Revenues	\$ (29,301,099)	\$ (29,864,162)	\$ (30,795,688)	\$ (31,657,315)	\$ (33,246,577)	\$ (32,297,907)	\$ (34,396,990)	\$ (35,636,550)	\$ (35,888,499)	\$ (36,481,642)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, net	\$ 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	\$ 34,250,431
Taxes Levied for Debt Service	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	3,168,716
Unrestricted Grants and Contributions					621,793	687,998	667,667	665,025	664,785	471,376
State Aid Restricted for Debt Service	423,263	429,506	435,288	625,186	20,780	17,258	10,253	26,319	58,678	6,267
Investment Earnings	940	9	8	323	20,780	297,580	180,670	352,583	367,774	656,428
Miscellaneous Income	207,738	160,660	166,829	354,072	256,206	297,580	180,670	352,583	367,774	656,428
Transfers	(16,774)		(8,931)	(31,408)	(8,244)	(26,857)	(2,272)			(93,458)
Total Governmental Activities	29,459,749	29,986,882	30,637,215	31,698,276	32,749,984	33,831,787	34,693,733	35,738,472	37,389,926	38,459,760
Business-Type Activities:										
Miscellaneous Income	16,774		8,931	31,408	8,244	26,857	2,272			11,772
Transfers			8,931	31,408	8,244	26,857	2,272			93,458
Total Business-Type Activities	16,778		8,931	31,408	8,244	26,857	2,272			105,230
Total District-Wide	\$ 29,476,527	\$ 29,986,882	\$ 30,646,146	\$ 31,729,684	\$ 32,758,228	\$ 33,858,644	\$ 34,696,005	\$ 35,738,472	\$ 37,389,926	\$ 38,564,990
Change in Net Position:										
Governmental Activities	\$ 191,154	\$ 119,675	\$ (120,704)	\$ 60,760	\$ (471,984)	\$ 1,565,220	\$ 314,695	\$ 102,045	\$ 1,490,214	\$ 2,062,979
Business-type Activities	(15,726)	3,045	(28,838)	11,609	(16,365)	(4,483)	(15,680)	(123)	11,213	20,369
Total District	\$ 175,428	\$ 122,720	\$ (149,542)	\$ 72,369	\$ (488,349)	\$ 1,560,737	\$ 299,015	\$ 101,922	\$ 1,501,427	\$ 2,083,348

Source: School District Financial Reports

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

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Reserved/Restricted	\$ 652,903	\$ 633,147	\$ 719,956	\$ 812,578	\$ 743,809	\$ 821,353	\$ 574,646	\$ 370,630	\$ 1,121,361	\$ 1,377,655
Assigned					9,956	36,086	31,841		119,785	455,183
Nonspendable							73,711			
Committed									70,945	
Unassigned	414,056	341,544	313,521	323,021	339,749	302,589	325,703	339,755	323,440	854,292
Total General Fund	\$ 1,066,959	\$ 974,691	\$ 1,033,477	\$ 1,135,599	\$ 1,093,514	\$ 1,160,028	\$ 1,005,901	\$ 710,385	\$ 1,635,531	\$ 2,687,130
All Other Governmental Funds:										
Reserved/Restricted	\$ 15,421	\$ 7,918	\$ 5,477	\$ 13,739,314	\$ 14,369,550	\$ 7,611,604	\$ 19,552	\$ 29,483	\$ (45,082)	\$ 24,735,205
Unreserved/Unassigned/Assigned		9								
Total All Other Governmental Funds/(Deficit)	\$ 15,421	\$ 7,927	\$ 5,477	\$ 13,739,314	\$ 14,369,550	\$ 7,611,604	\$ 19,552	\$ 29,483	\$ (45,082)	\$ 24,735,205

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues:</b>										
Tax Levy	\$ 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	\$ 37,419,147
Tuition Charges	208,284	257,108	243,171	150,042	175,340	179,818	182,230	149,745	100,020	71,689
Interest Earnings on Capital Reserve Funds	940	9	8	323	20,780	17,258	10,253	26,319	58,678	6,267
Miscellaneous	258,482	261,316	185,620	371,855	269,692	343,885	317,651	413,094	459,276	671,365
Transportation Fees from Individuals	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	26,100
Slate Sources	823,279	570,340	460,527	630,474	553,751	597,626	632,408	723,028	738,625	8,896,754
Federal Sources										
<b>Total Revenue</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>47,828,149</b>
<b>Expenditures:</b>										
Instruction:										
Regular Instruction	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	12,645,067
Special Education Instruction	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	3,235,353
Other Instruction	352,996	402,188	399,407	385,944	396,943	349,091	316,870	305,057	277,267	44,903
School -Sponsored Instruction	816,957	885,191	915,300	962,054	978,351	1,058,768	962,474	1,079,468	1,040,835	830,567
Community Services		6,450								
Support Services:										
Tuition	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	3,410,704
Student & Instruction Related Services	624,997	603,465	644,203	718,345	530,085	567,910	657,594	688,637	1,150,435	4,465,949
General Administrative Services	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	1,807,056
School Administrative Services										
Central Services and Administrative Information Technology	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	694,054
Plant Operations and Maintenance	466,844	478,843	499,926	641,206	710,979	879,621	832,949	870,651	892,023	3,096,927
Student Transportation	540,371	502,522	658,644	680,245	660,653	724,563	782,097	806,173	792,337	913,314
Business and Other Support Services										
Unallocated Benefits	300,398	46,875	165,599	176,317	2,511,014	7,862,840	7,700,369	84,860	31,144	11,150,219
Capital Outlay										
Debt Service:										
Principal	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	3,055,327
Interest and Other Charges	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	2,405,000
Bond Issuance Costs										
Claims and Judgments	316,268				171,893					1,238,163
<b>Total Expenditures</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>	<b>49,673,805</b>
<b>Excess/(Deficiency) of Revenue Over/(Under) Expenditures</b>	<b>(442,351)</b>	<b>(99,762)</b>	<b>29,641</b>	<b>22,367</b>	<b>(2,950,498)</b>	<b>(6,814,575)</b>	<b>(7,903,907)</b>	<b>(486,411)</b>	<b>850,581</b>	<b>(1,845,656)</b>

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

	Fiscal Year Ending June 30.									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Other Financing Sources/(Uses):										
Lease Purchase Proceeds	\$ 61,479				\$ 3,375,000	\$ 150,000	\$ 160,000	\$ 200,826		
Payment to Bond Escrow Agent					(1,130,420)					
Refunding Bond Proceeds					24,635,000					
Bond Premium					3,538,313					
Serial Bonds Proceeds				\$ 13,845,000						\$ 27,771,000
Capital Leases			\$ 35,626							
Bonds Refunded					(26,871,000)					
Transfers In	322,168	\$ 509	8	5,783	20,698	16,651	84,468	3,070	3,715	60,731
Transfers Out	(338,942)	(509)	(8,939)	(37,191)	(28,942)	(43,508)	(86,740)	(3,070)	(3,715)	(154,189)
Total Other Financing Sources/(Uses)	44,705		26,695	13,813,592	3,538,649	123,143	157,728	200,826		27,677,542
Net Change in Fund Balances	\$ (397,646)	\$ (99,762)	\$ 56,336	\$ 13,835,959	\$ 588,151	\$ (6,691,432)	\$ (7,746,179)	\$ (285,585)	\$ 850,581	\$ 25,831,886
Debt Service as a Percentage of Noncapital Expenditures	8.29%	8.19%	7.77%	8.14%	8.45%	9.42%	9.41%	9.58%	8.94%	7.81%

Source: School District Financial Reports

VERONA BOARD OF EDUCATION  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(modified accrual basis of accounting)*

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Donations/ Local Grants	Rentals - Use of Facilities	Transportation Fees	Other	Total
2011	\$ 573	\$ 208,284	\$ 53,115	\$ 52,098		\$ 143,269	\$ 457,339
2012	9	257,108	100,656	47,557		113,103	518,433
2013	8	243,171	18,791	52,276		114,553	428,799
2014	323	150,042	17,783	63,688		290,384	522,220
2015	20,780	175,340	13,486	76,917		179,289	465,812
2016	17,258	179,818	46,305	122,504		175,076	540,961
2017	10,253	182,230	136,981	121,987		58,683	510,134
2018	26,319	149,745	107,912	105,664		199,518	589,158
2019	58,678	100,020	91,502	111,294		256,480	617,974
2020		71,689			\$ 26,100	630,328	728,117

Source: Verona Board of Education records

VERONA BOARD OF EDUCATION  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS  
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Actual (County Equalized Value)
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	1.320	\$ 2,190,922,400
2011	24,871,600	997,464,850	87,736,600	3,843,000	15,545,800	1,129,461,850	1,443,500	2,141,243,800	1.373	2,141,243,800
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	1.460	2,064,221,500
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	1.520	2,007,841,900
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	1.590	2,217,719,736
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	1.640	2,007,568,600
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	1.680	2,017,752,400
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	1.720	2,023,084,900
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	1.760	2,021,636,100
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	1.561	2,397,145,100

\* - Revaluation of Property

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Company

b Tax rates are per \$100 of assessed value

Source: Municipal Tax Assessor



VERONA BOARD OF EDUCATION  
DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN YEARS

UNAUDITED

*(rate per \$100 of assessed value)*

Year Ended December 31,	Verona Board of Education Direct Rate		Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	Obligation Debt Service <sup>b</sup>	Township of Verona	Essex County	
2010	1.320		0.642	0.457	2.419
2011	1.373		0.694	0.483	2.550
2012	1.460		0.720	0.502	2.682
2013	1.520		0.740	0.529	2.789
2014	1.590		0.785	0.568	2.943
2015	1.640		0.785	0.578	3.003
2016	1.680		0.785	0.601	3.066
2017	1.720		0.785	0.613	3.118
2018	1.760		0.807	0.594	3.161
2019	1.561		0.702	0.507	2.770

\* - Revaluation of Property

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

<sup>a</sup> The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

<sup>b</sup> Rates for debt service are based on each year's requirements.

Source: Municipal Tax Collector and School Business Administrator

VERONA BOARD OF EDUCATION  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

Information Not Available

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 <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	\$ 28,844,582	\$ 28,844,582	100.00%	-0-
2012	29,396,707	29,396,707	100.00%	-0-
2013	30,044,021	30,044,021	100.00%	-0-
2014	30,750,103	30,750,103	100.00%	-0-
2015	31,859,449	31,859,449	100.00%	-0-
2016	32,855,808	32,855,808	100.00%	-0-
2017	33,837,415	33,837,415	100.00%	-0-
2018	34,694,545	34,694,545	100.00%	-0-
2019	36,298,689	35,533,689	97.89%	765,000.00
2020	37,419,147	37,419,147	100.00%	765,000.00

Source: Verona Board of Education records including the Certificate and Report of School Taxes (A4F form)

- a. School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

VERONA BOARD OF EDUCATION  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities			Bond Anticipation		Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases	Capital Leases	Notes (BANs)	Capital Leases	Capital Leases				
2011	\$ 33,961,000	\$ 299,188	-0-	-0-	-0-	\$ 34,260,188	5.32%	\$ 2,710		
2012	32,771,000	175,266	-0-	-0-	-0-	32,946,266	4.72%	2,448.44		
2013	31,521,000	142,881	-0-	-0-	-0-	31,663,881	4.34%	2,348.43		
2014	43,866,000	65,098	-0-	-0-	-0-	43,931,098	5.97%	3,268.68		
2015	40,080,000	3,377,620	-0-	-0-	-0-	43,457,620	5.85%	3,238.76		
2016	38,080,000	3,310,897	-0-	-0-	-0-	41,390,897	5.12%	3,076.48		
2017	35,980,000	2,945,290	-0-	-0-	-0-	38,925,290	4.73%	2,896.66		
2018	33,805,000	2,610,559	-0-	-0-	-0-	36,415,559	4.03%	2,717.78		
2019	31,490,000	2,284,684	-0-	-0-	-0-	33,774,684	3.74%	2,522.38		
2020	56,856,000	2,045,547	-0-	-0-	-0-	58,901,547	6.52%	4,398.92		

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Source: School District Financial Reports

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			Percentage of Net Valuation Taxable <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2011	\$ 33,961,000	-0-	\$ 33,961,000	1.59%	\$ 2,524
2012	32,771,000	-0-	32,771,000	1.59%	2,430.54
2013	31,521,000	-0-	31,521,000	1.57%	2,345.31
2014	43,866,000	-0-	43,866,000	2.19%	3,269.19
2015	40,080,000	-0-	40,080,000	2.00%	2,995.52
2016	38,080,000	-0-	38,080,000	1.89%	2,830.39
2017	35,980,000	-0-	35,980,000	1.78%	2,677.48
2018	33,805,000	-0-	33,805,000	1.67%	2,522.95
2019	31,490,000	-0-	31,490,000	1.31%	2,351.76
2020	56,856,000	-0-	56,856,000	2.37%	4,246.15

Source: School District Financial Reports

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

VERONA BOARD OF EDUCATION  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2019  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable <sup>a</sup></u>	<u>Estimated</u> <u>Share of</u> <u>Overlapping</u> <u>Debt</u>
Debt Repaid With Property Taxes			
Township of Verona	\$ 31,677,482	100.00%	\$ 31,677,482
Essex County General Obligation Debt	529,414,378	2.96% <sup>a</sup>	<u>15,670,666</u>
Subtotal, Overlapping Debt			47,348,148
Verona Township School District Direct Debt			<u>31,490,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 78,838,148</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Essex County Board of Taxation; debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Verona. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping unit.

<sup>a</sup> For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of Verona Township's equalized property value that is within Essex County's boundaries and dividing it by Essex County's total equalized property value.

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

		Legal Debt Margin Calculation for Fiscal Year 2020									
		2011	2012	2013	2014	2015	2016	2017	2018	2019	Verona Township
Equalized Valuation Basis:											
	2019										\$ 2,544,137,957
	2018										\$ 2,544,137,957
	2017										\$ 2,484,078,077
											\$ 7,572,353,991
Average Equalized Valuation of Taxable Property											2,524,117,997
Debt Limit (4% of average equalization value) <sup>a</sup>											100,964,720
Net Bonded School Debt as of June 30, 2020											56,856,000
Legal Debt Margin											\$ 44,108,720

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 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	\$ 100,964,720
Total Net Debt Applicable to Limit	33,961,000	32,771,000	31,521,000	43,866,000	40,080,000	38,080,000	35,980,000	33,805,000	31,490,000	56,856,000
Legal Debt Margin	\$ 64,707,593	\$ 62,439,285	\$ 60,517,325	\$ 45,275,839	\$ 47,898,322	\$ 51,166,737	\$ 85,283,479	\$ 60,146,723	\$ 64,914,740	\$ 44,108,720
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	34.42%	34.42%	34.25%	49.21%	45.56%	42.67%	39.17%	35.98%	32.66%	56.31%

a Limit set by NISA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

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 AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Year	Population <sup>a</sup>	Personal Income <sup>b</sup>	Essex County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2011	13,456	\$ 698,151,104	\$ 51,884	5.10%
2012	13,483	729,133,674	54,078	5.30%
2013	13,440	736,283,520	54,783	4.80%
2014	13,418	742,941,242	55,369	4.90%
2015	13,380	773,591,460	57,817	4.20%
2016	13,454	809,002,474	60,131	3.60%
2017	13,438	823,574,706	61,287	3.60%
2018	13,399	903,883,141	67,459	3.40%
2019	13,390	903,276,010 ***	67,459 **	2.50%
2020	13,390 *	903,276,010 ***	67,459 **	N/A

\* - Latest population data available (2019) was used for calculation purposes.

\*\* - Latest Essex County per capita personal income available (2018) was used for calculation purposes.

\*\*\* - Latest population data available (2019) and latest Essex County per capita personal income (2018) was used for calculation purposes.

N/A - Information Unavailable

Sources:

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development.

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented.

<sup>c</sup> Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development



VERONA BOARD OF EDUCATION  
PRINCIPAL EMPLOYERS - COUNTY OF ESSEX  
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

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Instruction:</b>										
Regular	154.0	154.0	156.0	158.0	159.0	142.0	149.0	142.0	136.0	136.0
Special Education	21.0	21.0	21.0	21.0	21.0	22.0	26.0	32.0	28.0	28.0
Other Instruction	2.0	2.0	2.0	2.0	2.0	55.0	75.0	80.0	72.0	72.0
<b>Support Services:</b>										
Student & Instruction Related Services	38.0	39.0	39.0	39.0	40.0	37.0	33.0	35.0	18.0	18.0
General Administrative Services	1.0	1.0	1.0	1.0	1.0	2.0	2.0	3.0	15.0	15.0
School Administrative Services	18.0	18.0	18.0	18.0	18.0	27.0	27.0	27.0	17.0	17.0
Other Administrative Services										
Central Services	4.0	4.0	4.0	4.0	4.0	3.0	3.0	3.0	4.0	4.0
Administrative Information Technology	1.0	2.0	2.0	3.0	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	21.0	19.0	19.0
Pupil Transportation	3.0	3.0	3.0	3.0	4.0	3.0	5.0	5.0	4.0	4.0
<b>Total</b>	<b>262.0</b>	<b>264.0</b>	<b>266.0</b>	<b>269.0</b>	<b>272.0</b>	<b>314.0</b>	<b>343.0</b>	<b>351.0</b>	<b>316.0</b>	<b>316.0</b>

Source: District Personnel Records

VERONA BOARD OF EDUCATION  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary Schools	Middle Schools	High Schools				
2011	2,169	30,198,386	13,922.72	-0.05%	189	14.8:1	21.1:1	14.3:1	2,159	2,073	3.35%	93.31%
2012	2,218	31,475,174	14,190.79	1.93%	195	15:1	22.1:1	14:1	2,210	2,098	2.36%	94.93%
2013	2,184	32,709,933	14,977.08	5.54%	161	14.2:1	23:1	14:1	2,183	2,100	-1.22%	96.20%
2014	2,193	33,423,931	15,241.19	1.76%	161	14.2:1	23:1	14:1	2,185	2,099	0.09%	96.06%
2015	2,190	35,714,892	16,308.17	7.00%	158	17:1	23:1	14:1	2,172	2,087	-0.59%	96.09%
2016	2,189	36,529,161	16,687.60	2.33%	164	17:1	23:1	14:1	2,142	2,051	-1.38%	95.75%
2017	2,197	37,719,270	17,168.53	2.88%	175	18:1	11:1	12:1	2,180	2,078	1.77%	95.32%
2018	2,218	39,407,222	17,767.01	3.49%	174	13.05:1	11.09:1	12:1	2,175	2,072	-0.23%	95.26%
2019	2,235	40,859,118	18,281.48	2.90%	172	14:1	12:1	13:1	2,210	2,130	1.61%	96.38%
2020	2,235	43,068,773	19,270.14	5.41%	172	14:1	12:1	13:1	2,210	2,130	0.00%	96.38%

Sources: School District of Verona Township Records

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay.

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

d The Cost per Pupil calculated above is the sum of the operating expenditures divided by enrollment. This cost per pupil may be different from other cost per pupil calculations.

VERONA BOARD OF EDUCATION  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

District/Building	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	137	145	132	118	123	115	135	131	127	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	311	329	321	291	285	265	246	249	234	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	240	214	215	212	199	215	245	257	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	224	231	230	227	223	234	222	219	211	211
H.B. Whitehome (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	635	664	691	733	724	726	720	681	679	679
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	613	609	602	609	623	616	659	693	703	703

Source: School District of Verona Township Records

Note: Year of original construction along with additions are shown in parentheses. Enrollment is based on the annual October district count.

VERONA BOARD OF EDUCATION  
GENERAL FUND SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST TEN FISCAL YEARS  
UNAUDITED

UNDISTRIBUTED EXPENDITURES - REQUIRED  
 MAINTENANCE FOR SCHOOL FACILITIES  
 11-000-261-XXX

Facility	Project #(s)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>School Facilities:</b>											
Verona High School	N/A	\$ 132,129	\$ 158,314	\$ 154,400	\$ 190,081	\$ 226,973	\$ 188,615	\$ 215,392	\$ 235,747	\$ 149,780	\$ 280,732
Brookdale Avenue School	N/A	41,725	49,994	49,806	61,316	73,217	59,563	68,018	74,446	47,299	88,724
FN Brown School	N/A	42,838	51,328	49,807	61,316	73,217	61,152	69,833	76,432	48,561	91,090
Forest Avenue School	N/A	30,493	36,536	34,864	42,921	51,252	43,529	49,708	54,405	34,566	64,791
Henry B Whitehorn Middle School	N/A	129,909	155,694	149,419	183,949	219,652	185,446	211,772	231,784	147,263	276,091
Laming Avenue School	N/A	51,070	61,151	59,768	73,580	87,861	72,904	83,253	91,120	57,892	108,562
<b>Total School Facilities</b>		<b>428,164</b>	<b>513,017</b>	<b>498,064</b>	<b>613,163</b>	<b>732,172</b>	<b>611,209</b>	<b>697,976</b>	<b>763,934</b>	<b>485,361</b>	<b>909,991</b>

N/A - Not Applicable

Source: District records

VERONA BOARD OF EDUCATION  
INSURANCE SCHEDULE  
JUNE 30, 2020  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
<b>Morris Essex Insurance Fund 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>	\$ 1,000,000	\$ 10,000
Selective Insurance Co.		
<b>INDIVIDUAL BONDS</b>		
Business Administrator/Bd Secy	\$ 100,000	
Treasurer of School Monies	\$ 275,000	

SINGLE AUDIT SECTION

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 Auditors' Report

The Honorable President and Members  
of the Board of Education  
Verona Public Schools  
County of Essex, 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 the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Verona Board of Education, in the County of Essex (the "District") as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 1, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District'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 the 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**

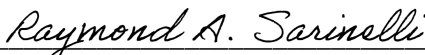
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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 result of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

February 1, 2021  
Mount Arlington, New Jersey

NISIVOCCIA LLP

  
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Raymond A. Sarinelli  
Licensed Public School Accountant #2549  
Certified Public Accountant

Report on Compliance For Each Major State Program:  
Report on Internal Control Over Compliance

Independent Auditors' Report

The Honorable President and Members  
of the Board of Education  
Verona Public Schools  
County of Essex, New Jersey

**Report on Compliance for Each Major State Program**

We have audited the Board of Education of the Verona Board of Education's (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2020. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District'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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 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 District'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 District's compliance.

***Opinion on Each Major State Program***

In our opinion, the District 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, 2020.

**Report on Internal Control Over Compliance**

Management of the District 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 District'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 Uniform Guidance and NJOMB 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 District's internal control over compliance.

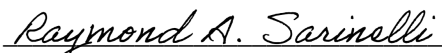
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

February 1, 2021  
Mount Arlington, New Jersey

NISIVOCCIA LLP

  
\_\_\_\_\_  
Raymond A. Sarinelli  
Licensed Public School Accountant #2549  
Certified Public Accountant

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

Federal Grantor/Pass Through Grantor Program or Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2019		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Cancellation of Prior Years' Encumbrances	Adjustment	Balance at June 30, 2020	
					Budgetary Accounts Receivable	Budgetary Unearned Revenue						Budgetary Accounts Receivable	Budgetary Unearned Revenue
<b>Special Revenue Fund:</b>													
U.S. Department of Education Passed-through State Department of Education: Elementary and Secondary Education Act													
Title I	84-010	ESEA537020	7/1/19-9/30/20	\$ 186,246			\$ 2,640	\$ 84,085	\$ (169,446)			\$ (88,001)	
Title I	84-010	ESEA537019	7/1/18-9/30/19	195,501	(51,142)		(2,640)	48,502	(169,446)			(88,001)	
Total Title I				41,338	(37,099)		37,099	132,587	(58,608)			(95,707)	
Title II, Part A	84-367	ESEA537020	7/1/19-9/30/20	41,338					(58,608)			(95,707)	
Title II, Part A	84-367	ESEA537019	7/1/18-9/30/19	42,428					(15,492)			(15,836)	
Total Title II, Part A				23,255			11,799	11,455			\$ 2,242		
Title IV	84-424	ESEA537020	7/1/19-9/30/20	11,799	(14,041)		(11,799)		(15,492)			(15,836)	
Title IV	84-424	ESEA537019	7/1/18-9/30/19	11,799	(14,041)			11,455	(15,492)			(15,836)	
Total Title IV											2,242		
<b>Special Education Cluster:</b>													
I.D.E.A. Part B, Basic	84-027	IDEA537020	7/1/19-9/30/20	489,043				344,011	(468,902)			(124,891)	
I.D.E.A. Part B, Basic	84-027	IDEA537019	7/1/18-9/30/19	481,091	(60,215)			60,215	(24,379)			(24,379)	
I.D.E.A. Part B, Preschool	84-173	IDEA537020	7/1/19-9/30/20	24,989									
I.D.E.A. Part B, Preschool	84-173	IDEA537019	7/1/18-9/30/19	24,662	(5,828)			5,828					
Special Education Cluster Subtotal					(66,043)			410,054	(493,281)			(149,270)	
Total U.S. Department of Education					(168,325)			554,096	(736,827)		2,242	(348,814)	
Total Special Revenue Fund					(168,325)			554,096	(736,827)		2,242	(348,814)	
<b>Enterprise Fund</b>													
U.S. Department of Agriculture:													
Child Nutrition Program Cluster:													
Special Milk Program for Children	10-556	N/A	7/1/19-6/30/20	2,558				2,558	(2,558)				
Special Milk Program for Children	10-556	N/A	7/1/18-6/30/19	4,246	(212)			212					
Child Nutrition Program Cluster Subtotal					(212)			2,770	(2,558)				
Total Enterprise Fund					(212)			2,770	(2,558)				
Total Federal Awards					(168,537)			556,866	(739,385)		\$ -0-	\$ (348,814)	\$ -0-

N/A - Not Applicable

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

VERONA BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2019		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2020		MEMO	
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Education												
General Fund:												
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	1,008,607	(92,050)		92,050						1,008,607
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	175,630	(16,029)		16,029						175,630
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	103,500	(9,446)		9,446						103,500
Extraordinary Special Education Costs Reimbursed TPAF Social Security Contributions	19-495-034-5120-044	7/1/18-6/30/19	459,052	(459,052)		459,052						459,052
	19-495-034-5094-003	7/1/18-6/30/19	1,212,126	(61,156)		61,156						1,212,126
	20-495-034-5094-001	7/1/19-6/30/20	1,245,873		1,245,873							1,245,873
On-Behalf TPAF Post Retirement Contribution	20-495-034-5094-002	7/1/19-6/30/20	3,299,180		3,299,180							3,299,180
On-Behalf TPAF Pension Contribution	20-495-034-5094-004	7/1/19-6/30/20	59,134		59,134							59,134
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/1/19-6/30/20	2,181		2,181							2,181
On-Behalf TPAF Long-Term Disability Insurance	20-495-034-5120-089	7/1/19-6/30/20	1,163,707		1,055,949							1,163,707
Special Education Aid	20-495-034-5120-084	7/1/19-6/30/20	175,630		159,367							175,630
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	103,500		93,916							103,500
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	512,044									512,044
Extraordinary Special Education Costs Reimbursed TPAF Social Security Contributions	20-100-034-5120-473	7/1/19-6/30/20	1,292,346		1,228,088							1,292,346
	20-495-034-5095-003	7/1/19-6/30/20		(637,733)	7,781,421					(64,258)	(709,907)	16,897,638
Total General Fund State Aid												
Special Revenue Fund:												
New Jersey Nonpublic Aid:												
Compensatory Education	20-100-034-5120-067	7/1/19-6/30/20	38,695									38,695
Compensatory Education	19-100-034-5120-067	7/1/18-6/30/19	54,907		10,577							65,484
Transportation	20-100-034-5120-067	7/1/19-6/30/20	20,222									20,222
Nonpublic Handicapped Services:												
Examination and Classification	20-100-034-5120-066	7/1/19-6/30/20	24,526									24,526
Examination and Classification	19-100-034-5120-066	7/1/18-6/30/19	32,402		11,653							44,055
Supplemental Instruction	20-100-034-5120-066	7/1/19-6/30/20	19,428									19,428
Supplemental Instruction	19-100-034-5120-066	7/1/18-6/30/19	26,960		9,355							36,315
Corrective Speech	20-100-034-5120-066	7/1/19-6/30/20	18,228									18,228
Corrective Speech	19-100-034-5120-066	7/1/18-6/30/19	19,642		12,946							32,588
Textbook Aid	20-100-034-5120-064	7/1/19-6/30/20	9,962									9,962
Textbook Aid	19-100-034-5120-064	7/1/18-6/30/19	9,932		1,586							11,518
Nursing Services	20-100-034-5120-070	7/1/19-6/30/20	18,333									18,333
Technology Initiative	20-100-034-5120-373	7/1/19-6/30/20	6,804									6,804
Security Aid	20-100-034-5120-070	7/1/19-6/30/20	28,350									28,350
Security Aid	19-100-034-5120-070	7/1/18-6/30/19	27,900		6,150							34,050
Total Special Revenue Fund					52,267	171,865				12,683	55,737	268,509

VERONA BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2019		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2020		MEMO	
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
Debt Service Fund:												
Debt Service Aid - State Support	20-495-034-5120-125	7/1/19-6/30/20	\$ 471,376	\$ 471,376		\$ 471,376	\$ (471,376)				\$	471,376
Total Debt Service Fund				471,376		471,376	(471,376)					471,376
Total State Awards Subject to Single Audit Determination				\$ 52,267	\$ 8,424,662	\$ 8,424,662	\$ (8,453,782)	\$ 52,267	\$ (563,619)	\$ 55,737	\$ (697,224)	\$ 17,637,523
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-003	7/1/19-6/30/20	1,245,873				1,245,873					
On-Behalf TPAF Pension Contributions	20-495-034-5094-001	7/1/19-6/30/20	3,299,180				3,299,180					
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-002	7/1/19-6/30/20	59,134				59,134					
On-Behalf TPAF Long-Term Disability Insurance	20-495-034-5094-004	7/1/19-6/30/20	2,181				2,181					
Subtotal - On-Behalf TPAF Pension System Contributions							4,606,368					
Total State Awards Subject to Single Audit Major Program Determination							\$ (3,847,414)					

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

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

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Vernon Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2020. 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* (“Uniform Guidance”) and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District’s basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes these payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two 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 revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$442,972 for the general fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

Revenue from federal and state awards are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 8,296,567	\$ 8,296,567
Special Revenue Fund	\$ 736,827	128,811	865,638
Debt Service Fund		471,376	471,376
Food Service Fund	2,558		2,558
Total Financial Assistance	<u>\$ 739,385</u>	<u>\$ 8,896,754</u>	<u>\$ 9,636,139</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2020.



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

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2020 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following:

	<u>C.F.D.A./</u> <u>State Grant Number</u>	<u>Grant Period</u>	<u>Award</u> <u>Amount</u>	<u>Budgetary</u> <u>Expenditures</u>
<u>State:</u>				
State Aid - Public:				
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	1,163,707	1,163,707
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	175,630	175,630

- The threshold for distinguishing Type A and Type B state programs was \$750,000.
- The District was determined to be a "low-risk" auditee for the state programs.

VERONA BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

VERONA BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2020

Status of Prior Year Findings:

Finding 2019-001:

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

Current Status:

Corrective action has been taken.