

VERONA BOARD OF EDUCATION

VERONA BOARD OF EDUCATION
Verona, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2021

**Comprehensive Annual
Financial Report**

of the

VERONA BOARD OF EDUCATION

Verona, New Jersey

For the Fiscal Year Ended June 30, 2021

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

121 FAIRVIEW AVENUE
VERONA, NEW JERSEY 07044

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DR. LYDIA FURNARI
INTERIM SUPERINTENDENT

JORGE CRUZ,
BUSINESS ADMINISTRATOR/BOARD
SECRETARY

MATTHEW LARACY,
TREASURER

December 22, 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, 2021, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the 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 2020, the Township is in the process of significant development with additional housing units between Cameco on Bloomfield Avenue and Spectrum on Sunset Avenue. It is possible that future development will continue to increase in the future. All of this development is expected to have an impact on student enrollment in the Verona Public Schools impacting class size and utilization of space.

3) MAJOR INITIATIVES:

District Goals 2020-21

1. District-wide, educationally focused professional development:
 - a. World Language Acquisition and Instruction K-12 with Dr. Joseph Goebel from TCNJ (Focus: Comprehensive Input)
 - b. Balanced Literacy K-4 with Ms. Dana Clark from Gravity Goldberg (Foci: Mini-lessons & Small Group Instruction)
 - c. Mathematics K-8 with Mr. Bill Jackson (Foci: Lesson Study, Rich Math Tasks, Implementing Dimensions Mathematics program in grades 3&4)
 - d. Social Studies/History Education Professional Development 5-12 (Focus: document-based, inquiry driven learning)
 - e. NGSS Science K-12 with STEM Supervisor (Focus: Exploring Phenomenon)
2. Continue to write, revise, and update curriculum K-12
3. Staff book club monthly meetings with elementary/middle school mathematics teachers with STEM supervisor and Director of Curriculum, Instruction & Assessment
4. Conflict Resolution/Peer Mediation at the elementary schools
5. Social Emotional Learning Curriculum K-4 (Peek-a-Pak)
6. Facilitating Critical Conversations working with Teaching Tolerance
7. Continue to support the middle school house model at HBW
8. Conduct Education Council, Curriculum and Faculty Advisory Councils
9. Continue to expand Verona High School Capstone Program
10. Continue to implement VPS Strategic Plan for 2018-2023
11. Continue to develop partnerships for global connections for student learning
12. Elementary Academic Success and Engagement Program ASE Counselor increased from part-time to full-time provides one School Social Worker per two elementary schools
13. VHS Sensory Room

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, 2021.

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 Government 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,

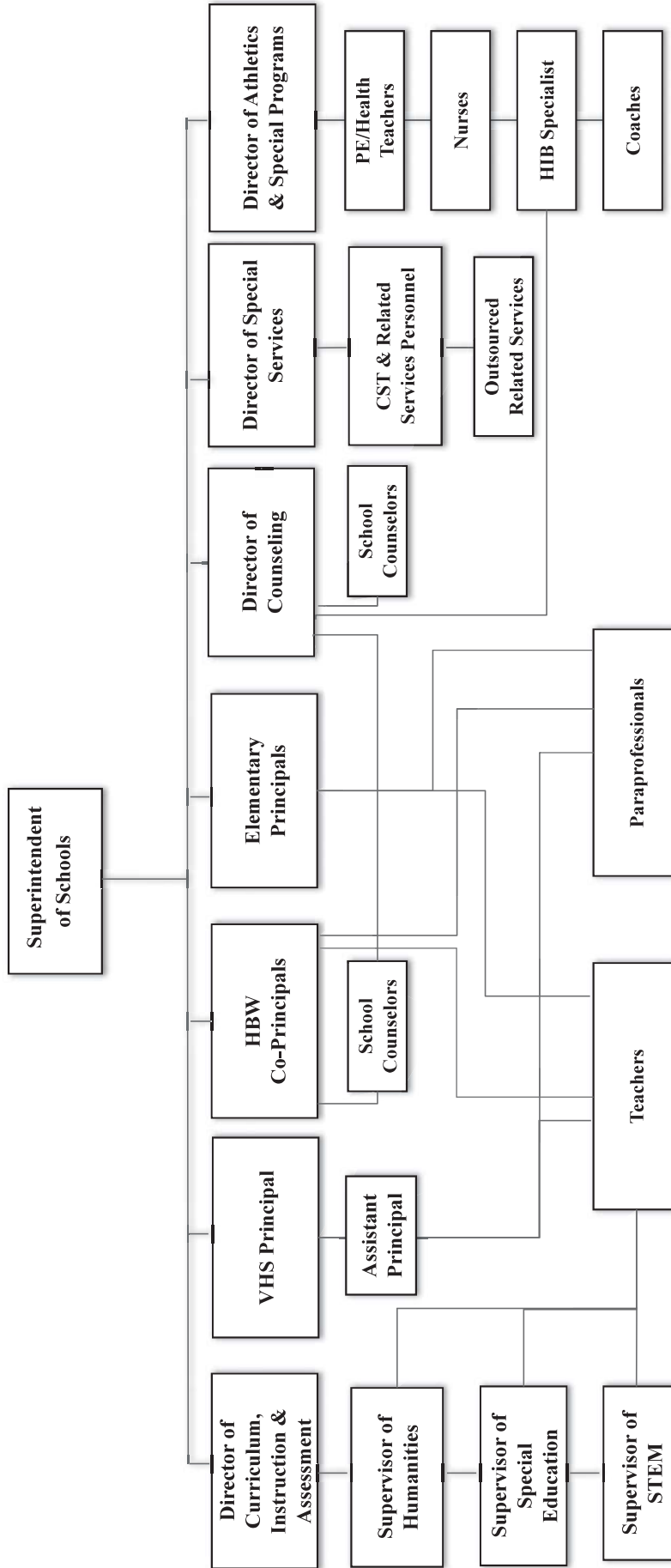


Superintendent - Interim Superintendent
Dr. Lydia Furnari

Signed: 

Title: Board Secretary - Business Administrator
Jorge Cruz

VERONA PUBLIC SCHOOLS ORGANIZATIONAL CHART



**VERONA BOARD OF EDUCATION
VERONA, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2021**

Members of the Board of Education

Term Expires

Lisa Freschi, President	2024
Sara Drappi, Vice President	2023
Timothy Alworth	2022
James Day	2023
Pamela Priscoe	2022

Other Officers

Title

Dr. Rui Dionsio	Superintendent of Schools (to November 8, 2021)
Dr. Lydia Furnari	Interim Superintendent of Schools (from November 9, 2021)
Edward Appleton	Interim Business Administrator (to June 30, 2021)
Jorge Cruz	Business Administrator (from July 1, 2021)
Matthew 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
200 Valley Road Suite 300
Mt. Arlington, New Jersey 07856-1320

Attorney

Michael J. Gross
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, 2021, 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.

The Honorable President and Members
of the Board of Education
Verona Public Schools
County of Essex, New Jersey
Page 2

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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 19 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*, during the fiscal year ended June 30, 2021. Our opinions are not modified with respect to this matter.

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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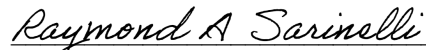
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 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.

December 22, 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, 2021. 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.

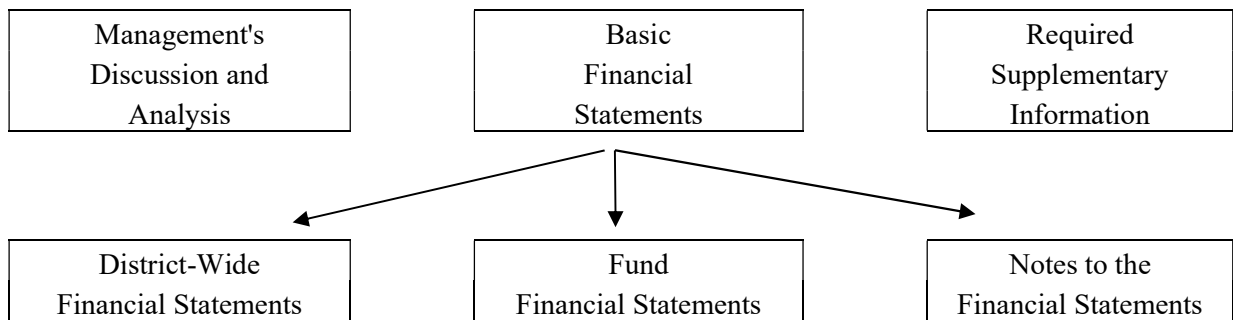
Overview of the Financial Statements

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

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
Scope	Entire District	The activities of the District that are not proprietary such as special education and building maintenance	Activities the District operates similar to private businesses: food services
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows
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
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
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

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 two kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial 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**

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 \$5,020,199. Net position from governmental activities increased by \$4,949,313 combined with an increase in net position from business-type activities of \$70,886.

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2020/2021	2019/2020*	2020/2021	2019/2020	2020/2021	2019/2020*	
Current and Other Assets	\$ 9,043,244	\$ 28,123,327	\$ 106,757	\$ 38,878	\$ 9,150,001	\$ 28,162,205	
Capital Assets, Net	68,558,099	46,623,731	58,989	65,298	68,617,088	46,689,029	
Total Assets	<u>77,601,343</u>	<u>74,747,058</u>	<u>165,746</u>	<u>104,176</u>	<u>77,767,089</u>	<u>74,851,234</u>	3.90%
Deferred Outflows of Resources	<u>1,526,936</u>	<u>2,001,195</u>			<u>1,526,936</u>	<u>2,001,195</u>	-23.70%
Other Liabilities	1,358,647	1,505,735	25,857	35,173	1,384,504	1,540,908	
Long-Term Liabilities	66,067,551	68,780,851			66,067,551	68,780,851	
Total Liabilities	<u>67,426,198</u>	<u>70,286,586</u>	<u>25,857</u>	<u>35,173</u>	<u>67,452,055</u>	<u>70,321,759</u>	-4.08%
Deferred Inflows of Resources	<u>3,258,647</u>	<u>2,967,546</u>			<u>3,258,647</u>	<u>2,967,546</u>	9.81%
Net Position:							
Net Investment in Capital Assets	16,790,070	13,016,608	58,989	65,298	16,849,059	13,081,906	
Restricted	2,529,500	1,542,888			2,529,500	1,542,888	
Unrestricted/(Deficit)	<u>(10,876,136)</u>	<u>(11,065,375)</u>	<u>80,900</u>	<u>3,705</u>	<u>(10,795,236)</u>	<u>(11,061,670)</u>	
Total Net Position	<u>\$ 8,443,434</u>	<u>\$ 3,494,121</u>	<u>\$ 139,889</u>	<u>\$ 69,003</u>	<u>\$ 8,583,323</u>	<u>\$ 3,563,124</u>	140.89%

* Restated

Changes in Net Position. The District's combined net position was \$8,583,323 at June 30, 2021, or \$5,020,199 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 substantial increase in capital assets. Additionally, there was an increase in net position of \$70,886 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
	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	
Revenue:							
Program Revenue:							
Charges for Services	\$ 266,682	\$ 71,689	\$ 78,644	\$ 316,241	\$ 345,326	\$ 387,930	
Operating Grants & Contributions	12,154,527	11,477,687		2,558	12,154,527	11,480,245	
General Revenue:							
Property Taxes	38,453,949	37,419,147			38,453,949	37,419,147	
Unrestricted Federal & State Aid	778,388	471,376			778,388	471,376	
Other	92,237	662,695		11,772	92,237	674,467	
Transfers	(87,547)	(93,458)	87,547	93,458			
Total Revenue	<u>51,658,236</u>	<u>50,009,136</u>	<u>166,191</u>	<u>424,029</u>	<u>51,824,427</u>	<u>50,433,165</u>	2.76%
Expenses:							
Instruction	25,168,450	27,172,055			25,168,450	27,172,055	
Pupil and Instruction Services	8,699,637	8,778,183			8,699,637	8,778,183	
Administrative and Business	4,724,229	4,415,738			4,724,229	4,415,738	
Maintenance and Operations	3,147,901	5,315,699			3,147,901	5,315,699	
Transportation	671,081	963,862			671,081	963,862	
Other	4,297,625	1,300,620	95,305	403,660	4,392,930	1,704,280	
Total Expenses	<u>46,708,923</u>	<u>47,946,157</u>	<u>95,305</u>	<u>403,660</u>	<u>46,804,228</u>	<u>48,349,817</u>	-3.20%
Increase in Net Position	<u>\$ 4,949,313</u>	<u>\$ 2,062,979</u>	<u>\$ 70,886</u>	<u>\$ 20,369</u>	<u>\$ 5,020,199</u>	<u>\$ 2,083,348</u>	140.97%

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District improved significantly. However, 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.

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	
	2020/2021	2019/2020	2020/2021	2019/2020
Instruction	\$ 25,168,450	\$ 27,172,055	\$ 14,113,801	\$ 16,813,747
Pupil and Instruction Services	8,699,637	8,778,183	7,956,486	8,325,561
Administrative and Business	4,724,229	4,415,738	4,204,047	3,774,206
Maintenance and Operations	3,147,901	5,315,699	3,147,901	5,315,699
Transportation	671,081	963,862	567,854	866,948
Other	4,297,625	1,300,620	4,297,625	1,394,078
	\$ 46,708,923	\$ 47,946,157	\$ 34,287,714	\$ 36,490,239

Business-Type Activities

Net position from the District's business-type activity increased by \$70,886, (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 impact of Covid-19 on 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 impact of Covid-19 on school operations. The District continues work on a \$27.7 million referendum that includes upgrades to facilities district-wide. The District recently 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 2021 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
	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	
Land	\$ 1,679,937	\$ 1,679,937			\$ 1,679,937	\$ 1,679,937	
Building and Building Improvements	58,541,059	36,134,836			58,541,059	36,134,836	
Site Improvements	7,436,134	5,500,859			7,436,134	5,500,859	
Machinery and Equipment	477,530	261,023	\$ 58,989	\$ 65,298	536,519	326,321	
Construction in Progress	423,439	3,047,076			423,439	3,047,076	
Total Capital Assets (Net)	\$68,558,099	\$46,623,731	\$ 58,989	\$ 65,298	\$68,617,088	\$46,689,029	46.97%

- The change in Capital Assets is a result of the acquisition of assets net of deletions and related accumulated depreciation in the amount of \$24,720,211 offset by depreciation expense of \$2,785,843 and \$6,309 related to governmental and business-type capital assets, respectively.
- The construction in progress represents Capital Project Fund expenditures as of June 30, 2021.

Long-term Liabilities

At year-end, the District had a net of \$54,456,000 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
	2020/2021	2019/2020	
School Bonds	\$ 54,456,000	\$ 56,856,000	
Unamortized Bond Premium	1,605,579	1,783,977	
Capital Leases	2,242,981	2,045,547	
Net Pension Liability	5,717,716	6,866,639	
Compensated Absences Payable	2,045,275	1,228,688	
	\$ 66,067,551	\$ 68,780,851	-3.94%

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, 2021

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 6,246,816	\$ 92,625	\$ 6,339,441
Internal Balances	(7,129)	7,129	
Receivables from Federal Government	328,213		328,213
Receivables from State Government	817,500		817,500
Receivables from Other Governments	158,062		158,062
Inventory		7,003	7,003
Restricted Assets:			
Cash and Cash Equivalents	1,499,782		1,499,782
Capital Assets:			
Sites (Land)	1,679,937		1,679,937
Construction in Progress	423,439		423,439
Depreciable Site Improvements, Building and Building Improvements and Machinery and Equipment	66,454,723	58,989	66,513,712
Total Assets	<u>77,601,343</u>	<u>165,746</u>	<u>77,767,089</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Amount on Refunding	512,955		512,955
Deferred Outflows Related to Pensions	1,013,981		1,013,981
Total Deferred Outflows of Resources	<u>1,526,936</u>		<u>1,526,936</u>
<u>LIABILITIES:</u>			
Accounts Payable	165,006	4,631	169,637
Payable to State Government	506,344		506,344
Accrued Interest Payable	491,092		491,092
Unearned Revenue	196,205	21,226	217,431
Noncurrent Liabilities:			
Due Within One Year	4,095,141		4,095,141
Due Beyond One Year	61,972,410		61,972,410
Total Liabilities	<u>67,426,198</u>	<u>25,857</u>	<u>67,452,055</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows Related to Pensions	3,258,647		3,258,647
Total Deferred Inflows of Resources	<u>3,258,647</u>		<u>3,258,647</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	16,790,070	58,989	16,849,059
Restricted for:			
Debt Service	27,374		27,374
Capital Projects	1,089,724		1,089,724
Maintenance	250,000		250,000
Excess Surplus	1,002,344		1,002,344
Unemployment Compensation	13,265		13,265
Student Activities	146,793		146,793
Unrestricted/(Deficit)	(10,876,136)	80,900	(10,795,236)
Total Net Position	<u>\$ 8,443,434</u>	<u>\$ 139,889</u>	<u>\$ 8,583,323</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, 2021

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	\$ 18,796,745	\$ 69,834	\$ 7,125,736	\$ (11,671,009)		\$ (11,671,009)
Special Education	5,371,293		3,855,330	(1,446,129)		(1,446,129)
Other Instruction	68,407		3,749	(64,658)		(64,658)
School -Sponsored Instruction	932,005			(932,005)		(932,005)
Support Services:						
Tuition	2,594,046	196,848	546,303	(2,594,046)		(2,594,046)
Student and Instruction Related Services	6,105,591			(5,362,440)		(5,362,440)
General Administration Services	939,864			(939,864)		(939,864)
School Administration Services	3,105,873		520,182	(2,585,691)		(2,585,691)
Central Services	217,041			(217,041)		(217,041)
Administrative Information Technology	461,451			(461,451)		(461,451)
Plant Operations and Maintenance	3,147,901		103,227	(3,147,901)		(3,147,901)
Pupil Transportation	671,081			(567,854)		(567,854)
Interest on Long-Term Debt	1,556,987			(1,556,987)		(1,556,987)
Unallocated Depreciation	2,740,638			(2,740,638)		(2,740,638)
Total Governmental Activities	46,708,923	266,682	12,154,527	(34,287,714)		(34,287,714)
Business-Type Activities:						
Food Service Program	95,305	15,828			\$ (79,477)	
Verona Summer Enrichment Program		62,816			62,816	62,816
Total Business-Type Activities	95,305	78,644			(16,661)	62,816
Total Primary Government	\$ 46,804,228	\$ 345,326	\$ 12,154,527	(34,287,714)	(16,661)	(34,224,898)

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

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues and Transfers:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 34,935,440		\$ 34,935,440
Taxes Levied for Debt Service	3,518,509		3,518,509
Federal and State Aid not Restricted	778,388		778,388
Investment Earnings	19,810		19,810
Miscellaneous Income	72,427		72,427
Transfers	(87,547)	\$ 87,547	
	39,237,027	87,547	39,324,574
Total General Revenue and Transfers			
Change in Net Position	4,949,313	70,886	5,099,676
Net Position - Beginning (Restated)	3,494,121	69,003	3,563,124
Net Position - Ending	\$ 8,443,434	\$ 139,889	\$ 8,662,800

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, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 2,128,841	\$ 6,858	\$ 4,111,117		\$ 6,246,816
Interfund Receivable			339,340	\$ 27,374	366,714
Receivables From Federal Government		328,213			328,213
Receivables From State Government	817,500				817,500
Receivables From Other Governments	158,062				158,062
Restricted Cash and Cash Equivalents	1,352,989	146,793			1,499,782
Total Assets	<u>\$ 4,457,392</u>	<u>\$ 481,864</u>	<u>\$ 4,450,457</u>	<u>\$ 27,374</u>	<u>\$ 9,417,087</u>
<u>LIABILITIES AND FUND BALANCES:</u>					
Liabilities:					
Interfund Payable	\$ 346,469		\$ 27,374		\$ 373,843
Accounts Payable	109,193	\$ 55,813			165,006
Payable to State Government		83,053			83,053
Unearned Revenue		196,205			196,205
Total Liabilities	<u>455,662</u>	<u>335,071</u>	<u>27,374</u>		<u>818,107</u>
Fund Balances:					
Restricted for:					
Excess Surplus - 2022-2023	912,938				912,938
Excess Surplus - 2021-2022	89,406				89,406
Capital Reserve Account	1,089,724				1,089,724
Maintenance Reserve Account	250,000				250,000
Capital Projects			4,417,997		4,417,997
Debt Service				\$ 27,374	27,374
Unemployment Compensation	13,265				13,265
Student Activities		146,793			146,793
Committed for:					
Capital Projects			5,086		5,086
Unassigned	1,646,397				1,646,397
Total Fund Balances	<u>4,001,730</u>	<u>146,793</u>	<u>4,423,083</u>	<u>27,374</u>	<u>8,598,980</u>
Total Liabilities and Fund Balances	<u>\$ 4,457,392</u>	<u>\$ 481,864</u>	<u>\$ 4,450,457</u>	<u>\$ 27,374</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.	\$ 68,558,099
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.	(491,092)
Bond Issuance Premiums are reported as revenue in the Governmental Funds in the year the bonds are sold.	(1,605,579)
The Deferred amount on the refunding is not reported as an expenditure in the governmental funds in the year of the expenditure.	512,955
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(5,717,716)
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	590,690
Deferred Inflows	(3,258,647)
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>(58,744,256)</u>
Net Position of Governmental Activities	<u>\$ 8,443,434</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, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 34,935,440			\$ 3,518,509	\$ 38,453,949
Tuition	69,834				69,834
Interest on Investments			\$ 19,810		19,810
Miscellaneous	72,427	\$ 228,946			301,373
Total - Local Sources	35,077,701	228,946	19,810	3,518,509	38,844,966
State Sources	9,703,654	94,388		603,222	10,401,264
Federal Sources		1,186,336			1,186,336
Total Revenues	44,781,355	1,509,670	19,810	4,121,731	50,432,566
EXPENDITURES:					
Current:					
Regular Instruction	12,327,024	234,269			12,561,293
Special Education Instruction	2,922,218	532,250			3,454,468
Other Special Instruction	40,973				40,973
School-Sponsored/Other Instruction	857,542				857,542
Support Services and Undistributed Costs:					
Tuition	2,594,046				2,594,046
Student and Other Instruction Related Services	4,451,238	740,257			5,191,495
General Administration Services	836,395				836,395
School Administration Services	1,835,354				1,835,354
Central Services	163,579				163,579
Administrative Information Technology	409,598				409,598
Plant Operations and Maintenance	2,961,314				2,961,314
Student Transportation	676,870				676,870
Unallocated Benefits	12,778,135				12,778,135
Debt Service:					
Principal				2,400,000	2,400,000
Interest and Other Charges				1,725,446	1,725,446
Capital Outlay	773,932		20,729,368		21,503,300
Total Expenditures	43,628,218	1,506,776	20,729,368	4,125,446	69,989,808
Excess/(Deficit) of Revenue Over/(Under) Expenditures	1,153,137	2,894	(20,709,558)	(3,715)	(19,557,242)
OTHER FINANCING SOURCES/(USES):					
Capital Leases (Non-budgeted)	667,480				667,480
Transfer In			428,525	19,810	448,335
Transfer Out	(516,072)		(19,810)		(535,882)
Total Other Financing Sources/(Uses)	151,408		408,715	19,810	579,933
Net Change in Fund Balances	1,304,545	2,894	(20,300,843)	16,095	(18,977,309)
Fund Balance - July 1 (Restated)	2,697,185	143,899	24,723,926	11,279	27,576,289
Fund Balance - June 30	\$ 4,001,730	\$ 146,793	\$ 4,423,083	\$ 27,374	\$ 8,598,980

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, 2021

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)	\$ (18,977,309)
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	\$ (2,785,843)
Capital outlays, net of deletions	<u>24,720,211</u>
	21,934,368
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 (+).	(816,587)
Proceeds from capital lease issues are an other 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 position.	(667,480)
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.	2,400,000
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. (+)	47,605
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.	470,046
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.	(57,543)
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	1,148,923
Changes in Deferred Outflows	(420,007)
Changes in Deferred Inflows	<u>(291,101)</u>
Change in Net Position - Governmental Activities (From Exhibit A-2)	<u>\$ 4,949,313</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, 2021

	Business-type Activities - Enterprise Funds <hr/> Non-Major Funds <hr/>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 92,625
Intefund Receivable	7,129
Inventories	7,003
	<hr/>
Total Current Assets	106,757
	<hr/>
Non-Current Assets:	
Capital Assets	395,391
Less: Accumulated Depreciation	(336,402)
	<hr/>
Total Non-Current Assets	58,989
	<hr/>
Total Assets	165,746
	<hr/>
<u>LIABILITIES:</u>	
Accounts Payable - Vendors	4,631
Unearned Revenue	21,226
	<hr/>
Total Liabilities	25,857
	<hr/>
<u>NET POSITION:</u>	
Investment in Capital Assets	58,989
Unrestricted	80,900
	<hr/>
Total Net Position	\$ 139,889
	<hr/> <hr/>

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, 2021

	Business-type Activities - Enterprise Funds
	Non-Major Funds
Operating Revenue:	
Local Sources:	
Daily Sales	\$ 2,438
Miscellaneous Revenue	76,206
	78,644
Total Operating Revenue	78,644
Operating Expenses:	
Cost of Sales	15,847
Salaries, Benefits & Payroll Taxes	31,618
Supplies, Insurance & Other Costs	6,001
Management Fee	35,530
Depreciation Expense	6,309
	95,305
Total Operating Expenses	95,305
Operating Loss	(16,661)
Change in Net Position Before Transfers	(16,661)
Transfer in - Board Contribution	87,547
	70,886
Change in Net Position After Transfers	70,886
Net Position - Beginning of Year	69,003
Net Position - End of Year	\$ 139,889

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, 2021

	Business-type Activities - Enterprise Funds <u>Non-Major Funds</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 78,644
Payments to Food Service Contractor	(98,154)
Net Cash Used for Operating Activities	<u>(19,510)</u>
Cash Flows from Noncapital Financing Activities:	
Board Contribution	<u>87,547</u>
Net Cash Provided by Noncapital Financing Activities	<u>87,547</u>
Net Increase in Cash and Cash Equivalents	68,037
Cash and Cash Equivalents, July 1	<u>24,588</u>
Cash and Cash Equivalents, June 30	<u>\$ 92,625</u>
Reconciliation of Operating Income/Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (16,661)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	6,309
Changes in Assets and Liabilities:	
Decrease in Inventory	158
(Decrease) in Accounts Payable	(10,993)
Increase in Unearned Revenue	1,677
Net Cash Used for Operating Activities	<u>\$ (19,510)</u>

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, 2021

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. 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, 2021

(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. Separate statements for each fund category – governmental and proprietary - 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, 2021

(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.

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary 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, 2021
(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 except for student activities. 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:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 44,793,223	\$ 1,509,670
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements	133,605	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(145,473)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 44,781,355</u>	<u>\$ 1,509,670</u>

VERONA BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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	\$ 43,628,218	\$ 1,506,776
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 43,628,218	\$ 1,506,776

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, 2021
(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, 2021.

VERONA BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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, 2021.

VERONA BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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 \$4,001,730 General Fund fund balance at June 30, 2021, \$1,089,724 is restricted in the capital reserve account; \$250,000 is restricted in the maintenance reserve account; \$1,002,344 is restricted for excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) (\$89,406 of prior year excess surplus has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2022; \$912,938 of current year excess surplus will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2023); \$13,265 is restricted for unemployment compensation; and \$1,646,397 is unassigned fund balance which is \$145,473 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.

Special Revenue: The Special Revenue Fund fund balance at June 30, 2021 is \$146,793 and is restricted for student activities.

Capital Projects Fund: Of the \$4,423,083 Capital Projects Fund fund balance at June 30, 2021, \$4,417,997 is restricted and \$5,086 is committed.

Debt Service Fund: The Debt Service Fund has \$27,374 of fund balance at June 30, 2021 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, 2021

(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 \$145,473, 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 \$10,876,136 and a deficit in unrestricted net position in the food service program of \$6,504. The deficit in governmental activities is primarily due to the accrual of compensated absences payable, net pension liability and the deferred inflows related to pensions. While the deficit in the food service program will be subsidized by general taxation. These deficits do 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, 2021 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, 2021 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, 2021

(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 debt service, the capital projects fund, excess surplus, a capital reserve, a maintenance reserve, student activities and unemployment compensation at June 30, 2021.

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 committed resources in the Capital Projects Fund at June 30, 2021.

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 had no assigned resources at June 30, 2021.

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, 2021

(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, 2021

(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 in the section of this note on investments.

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, 2021

(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, 2021

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, 2021, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents				Total
		Capital Reserve Account	Maintenance Reserve Account	Unemployment	Student Activities	
Checking Accounts	\$ 6,339,441	\$ 1,089,724	\$ 250,000	\$ 13,265	\$ 146,793	\$ 7,839,223
	<u>\$ 6,339,441</u>	<u>\$ 1,089,724</u>	<u>\$ 250,000</u>	<u>\$ 13,265</u>	<u>\$ 146,793</u>	<u>\$ 7,839,223</u>

During the period ended June 30, 2021, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2021, was \$7,839,223 and the bank balance was \$8,536,344.

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

(Continued)

NOTE 4. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 1,679,937			\$ 1,679,937
Construction in Progress	3,047,076	\$ 20,729,368	\$ (23,353,005)	423,439
Total Capital Assets Not Being Depreciated	<u>4,727,013</u>	<u>20,729,368</u>	<u>(23,353,005)</u>	<u>2,103,376</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	57,528,615	1,377,004	23,353,005	82,258,624
Site Improvements	8,393,811	2,341,920		10,735,731
Machinery and Equipment	2,001,789	271,919		2,273,708
Total Capital Assets Being Depreciated	<u>67,924,215</u>	<u>3,990,843</u>	<u>23,353,005</u>	<u>95,268,063</u>
Governmental Activities Capital Assets	<u>72,651,228</u>	<u>24,720,211</u>		<u>97,371,439</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(21,393,779)	(2,323,786)		(23,717,565)
Site Improvements	(2,892,952)	(406,645)		(3,299,597)
Machinery and Equipment	(1,740,766)	(55,412)		(1,796,178)
	<u>(26,027,497)</u>	<u>(2,785,843)</u>		<u>(28,813,340)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 46,623,731</u>	<u>\$ 21,934,368</u>	<u>\$ -0-</u>	<u>\$ 68,558,099</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 395,391			\$ 395,391
Less Accumulated Depreciation	(330,093)	\$ (6,309)		(336,402)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 65,298</u>	<u>\$ (6,309)</u>	<u>\$ -0-</u>	<u>\$ 58,989</u>

The District expended \$20,729,368 on various capital projects during the fiscal year, all of which was for construction projects in progress. The district has \$28,400,351 in active construction projects, with and unexpended balance of \$4,423,083, of which \$5,086 represents open encumbrances as of June 30, 2021.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 23,064
School Sponsored/Other Instruction	4,240
Student and Instruction Related Services	7,074
School Administration	4,569
Operations and Maintenance of Plant	3,304
Pupil Transportation	2,954
Unallocated	<u>2,740,638</u>
	<u>\$ 2,785,843</u>

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

(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, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$ 1,018,249
Add:	
Transfer from Unassigned Fund Balance as per Board Resolution	500,000
	1,518,249
Withdrawals:	
Budgeted Withdrawal	(428,525)
Ending Balance, June 30, 2021	\$ 1,089,724

The June 30, 2021 LRFP balance of local support costs of uncompleted capital projects at June 30, 2021 exceeds the balance in the capital reserve account as of June 30, 2021. 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, 2021, the following changes occurred in liabilities reported in the District-wide financial statements:

	Beginning Balance	Accrued	Retired	Ending Balance
Serial Bonds Payable	\$ 56,856,000		\$ 2,400,000	\$ 54,456,000
Unamortized Bond Premium	1,783,977		178,398	1,605,579
Capital Leases Payable	2,045,547	\$ 667,480	470,046	2,242,981
Net Pension Liability				
PERS	6,866,639		1,148,923	5,717,716
Compensated Absences Payable	1,228,688	879,486	62,899	2,045,275
	\$ 68,780,851	\$ 1,546,966	\$ 4,260,266	\$ 66,067,551

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

(Continued)

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

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, 2021 as follows:

	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Final Date of Maturity</u>	<u>Balance 6/30/2021</u>
2014 School Bonds	04/29/14	2.75%-3.50%	05/01/34	\$ 10,210,000
2015 School Refunding Bonds	03/13/15	2.00%-5.00%	03/01/31	16,475,000
2020 School Bonds	02/19/20	2.00%-2.375%	03/01/40	27,771,000
				<u>\$ 54,456,000</u>

Principal and interest due on bonds outstanding are as follows:

<u>Year</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2022	\$ 3,591,000	\$ 1,628,633	\$ 5,219,633
2023	3,325,000	1,551,225	4,876,225
2024	3,495,000	1,430,350	4,925,350
2025	3,655,000	1,305,813	4,960,813
2026	3,860,000	1,178,000	5,038,000
2027-2031	19,845,000	3,958,300	23,803,300
2032-2036	10,285,000	1,387,500	11,672,500
2037-2040	6,400,000	368,000	6,768,000
	<u>\$ 54,456,000</u>	<u>\$ 12,807,820</u>	<u>\$ 67,263,820</u>

VERONA BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

B. Bonds Authorized But Not Issued:

As of June 30, 2021, the Board had no bonds authorized but not issued.

C. Capital Leases Payable:

The District is leasing a bus, work stations and technology equipment, energy savings equipment, chromebooks and computers through capital leases valued at \$4,068,306 of which \$1,825,325 has been liquidated. The capital leases are for terms of fourteen, ten, three and five 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, 2021.

<u>Year</u>	<u>Amount</u>
2022	\$ 375,514
2023	280,578
2024	285,698
2025	290,934
2026	218,112
2027-2031	<u>1,037,279</u>
	2,488,115
Less: Amount Representing Interest	<u>(245,134)</u>
Present Value Net of Minimum Lease Payments	<u>\$ 2,242,981</u>

The current portion of capital leases payable at June 30, 2021 is \$325,743 and the long term portion is \$1,917,238. The General Fund will be used to liquidate the capital leases payable.

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 \$2,045,275. 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, 2021, 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.

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

(Continued)

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

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 \$1,427,181.

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, 2021 is \$-0- and the long-term portion is \$5,717,716. 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 annual financial statements which can be found at 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, 2021
(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 1/55th 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 1/60th 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 \$383,562 for 2021.

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, 2021

(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, 2021, the District's liability was \$5,717,716 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. 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, 2020, the District's proportion was 0.0351%, which was a decrease of 0.0030% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized a pension benefit of \$(54,253). At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources	
Changes in Assumptions	2016	5.57	\$ 185,489		
	2017	5.48		\$ (541,228)	
	2018	5.63		(530,983)	
	2019	5.21		(421,676)	
	2020	5.16		(900,175)	
				185,489	(2,394,062)
Changes in Proportion	2016	5.57		(3,117)	
	2017	5.48		(161,497)	
	2018	5.63	105,655		
	2019	5.21		(126,740)	
	2020	5.16		(553,011)	
				105,655	(844,365)

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

(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)

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual	2017	5.00	\$ (69,968)	
Investment Earnings on Pension Plan Investments	2018	5.00	(64,891)	
	2019	5.00	15,704	
	2020	5.00	314,591	
			<u>195,436</u>	
Difference Between Expected and Actual	2016	5.57	5,630	
Experience	2017	5.48	16,096	
	2018	5.63		\$ (20,220)
	2019	5.21	32,232	
	2020	5.16	50,152	
			<u>104,110</u>	<u>(20,220)</u>
District Contribution Subsequent to the				
Measurement Date	2020	1.00	<u>423,291</u>	
			<u>\$ 1,013,981</u>	<u>\$ (3,258,647)</u>

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</u> <u>Ending June 30,</u>	<u>Total</u>
2021	\$ (717,469)
2022	(654,113)
2023	(373,809)
2024	(151,162)
2025	<u>(32,694)</u>
	<u>\$ (1,929,247)</u>

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

(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, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

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-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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, 2020) 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, 2020 are summarized in the following table:

VERONA BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 and the nonemployer contributing entity will be based upon 78% of the actuarially determined contributions for the State employer and 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit to determine 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, 2020 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, 2020</u>		
	<u>At 1% Decrease</u>	<u>At Current Discount Rate</u>	<u>At 1% Increase</u>
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
District's proportionate share of the Net Pension Liability	\$ 7,181,706	\$ 5,717,716	\$ 4,452,067

VERONA BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (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 annual financial statements which can be found at 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 1/55th 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 1/60th 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.

VERONA BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

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.

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 2021, the State of New Jersey contributed \$4,593,817 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$6,159,136.

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, 2021, the State's proportionate share of the net pension liability associated with the District was \$99,046,550. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. 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, 2020, the District's proportion was 0.150%, which was a decrease of 0.005% from its proportion measured as of June 30, 2019.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		99,046,550
Total	\$	99,046,550

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$6,159,136 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2021 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, 2021

(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	\$ 461,324,773	
	2015	8.3	1,638,696,238	
	2016	8.3	4,304,747,820	
	2017	8.3		\$ 6,882,861,832
	2018	8.29		4,349,959,805
	2019	8.04		3,009,143,115
	2020	7.99	1,411,170,422	
			<u>7,815,939,253</u>	<u>14,241,964,752</u>
Difference Between Expected and Actual Experience	2014	8.5		4,393,807
	2015	8.3	101,207,836	
	2016	8.3		53,533,223
	2017	8.3	122,460,660	
	2018	8.29	763,099,015	
	2019	8.04		116,909,940
	2020	7.99		7,520,890
			<u>986,767,511</u>	<u>182,357,860</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5		
	2017	5	(226,008,261)	
	2018	5	(192,060,744)	
	2019	5	108,662,078	
	2020	5	965,582,162	
			<u>656,175,235</u>	
			<u>\$ 9,458,881,999</u>	<u>\$ 14,424,322,612</u>

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

(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
2021	\$ (262,056,928)
2022	(188,358,995)
2023	(774,174,971)
2024	(1,939,112,462)
2025	(1,466,451,639)
Thereafter	(335,285,618)
	\$ (4,965,440,613)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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

(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, 2020) 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020 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 78% 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 2062. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2062, 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, 2021
(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 State's proportionate share of the net pension liability associated with the District as of June 30, 2020 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, 2020		
	At 1% Decrease (4.40%)	At Current Discount Rate (5.40%)	At 1% Increase (6.40%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 116,341,773	\$ 99,046,550	\$ 84,685,770

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, 2021. Employee contributions to DCRP amounted to \$19,734 for the year ended June 30, 2021.

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, 2021
(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.
Westwood, 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, interest earnings, reimbursements to the State for benefits paid and the ending balance of the District’s Unemployment Compensation Restricted Fund Balance in the General 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, 2021

(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>
2021	\$ 102,976	\$ 99,766	\$ 13,265
2020	75,029	64,974	10,055
2019	56,775	56,775	-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, 2021:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund		\$ 346,469
Capital Projects Fund	\$ 339,340	27,374
Debt Service Fund	27,374	
Proprietary Fund	7,129	
	<u>\$ 373,843</u>	<u>\$ 373,843</u>

The interfund between the General Fund and the Capital Projects Fund represents a portion of the budgeted withdrawal from the capital reserve account not yet transferred to the Capital Projects Fund. 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, 2021

(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, 2021, if any, is unknown.

Encumbrances

At June 30, 2021, there were no encumbrances in the governmental funds.

NOTE 14. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2021, the District transferred \$27,856 to capital outlay accounts for equipment and did not require approval from the County Superintendent. The District transferred \$77,234 to capital outlay accounts for facility acquisitions and construction services which required County Superintendent approval.

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

(Continued)

NOTE 15. ACCOUNTS PAYABLE

	<u>Governmental Funds</u>		District Contri- bution Subsequent to the Measure- ment Date	Total Governmental Activities	<u>Business-Type Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>			<u>Food Service Fund</u>
State of New Jersey Payroll Deductions and Withholdings	\$ 37,666	\$ 83,053	\$ 423,291	\$ 506,344	
Vendors	71,527	55,813		37,666	\$ 4,631
	<u>\$ 109,193</u>	<u>\$ 138,866</u>	<u>\$ 423,291</u>	<u>\$ 671,350</u>	<u>\$ 4,631</u>

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, 2020	\$ 150,000
Add:	
Transfer from Unassigned Fund Balance as per Board Resolution	<u>250,000</u>
	400,000
Withdrawals:	
Budgeted Withdrawal	<u>(150,000)</u>
Ending Balance, June 30, 2021	<u>\$ 250,000</u>

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

(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, 2021

(Continued)

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

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

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 30,2021

(Continued)

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

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (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, 2021

(Continued)

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

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (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, 2021 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 30,2021

(Continued)

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

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

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

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 6,683,281
	2018	9.51		5,748,526
	2019	9.29	\$ 763,800	
			<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:

Fiscal Year Ending June 30,	Total
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. 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.

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

(Continued)

NOTE 18. TAX ABATEMENTS (Cont'd)

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 \$1,393,262 from 6 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 \$3,152,597 of which \$1,767,832 would have been for the local school tax.

NOTE 19. PRIOR YEAR ADJUSTMENT

GASB 84, *Fiduciary Activities*, was implemented during the fiscal year ended June 30, 2021. As part of this implementation, the activity for the Unemployment Compensation Insurance Trust Fund which had previously been reported in the Fiduciary Funds is now reported in the General Fund. The Student Activities Fund (which includes Athletic Activities) is now reported in the Special Revenue Fund. The ending balances as of June 30, 2020 were restated due to this implementation as follows:

	Balance June 30, 2020 as Previously Reported	Retroactive Adjustments	Balance June 30, 2020 as Restated
<u>Statement of Net Activities - Governmental Activities:</u>			
Net Position - Ending	\$ 3,340,167	\$ 153,954	\$ 3,494,121
<u>Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds:</u>			
General Fund:			
Fund Balance - June 30	\$ 2,687,130	\$ 10,055	\$ 2,697,185
Special Revenue Fund:			
Fund Balance - June 30	\$ -0-	\$ 143,899	\$ 143,899
<u>Statement of Changes in Fiduciary Net Position - Fiduciary Funds:</u>			
Unemployment Compensation Trust:			
Net Position - End of the Year	\$ 10,055	\$ (10,055)	\$ -0-

VERONA BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30,2021
(Continued)

NOTE 20: SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey continues to cause disruption of the District's 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. There have been additional operating expenses in the General Fund due to schools re-opening on a full-time basis.

The District's Food Service and Enterprise Funds have been impacted by COVID-19 for the fiscal year ending June 30, 2022 as the District continues to subsidize the food service program through general taxation.

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 SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
District's proportion of the net pension liability	0.0391601951%	0.0409104326%	0.0407569587%	0.0380142039%	0.0390169900%	0.0381088649%	0.0350621284%
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	\$ 5,717,716
District's covered employee payroll	\$ 2,649,102	\$ 2,574,194	\$ 2,612,297	\$ 2,572,880	\$ 2,749,941	\$ 2,679,024	\$ 2,609,386
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%	263.15%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%

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 SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 322,831	\$ 351,720	\$ 362,079	\$ 352,161	\$ 388,093	\$ 474,421	\$ 383,562
Contributions in relation to the contractually required contribution	(322,831)	(351,720)	(362,079)	(352,161)	(388,093)	(474,421)	(383,562)
Contribution deficiency/(excess)	\$ -0-	\$ -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	\$ 2,612,535
Contributions as a percentage of covered employee payroll	12.54%	13.46%	14.07%	12.81%	14.49%	18.18%	14.68%

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 SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
State's proportion of the net pension liability attributable to the District	0.1571932268%	0.1475863822%	0.1576259021%	0.1542831150%	0.1537161453%	0.1548302120%	0.1504151211%
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	\$ 99,046,550
District's covered employee payroll	\$ 14,603,136	\$ 14,991,957	\$ 15,817,173	\$ 15,591,191	\$ 16,142,269	\$ 16,319,268	\$ 17,906,395
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%	553.14%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%

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 SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 4,520,778	\$ 9,316,767	\$ 9,316,767	\$ 7,206,203	\$ 5,700,868	\$ 5,604,579	\$ 6,159,136
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)	(4,593,817)
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>	<u>\$ 1,565,319</u>
District's covered employee payroll	\$ 14,991,957	\$ 15,817,173	\$ 15,591,191	\$ 16,142,269	\$ 16,319,268	\$ 17,906,395	\$ 17,922,562
Contributions as a percentage of covered employee payroll	4.97%	7.60%	10.74%	14.02%	18.66%	18.42%	25.63%

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	79,810,756	73,758,239	62,973,465
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, 2021

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020. The municipal bond rate changed from 3.50% to 2.21%.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

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, 2021

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, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 34,935,440		\$ 34,935,440	\$ 34,935,440	
Tuition from Individuals	50,475		50,475	69,834	\$ 19,359
Unrestricted Miscellaneous Revenues	100,000		100,000	72,427	(27,573)
Total - Local Sources	35,085,915		35,085,915	35,077,701	(8,214)
State Sources:					
Special Education Aid	1,429,982	\$ (181,658)	1,248,324	1,248,324	
Security Aid	175,630		175,630	175,630	
Transportation Aid	103,500		103,500	103,500	
Extraordinary Aid for Special Education Costs	400,000		400,000	753,675	353,675
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				4,593,817	4,593,817
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				87,403	87,403
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				2,358	2,358
On-Behalf TPAF Post Retirement Medical Benefits (Non-budgeted)				1,467,022	1,467,022
Reimbursed TPAF Social Security Contributions (Non-budgeted)				1,283,793	1,283,793
Total State Sources	2,109,112	(181,658)	1,927,454	9,715,522	7,788,068
TOTAL REVENUES	37,195,027	(181,658)	37,013,369	44,793,223	7,779,854

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 683,427	\$ 47,132	\$ 730,559	\$ 706,703	\$ 23,856
Grades 1-5 - Salaries of Teachers	4,660,747	54,169	4,714,916	4,637,380	77,536
Grades 6-8 - Salaries of Teachers	2,419,149	(57,565)	2,361,584	2,361,084	500
Grades 9-12 - Salaries of Teachers	3,850,513	(56,412)	3,794,101	3,723,421	70,680
Regular Programs - Home Instruction:					
Salaries of Teachers	18,500	41,647	60,147	42,406	17,741
Other Salaries for Instruction	191,861	(26,171)	165,690	165,690	
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	217,612	139,878	139,878	139,878	
Other Purchased Services (400-500 series)	505,412	(2,177)	215,435	203,151	12,284
General Supplies	59,601	(129,367)	376,045	314,871	61,174
Textbooks	3,900	(9,700)	49,901	30,246	19,655
Other Objects			3,900	2,194	1,706
Total Regular Programs - Instruction	12,610,722	1,434	12,612,156	12,327,024	285,132
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	365,295	(30,000)	335,295	335,092	203
Other Salaries for Instruction	244,857	(112,870)	131,987	131,986	1
General Supplies	6,100		6,100	4,603	1,497
Total Learning and/or Language Disabilities	616,252	(142,870)	473,382	471,681	1,701
Behavioral Disabilities:					
Salaries of Teachers	220,559	7,349	227,908	227,908	
Other Salaries for Instruction	169,401	(19,835)	149,566	149,566	
General Supplies	4,500		4,500	3,607	893
Total Behavioral Disabilities	394,460	(12,486)	381,974	381,081	893

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Special Education - Instruction: (Cont'd)					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 1,254,046	\$ 114,459	\$ 1,368,505	\$ 1,368,505	
Other Salaries for Instruction	309,703	(109,978)	199,725	199,725	
General Supplies	5,700	(1,422)	4,278	2,999	\$ 1,279
Total Resource Room/Resource Center	1,569,449	3,059	1,572,508	1,571,229	1,279
Autism:					
Other Salaries for Instruction	15,670		15,670	15,295	375
Total Autism	15,670		15,670	15,295	375
Preschool Disabilities - Part-Time:					
Salaries of Teachers	140,220	(21,343)	118,877	117,962	915
Other Salaries for Instruction	98,718	(5,996)	92,722	92,721	1
General Supplies	8,500	(1,707)	6,793	4,438	2,355
Total Preschool Disabilities - Part-Time	247,438	(29,046)	218,392	215,121	3,271
Preschool Disabilities - Full-Time:					
Salaries of Teachers	176,495	5,485	181,980	181,980	
Other Salaries for Instruction	133,911	(68,098)	65,813	64,192	1,621
General Supplies	5,100	(1,399)	3,701	3,588	113
Total Preschool Disabilities - Full-Time	315,506	(64,012)	251,494	249,760	1,734

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Special Education - Instruction: (Cont'd)					
Home Instruction - Special Education:					
Salaries of Teachers	\$ 32,000	\$ (6,699)	\$ 25,301	\$ 18,051	\$ 7,250
Total Home Instruction - Special Education	32,000	(6,699)	25,301	18,051	7,250
Total Special Education Instruction	3,190,775	(252,054)	2,938,721	2,922,218	16,503
Bilingual Education - Instruction:					
Salaries of Teachers	48,334		48,334	39,955	8,379
General Supplies	2,000	(900)	1,100	1,018	82
Total Bilingual Education - Instruction	50,334	(900)	49,434	40,973	8,461
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	210,835		210,835	181,215	29,620
Other Objects	66,362	31,959	98,321	58,579	39,742
Total School-Sponsored Cocurricular Activities - Instruction	277,197	31,959	309,156	239,794	69,362
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	662,299	(125,481)	536,818	469,112	67,706
Supplies and Materials	169,494	1,429	170,923	126,341	44,582
Other Objects	22,418	(6,677)	15,741	15,629	112
Total School-Sponsored Cocurricular Athletics - Instruction	854,211	(130,729)	723,482	611,082	112,400
Other Instructional Programs - Instruction:					
Salaries		4,394	4,394	4,394	
Supplies and Materials	2,000	6,552	8,552	2,272	6,280
Total Other Instructional Programs - Instruction:	2,000	10,946	12,946	6,666	6,280
Total Instruction	16,985,239	(339,344)	16,645,895	16,147,757	498,138

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	\$ 62,900	\$ (61,132)	\$ 1,768	\$ 22,663	\$ 1,768
Tuition to County Vocational School District - Special	32,900		32,900		10,237
Tuition to Private Schools for the Handicapped - Within State	2,907,319	(375,488)	2,531,831	2,531,511	320
Tuition - State Facilities	39,872		39,872	39,872	
Total Undistributed Expenditures - Instruction	3,042,991	(436,620)	2,606,371	2,594,046	12,325
Health Services:					
Salaries	455,599	16,320	471,919	401,749	70,170
Purchased Professional and Technical Services	7,000	(1,297)	5,703	50	5,653
Supplies and Materials	12,230	989	13,219	11,405	1,814
Other Objects	2,000		2,000	334	1,666
Total Health Services	476,829	16,012	492,841	413,538	79,303
Speech, OT, PT & Related Services:					
Salaries	868,490	(30,000)	838,490	832,458	6,032
Purchased Professional - Educational Services	474,180	(35,665)	438,515	406,052	32,463
Supplies and Materials	20,500	(1,800)	18,700	15,518	3,182
Total Speech, OT, PT & Related Services	1,363,170	(67,465)	1,295,705	1,254,028	41,677
Guidance:					
Salaries of Other Professional Staff	695,151		695,151	636,483	58,668
Salaries of Secretarial and Clerical Assistants	58,764		58,764	44,390	14,374
Supplies and Materials	26,444	(2,500)	23,944	21,705	2,239
Other Objects	7,616		7,616	3,316	4,300
Total Guidance	787,975	(2,500)	785,475	705,894	79,581

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Child Study Teams:					
Salaries of Other Professional Staff	\$ 947,594	\$ 49,443	\$ 997,037	\$ 915,144	\$ 81,893
Salaries of Secretarial and Clerical Assistants	67,617		67,617	67,617	
Purchased Professional - Educational Services	25,000	(3,559)	21,441	6,238	15,203
Other Purchased Services (400-500)	18,485	(1,300)	17,185	2,790	14,395
Supplies and Materials	41,404	251	41,655	35,434	6,221
Total Child Study Teams	1,100,100	44,835	1,144,935	1,027,223	117,712
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	393,405	968	394,373	394,373	
Salaries of Other Professional Staff	159,793		159,793	157,293	2,500
Salaries of Secretarial and Clerical Assistants	41,407	3,312	44,719	44,719	
Purchased Prof - Educational Services	4,000	(134)	3,866	453	3,413
Other Purchased Professional and Technical Services	55,175	1,460	56,635	21,225	35,410
Supplies and Materials	29,658	20,288	49,946	43,003	6,943
Other Objects	5,085		5,085	2,985	2,100
Total Improvement of Instructional Services	688,523	25,894	714,417	664,051	50,366
Educational Media Services/School Library:					
Salaries	342,223	1,794	344,017	340,126	3,891
Supplies and Materials	41,451	9,167	50,618	46,378	4,240
Total Educational Media Services/School Library	383,674	10,961	394,635	386,504	8,131

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - General Administration:					
Salaries	\$ 313,699	\$ 190	\$ 313,889	\$ 311,389	\$ 2,500
Legal Services	115,000	118,759	233,759	226,756	7,003
Audit Fees	35,000	56,253	91,253	91,253	
Other Purchased Professional Services	15,600	(1,326)	14,274	15,404	14,274
Purchased Technical Services	15,404		15,404	15,404	
Communications/Telephone	65,404	(2,911)	62,493	58,114	4,379
BOE Other Purchased Services	700		700	700	
Miscellaneous Purchased Services (400-500 series)	87,954	15,132	103,086	103,086	
General Supplies	9,600	(500)	9,100	8,905	195
Miscellaneous Expenditures	23,600	(2,000)	21,600	21,488	112
Total Support Services - General Administration	681,961	183,597	865,558	836,395	29,163
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	1,125,984	122,656	1,248,640	1,208,622	40,018
Salaries of Other Professional Staff	158,598		158,598	146,098	12,500
Salaries of Secretarial and Clerical Assistants	469,080	6,833	475,913	458,424	17,489
Other Purchased Services (400-500 series)	6,300		6,300	3,038	3,262
Supplies and Materials	10,570	1,358	11,928	9,352	2,576
Other Objects	15,000		15,000	9,820	5,180
Total Support Services - School Administration	1,785,532	130,847	1,916,379	1,835,354	81,025
Support Services - Central Services:					
Salaries	286,942	(67,815)	219,127	159,459	59,668
Purchased Professional Services	20,000		20,000		20,000
Supplies and Materials	6,000	(1,880)	4,120	4,120	
Interest on Current Loans	9,465	(944)	8,521		8,521
Miscellaneous Expenditures	2,000	(674)	1,326		1,326
Total Support Services - Central Services	324,407	(71,313)	253,094	163,579	89,515

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - Administration Information Technology:					
Salaries	\$ 110,650	\$ 136,632	\$ 247,282	\$ 244,150	\$ 3,132
Purchased Technical Services	171,720	(9,713)	162,007	152,359	9,648
Other Purchased Services (400-500 series)	6,000	28,533	34,533	13,089	21,444
Supplies and Materials	500		500		500
Total Support Services - Administration Information Technology	288,870	155,452	444,322	409,598	34,724
Required Maintenance of School Facilities:					
Salaries	522,838	(200,917)	321,921	306,900	15,021
Cleaning, Repair and Maintenance Services	202,850	75,258	278,108	157,998	120,110
General Supplies	102,955	390,114	493,069	190,837	302,232
Total Required Maintenance of School Facilities	828,643	264,455	1,093,098	655,735	437,363
Custodial Services:					
Salaries	1,164,216	61,636	1,225,852	1,065,163	160,689
Cleaning, Repair and Maintenance Services	94,677	143,280	237,957	196,179	41,778
Lease Purchase Pymts- Energy Savings Impr Prog	186,277	(8,914)	177,363	146,758	30,605
Other Purchased Property Services	45,000		45,000	41,832	3,168
Insurance	170,564	8,913	179,477	179,476	1
General Supplies	127,295	29,097	156,392	121,910	34,482
Energy (Natural Gas)	190,000	47,999	237,999	203,999	34,000
Energy (Electricity)	260,000	(3,674)	256,326	246,326	10,000

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Custodial Services (Cont'd):					
Other Objects	\$ 7,500	\$ 405	\$ 7,905	\$ 7,808	\$ 97
Interest - Energy Savings Impr Prog Leases	49,873		49,873	45,744	4,129
Total Custodial Services	2,295,402	278,742	2,574,144	2,255,195	318,949
Care & Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	39,369	26,584	65,953	37,114	28,839
General Supplies	22,000	(5,525)	16,475	13,270	3,205
Total Care & Upkeep of Grounds	61,369	21,059	82,428	50,384	32,044
Student Transportation Services:					
Salaries for Transportation - Between Home & School - Special Ed	95,000		95,000	87,368	7,632
Sal. for Pupil Trans(Other than Between Home & School)	216,782	25,872	242,654	54,533	188,121
Contracted Services:					
Between Home and School - Vendors	30,645	(5,305)	25,340	19,620	5,720
Joint Agreements	580,000	(100,000)	480,000	466,063	13,937

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Student Transportation Services (Cont'd):	\$ 32,000	\$ 30,608	\$ 62,608	\$ 49,286	\$ 13,322
Transportation Supplies	954,427	(48,825)	905,602	676,870	228,732
Total Student Transportation Services					
Unallocated Benefits:					
Group Insurance	90,000	3,182	93,182	85,085	8,097
Social Security Contributions	435,000		435,000	398,866	36,134
Other Retirement Contributions - PERS	395,000	(424)	394,576	383,562	11,014
Other Retirement Contributions - Regular	25,000		25,000	23,491	1,509
Unemployment Compensation	95,000	819	95,819	56,453	39,366
Workmen's Compensation	233,071		233,071	232,791	280
Health Benefits	4,396,665	(340,605)	4,056,060	4,024,643	31,417
Tuition Reimbursement	100,000	6,460	106,460	75,952	30,508
Other Employee Benefits	100,000		100,000	62,899	37,101
Total Unallocated Benefits	5,869,736	(330,568)	5,539,168	5,343,742	195,426
On-Behalf Contributions:					
On-behalf TPAF Pension Contributions (Non-budgeted)				4,593,817	(4,593,817)
On-behalf Non-Contributory Insurance (Non-budgeted)				87,403	(87,403)
On-behalf Long-Term Disability Insurance (Non-budgeted)				2,358	(2,358)
On-Behalf TPAF Post Retirement Medical Benefits (Non-budgeted)				1,467,022	(1,467,022)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				1,283,793	(1,283,793)
Total On-Behalf Contributions				7,434,393	(7,434,393)
Total Personal Services - Employee Benefits	5,869,736	(330,568)	5,539,168	12,778,135	(7,238,967)
Total Undistributed Expenses	20,933,609	174,563	21,108,172	26,706,529	(5,598,357)
TOTAL CURRENT EXPENSE	37,918,848	(164,781)	37,754,067	42,854,286	(5,100,219)

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures:					
Instruction		\$ 27,856	\$ 27,856	\$ 27,856	
Total Equipment		27,856	27,856	27,856	
Facilities Acquisition and Construction Services:					
Lease Purchase Agreements - Principal		77,234	77,234	77,234	
Other Objects - Debt Service Assessment	\$ 1,362		1,362	1,362	
Total Facilities Acquisition and Construction Services	1,362	77,234	78,596	78,596	
Assets Acquired Under Capital Leases (Non-Budgeted):					
Regular Programs - Instruction				667,480	\$ (667,480)
Total Assets Acquired Under Capital Leases (Non-Budgeted)				667,480	(667,480)
TOTAL CAPITAL OUTLAY	1,362	105,090	106,452	773,932	(667,480)
TOTAL EXPENDITURES	37,920,210	(59,691)	37,860,519	43,628,218	(5,767,699)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(725,183)	(121,967)	(847,150)	1,165,005	2,012,155
Other Financing Sources/(Uses):					
Transfer from Capital Reserve to Capital Projects Fund	(456,381)	27,856	(428,525)	(428,525)	
Transfer to Food Service Enterprise Fund		(87,547)	(87,547)	(87,547)	
Capital Leases (Non-budgeted)				667,480	667,480
Total Other Financing Sources/(Uses)	(456,381)	(59,691)	(516,072)	151,408	667,480

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	\$ (1,181,564)	\$ (181,658)	\$ (1,363,222)	\$ 1,316,413	\$ 2,679,635
Fund Balance, July 1 (Restated)	2,830,790		2,830,790	2,830,790	
Fund Balance, June 30	\$ 1,649,226	\$ (181,658)	\$ 1,467,568	\$ 4,147,203	\$ 2,679,635
<u>Recapitulation:</u>					
Restricted:					
Excess Surplus to be Utilized for 2021-2022 school year				\$ 89,406	
Excess Surplus to be Utilized for 2022-2023 school year				912,938	
Capital Reserve				1,089,724	
Maintenance Reserve				250,000	
Unemployment Compensation				13,265	
Unassigned Fund Balance				1,791,870	
				4,147,203	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis				(145,473)	
Fund Balance per Governmental Funds (GAAP)				\$ 4,001,730	

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 5,350	\$ 229,462	\$ 234,812	\$ 228,946	\$ (5,866)
State Sources	203,830	(55,189)	148,641	94,388	(54,253)
Federal Sources	826,393	1,048,877	1,875,270	1,186,336	(688,934)
Total Revenues	1,035,573	1,223,150	2,258,723	1,509,670	(749,053)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	158,309	45,198	203,507	174,585	28,922
Purchased Professional - Educational Services	203,212	(155,215)	47,997	45,031	2,966
Other Purchased Services	13,000	483,786	496,786	496,786	
General Supplies	432,332	(237,440)	194,892	36,516	158,376
Textbooks	9,774		9,774	9,758	16
Total Instruction	816,627	136,329	952,956	762,676	190,280
Support Services:					
Salaries of Other Professional Staff	9,508	11,212	20,720	16,320	4,400
Personal Services - Employee Benefits		100,775	100,775	55,249	45,526
Purchased Professional and Technical Services	94,671	205,957	300,628	233,851	66,777
Supplies and Materials	90,000	277,962	367,962	244,726	123,236
Student Activities		193,954	193,954	193,954	
Total Support Services	218,946	1,083,927	1,302,873	744,100	558,773
Total Expenditures	\$ 1,035,573	\$ 1,220,256	\$ 2,255,829	\$ 1,506,776	\$ 749,053
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -0-	\$ 2,894	\$ 2,894	\$ 2,894	\$ -0-

VERONA BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 44,793,223	\$ 1,509,670
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements	133,605	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(145,473)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and and Changes in Fund Balances - Governmental Funds.	\$ 44,781,355	\$ 1,509,670
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 43,628,218	\$ 1,506,776
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 43,628,218	\$ 1,506,776

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 except for student activities. 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.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

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, 2021

	IDEA		Elementary and Secondary Education Act		
	Basic	Preschool	Title I	Title IIA	Title IV
REVENUE:					
Local Sources					
State Sources					
Federal Sources	\$ 505,456	\$ 26,794	\$ 189,443	\$ 52,842	\$ 10,550
Total Revenue	<u>505,456</u>	<u>26,794</u>	<u>189,443</u>	<u>52,842</u>	<u>10,550</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers		23,339	132,000		
Purchased Professional - Educational Services	4,422				
Other Purchased Services	496,786				
General Supplies	405	3,455			
Textbooks					
Total Instruction	<u>501,613</u>	<u>26,794</u>	<u>132,000</u>		
Support Services:					
Salaries of Other Professional Staff			55,249		
Personal Services - Employee Benefits			2,194	52,842	10,550
Purchased Professional & Technical Services	3,843				
Supplies and Materials					
Student Activities					
Total Support Services	<u>3,843</u>		<u>57,443</u>	<u>52,842</u>	<u>10,550</u>
Total Expenditures	<u>\$ 505,456</u>	<u>\$ 26,794</u>	<u>\$ 189,443</u>	<u>\$ 52,842</u>	<u>\$ 10,550</u>

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

	CARES		ESSER II		Coronavirus Relief Fund	Nonpublic Digital Divide
	Emergency Relief	CRRSA	Mental Health			
REVENUE:						
Local Sources						
State Sources						
Federal Sources	\$ 166,352	\$ 141,953	\$ 28,084		\$ 57,902	\$ 6,960
Total Revenue	<u>166,352</u>	<u>141,953</u>	<u>28,084</u>		<u>57,902</u>	<u>6,960</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional - Educational Services						
Other Purchased Services						
General Supplies	10,644		2,200			6,960
Textbooks						
Total Instruction	<u>10,644</u>		<u>2,200</u>			<u>6,960</u>
Support Services:						
Salaries of Other Professional Staff						
Personal Services - Employee Benefits		110,837	25,884			
Purchased Professional & Technical Services		31,116			57,902	
Supplies and Materials	155,708					
Student Activities						
Total Support Services	<u>155,708</u>	<u>141,953</u>	<u>25,884</u>		<u>57,902</u>	
Total Expenditures	<u>\$ 166,352</u>	<u>\$ 141,953</u>	<u>\$ 28,084</u>		<u>\$ 57,902</u>	<u>\$ 6,960</u>

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

	Non-Public				Chapter 192	
	Textbook	Nursing	Security	Transportation	Compensatory Education	
REVENUE:						
Local Sources						
State Sources	\$ 9,758	\$ 16,320	\$ 27,701	\$ 2,022	\$	19,769
Federal Sources						
Total Revenue	<u>9,758</u>	<u>16,320</u>	<u>27,701</u>	<u>2,022</u>		<u>19,769</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional - Educational Services				2,022		19,769
Other Purchased Services						
General Supplies						
Textbooks	9,758					
Total Instruction	<u>9,758</u>			<u>2,022</u>		<u>19,769</u>
Support Services:						
Salaries of Other Professional Staff		16,320				
Personal Services - Employee Benefits			27,701			
Purchased Professional & Technical Services						
Supplies and Materials						
Student Activities						
Total Support Services		<u>16,320</u>	<u>27,701</u>			
Total Expenditures	<u>\$ 9,758</u>	<u>\$ 16,320</u>	<u>\$ 27,701</u>	<u>\$ 2,022</u>	<u>\$</u>	<u>19,769</u>

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

	Chapter 193						Totals
	Initial Examination & Classification	Corrective Speech	Supplemental Instruction	Local Grants	Student Activities	June 30, 2021	
REVENUE:							
Local Sources	\$ 11,704	\$ 2,096	\$ 5,018	\$ 32,098	\$ 196,848	\$ 228,946	
State Sources						94,388	
Federal Sources						1,186,336	
Total Revenue	11,704	2,096	5,018	32,098	196,848	1,509,670	
EXPENDITURES:							
Instruction:							
Salaries of Teachers				19,246		174,585	
Purchased Professional - Educational Services	11,704	2,096	5,018			45,031	
Other Purchased Services				12,852		496,786	
General Supplies						36,516	
Textbooks						9,758	
Total Instruction	11,704	2,096	5,018	32,098		762,676	
Support Services:							
Salaries of Other Professional Staff						16,320	
Personal Services - Employee Benefits						55,249	
Purchased Professional & Technical Services						233,851	
Supplies and Materials						244,726	
Student Activities					193,954	193,954	
Total Support Services					193,954	744,100	
Total Expenditures	11,704	2,096	5,018	32,098	193,954	1,506,776	

VERONA BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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, 2021

Revenue and Other Financing Sources:	
Transfer from Capital Reserve	\$ 428,525
Interest on Investments	19,810
	<hr/>
Total Revenue and Other Financing Sources	448,335
	<hr/>
Expenditures:	
Construction Services	19,456,183
Purchased Professional and Technical Services	1,273,185
	<hr/>
Total Expenditures	20,729,368
	<hr/>
Excess/(Deficit) of Revenue and Other Financing Sources Over Expenditures	(20,281,033)
Other Financing (Uses):	
Operating Transfers Out - Debt Service Fund	(19,810)
	<hr/>
Total Other Financing Sources/(Uses)	(19,810)
	<hr/>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing (Uses)	(20,300,843)
Fund Balance - Beginning of Year	24,723,926
	<hr/>
Fund Balance - End of Year	\$ 4,423,083
	<hr/> <hr/>
<u>Recapitulation:</u>	
Restricted	\$ 4,417,997
Committed	5,086
	<hr/>
Fund Balance per Governmental Funds (GAAP)	\$ 4,423,083
	<hr/> <hr/>

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, 2021

	Prior Periods	Current Year	Totals	Authorized Costs
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			
Percentage Completion	100%			
Original Target Completion Date	06/01/18			
Revised Target Completion Date	06/30/21			

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, 2021

	Prior Periods	Current Year	Totals	Authorized Costs
Revenue and Other Financing Sources:				
Bond Proceeds	\$ 27,771,000		\$ 27,771,000	\$ 27,771,000
Total Revenue and Other Financing Sources	27,771,000		27,771,000	27,771,000
Expenditures:				
Purchased Professional and Technical Services	1,855,440	\$ 1,273,185	3,128,625	4,812,257
Construction Services	1,191,636	19,032,744	20,224,380	22,958,743
Total Expenditures	3,047,076	20,305,929	23,353,005	27,771,000
Excess/(Deficit) of Revenue and Other Financing Sources over/(under) Expenditures	\$ 24,723,924	\$ (20,305,929)	\$ 4,417,995	\$ -0-
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	84.09%			
Original Target Completion Date	6/30/2022			

VERONA BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
DISTRICT-WIDE IMPROVEMENTS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

	Prior Periods	Current Year	Totals	Authorized Costs
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 428,525	\$ 428,525	\$ 428,525
Total Revenue and Other Financing Sources		428,525	428,525	428,525
Expenditures:				
Construction Services		423,439	423,439	428,525
Total Expenditures		423,439	423,439	428,525
Excess/(Deficit) of Revenue and Other Financing Sources over/(under) Expenditures	\$ -0-	\$ 5,086	\$ 5,086	\$ -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	\$	428,525		
Percentage Completion		98.81%		
Original Target Completion Date		6/30/2022		

PROPRIETARY FUNDS

VERONA BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2021

	Enterprise Funds		
	Non-Major Funds		
	Food Service Program	Verona Summer Enrichment Academy	Total
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 5,221	\$ 87,404	\$ 92,625
Interfund Receivable	7,129		7,129
Inventories	7,003		7,003
Total Current Assets	19,353	87,404	106,757
Non-Current Assets:			
Capital Assets	395,391		395,391
Less: Accumulated Depreciation	(336,402)		(336,402)
Total Non-Current Assets	58,989		58,989
Total Assets	78,342	87,404	165,746
<u>LIABILITIES:</u>			
Accounts Payable - Vendors	4,631		4,631
Unearned Revenue	21,226		21,226
Total Liabilities	25,857		25,857
<u>NET POSITION:</u>			
Investment in Capital Assets	58,989		58,989
Unrestricted/(Deficit)	(6,504)	87,404	80,900
Total Net Position	\$ 52,485	\$ 87,404	\$ 139,889

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, 2021

	Enterprise Funds		
	Non-Major Funds		
	Food Service Program	Verona Summer Enrichment Academy	Total
Operating Revenue:			
Local Sources:			
Daily Sales	\$ 2,438		\$ 2,438
Miscellaneous Revenue	13,390	\$ 62,816	76,206
Total Operating Revenue	15,828	62,816	78,644
Operating Expenses:			
Cost of Sales	15,847		15,847
Salaries, Benefits & Payroll Taxes	31,618		31,618
Supplies, Insurance & Other Costs	6,001		6,001
Management Fee	35,530		35,530
Depreciation Expense	6,309		6,309
Total Operating Expenses	95,305		95,305
Operating Income/(Loss)	(79,477)	62,816	(16,661)
Change in Net Position Before Transfers	(79,477)	62,816	(16,661)
Transfer in - Board Contribution	87,547		87,547
Change in Net Position After Transfers	8,070	62,816	70,886
Net Position - Beginning of Year	44,415	24,588	69,003
Net Position - End of Year	\$ 52,485	\$ 87,404	\$ 139,889

VERONA BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Enterprise Funds Non-Major Funds		Total
	Food Service Program	Verona Summer Enrichment Academy	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 15,828	\$ 62,816	\$ 78,644
Payments to Food Service Contractor	(98,154)		(98,154)
Net Cash Provided by/(Used for) Operating Activities	<u>(82,326)</u>	<u>62,816</u>	<u>(19,510)</u>
Cash Flows from Noncapital Financing Activities:			
Board Contribution	87,547		87,547
Net Cash Provided by Noncapital Financing Activities	<u>87,547</u>		<u>87,547</u>
Net Increase in Cash and Cash Equivalents	5,221	62,816	68,037
Cash and Cash Equivalents, July 1	-0-	24,588	24,588
Cash and Cash Equivalents, June 30	<u>\$ 5,221</u>	<u>\$ 87,404</u>	<u>\$ 92,625</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (79,477)	\$ 62,816	\$ (16,661)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	6,309		6,309
Changes in Assets and Liabilities:			
Decrease in Inventory	158		158
(Decrease) in Accounts Payable	(10,993)		(10,993)
Increase in Unearned Revenue	1,677		1,677
Net Cash (Used for)/Provided By Operating Activities	<u>\$ (82,326)</u>	<u>\$ 62,816</u>	<u>\$ (19,510)</u>

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM DEBT

VERONA BOARD OF EDUCATION
LONG TERM DEBT
STATEMENT OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds				Retired or Matured	Balance June 30, 2021
			Outstanding		Interest Rate	Balance July 1, 2020		
			Date	Amount				
2014 School Bonds	04/29/14	\$ 13,845,000	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%	\$ 10,945,000	\$ 735,000	\$ 10,210,000
	2015 School Refunding Bonds	03/13/15	24,635,000	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%	18,140,000	1,665,000	16,475,000

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds				Retired or Matured	Balance June 30, 2021
			Date	Amount	Interest Rate	Balance July 1, 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	
							\$ 56,856,000	\$ 54,456,000

VERONA BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE AGREEMENT/LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Purpose	Interest Rate	Original Issue	Balance July 1, 2020	Issued	Matured	Balance June 30, 2021
2015 Energy Savings Incentive Program	2.34%	\$ 3,200,000	\$ 1,991,329		\$ 146,758	\$ 1,844,571
2017 Bus, Work Stations and Technology Equipment	2.57%	200,826	54,218		54,218	
Chromebooks	3.13%	288,700		\$ 288,700	191,836	96,864
Computers	1.47%	378,780		378,780	77,234	301,546
			<u>\$ 2,045,547</u>	<u>\$ 667,480</u>	<u>\$ 470,046</u>	<u>\$ 2,242,981</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 3,518,509		\$ 3,518,509	\$ 3,518,509	
State Sources:					
Debt Service Aid Type II	603,222		603,222	603,222	
Total Revenues	4,121,731		4,121,731	4,121,731	
EXPENDITURES:					
Regular Debt Service:					
Interest	1,725,446		1,725,446	1,725,446	
Redemption of Principal	2,400,000		2,400,000	2,400,000	
Total Regular Debt Service	4,125,446		4,125,446	4,125,446	
Total Expenditures	4,125,446		4,125,446	4,125,446	
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(3,715)		(3,715)	(3,715)	
Other Financing Sources(Uses):					
Transfer In:					
Interest from Capital Projects Fund				19,810	\$ 19,810
Total Other Financing Sources/(Uses)				19,810	19,810
(Deficit)/Excess of Revenues Over/(Under) Expenditures	(3,715)		(3,715)	16,095	19,810
Fund Balance, July 1	11,279		11,279	11,279	
Fund Balance, June 30	\$ 7,564	\$ -0-	\$ 7,564	\$ 27,374	\$ 19,810
Recapitulation:					
Restricted Fund Balance				\$ 27,374	

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

	<u>Exhibit</u>
Financial Trends 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
Revenue Capacity 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
Debt Capacity 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
Demographic and Economic Information 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
Operating Information 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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020*	2021
Governmental Activities:										
Net Investment in Capital Assets	\$ 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	\$ 16,790,070
Restricted	164,783	90,008	287,608	500,958	673,474	352,461	379,376	1,009,444	1,542,888	2,529,500
Unrestricted/(Deficit)	(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)	(10,876,136)
Total Governmental Activities Net Position/ (Deficit)	\$ 5,948,230	\$ 9,063,697	\$ 1,838,572	\$ 1,366,588	\$ 2,764,092	\$ 3,078,787	\$ (213,026)	\$ 1,277,188	\$ 3,494,121	\$ 8,443,434
Business-Type Activities:										
Net Investment in Capital Assets	\$ 19,226	\$ 60,040	\$ 47,628	\$ 41,107	\$ 29,785	\$ 21,661	\$ 21,118	\$ 21,481	\$ 65,298	\$ 58,989
Unrestricted	13,387	(3,039)	20,982	11,138	17,977	10,421	16,303	27,153	3,705	80,900
Total Business-Type Activities Net Position	\$ 32,613	\$ 57,001	\$ 68,610	\$ 52,245	\$ 47,762	\$ 32,082	\$ 37,421	\$ 48,634	\$ 69,003	\$ 139,889
District-Wide:										
Investment in Capital Assets	\$ 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	\$ 16,849,059
Restricted	164,783	90,008	287,608	500,958	673,474	352,461	379,376	1,009,444	1,542,888	2,529,500
Unrestricted/(Deficit)	(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)	(10,795,236)
Total District Net Position/ (Deficit)	\$ 5,980,843	\$ 9,120,698	\$ 1,907,182	\$ 1,418,833	\$ 2,811,854	\$ 3,110,869	\$ (175,605)	\$ 1,325,822	\$ 3,563,124	\$ 8,583,323

* Restated

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 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	\$ 18,796,745
Special Education	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	5,371,293
Other Education	402,188	399,407	385,944	466,439	418,197	421,161	410,662	287,218	140,505	68,407
School-Sponsored Instruction	919,157	964,506	1,011,087	1,127,135	1,237,964	1,214,014	1,357,579	1,198,893	906,927	932,005
Community Services	6,450									
Support Services:										
Tuition										
Student & Instructional Related Services	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	2,594,046
General Administrative Services	612,146	658,156	734,420	597,313	696,937	771,714	805,213	1,332,307	712,306	6,105,591
School Administrative Services	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	3,105,873
Central Services									334,234	217,041
Administrative Information Technology									388,379	461,451
Plant Operations and Maintenance	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	3,147,901
Pupil Transportation	478,843	499,926	641,206	713,344	888,883	1,032,430	901,393	903,057	963,862	671,081
Business and Other Support Services	502,522	658,644	696,393	701,640	785,432	877,465	925,767	847,372		
Interest on Long-term Debt	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	1,556,987
Unallocated Depreciation										2,740,638
Capital Outlay									1,362	
Total Governmental Activities Expenses	\$ 34,109,993	\$ 35,772,452	\$ 36,491,937	\$ 42,947,688	\$ 44,216,992	\$ 48,938,996	\$ 50,797,672	\$ 50,941,117	\$ 47,946,157	\$ 46,708,923
Business-Type Activities:										
Verona Summer Enrichment Academy	46,815	60,478	53,724	49,836	50,521	59,952	52,810	60,799		-
Food Service	342,468	380,441	386,419	378,302	389,032	393,936	354,475	405,585	403,660	
Total Business-type Activities Expense	389,283	440,919	440,143	428,138	439,553	453,888	407,285	466,384	403,660	-
Total District Expenses	\$ 34,499,276	\$ 36,213,371	\$ 36,932,080	\$ 43,375,826	\$ 44,656,545	\$ 49,392,884	\$ 51,204,957	\$ 51,407,501	\$ 48,349,817	\$ 46,708,923
Program Revenues										
Governmental Activities:										
Charges for Services	\$ 257,108	\$ 243,171	\$ 150,042	\$ 175,340	\$ 179,818	\$ 182,230	\$ 149,745	\$ 100,020	\$ 71,689	\$ 266,682
Operating Grants and Contributions	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	12,154,527
Total Governmental Activities Program Revenues	4,242,786	5,014,533	4,854,421	9,725,720	11,950,425	14,559,958	15,161,245	12,300,767	11,549,376	12,421,209

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Program Revenues										
Business-Type Activities:										
Charges for Services										
Food Service	\$ 331,902	\$ 341,493	\$ 355,977	\$ 51,481	\$ 48,938	\$ 59,625	\$ 56,899	\$ 67,087	\$ 313,946	\$ -
Verona Summer Enrichment Academy	55,109	56,720	59,571	347,390	355,456	372,038	345,426	406,264	2,295	62,816
Operating Grants and Contributions	5,317	4,937	4,796	4,658	3,819	4,273	4,837	4,246	2,558	
Total Business-type Activities Program Revenues	392,328	403,150	420,344	403,529	408,213	435,936	407,162	477,597	318,799	62,816
Total District Program Revenues	\$ 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	\$ 12,484,025
Net (Expense)/Revenue										
Governmental Activities	\$ (29,867,207)	\$ (30,757,919)	\$ (31,637,516)	\$ (33,221,968)	\$ (32,266,567)	\$ (34,379,038)	\$ (35,636,427)	\$ (38,640,350)	\$ (36,396,781)	\$ (34,287,714)
Business-type Activities	3,045	(37,769)	(19,799)	(24,609)	(31,340)	(17,952)	(123)	11,213	(84,861)	62,816
Total District-wide Net Expense/Revenues	\$ (29,864,162)	\$ (30,795,688)	\$ (31,657,315)	\$ (33,246,577)	\$ (32,297,907)	\$ (34,396,990)	\$ (35,636,550)	\$ (38,629,137)	\$ (36,481,642)	\$ (34,224,898)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, net	\$ 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	\$ 34,935,440
Taxes Levied for Debt Service	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	3,518,509
Unrestricted Grants and Contributions				621,793	687,998	667,667	665,025	664,785	471,376	778,388
State Aid Restricted for Debt Service	429,506	435,288	625,186							
Investment Earnings	9	8	323	20,780	17,258	10,253	26,319	58,678	6,267	19,810
Miscellaneous Income	160,660	166,829	354,072	256,206	297,580	180,670	352,583	367,774	656,428	72,427
Transfers		(8,931)	(31,408)	(8,244)	(26,857)	(2,272)			(93,458)	(87,547)
Total Governmental Activities	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	39,237,027
Business-Type Activities:										
Miscellaneous Income		8,931	31,408	8,244	26,857	2,272			11,772	87,547
Transfers		8,931	31,408	8,244	26,857	2,272			105,230	87,547
Total Business-Type Activities										
Total District-Wide	\$ 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	\$ 39,324,574
Change in Net Position:										
Governmental Activities	\$ 119,675	\$ (120,704)	\$ 60,760	\$ (471,984)	\$ 1,565,220	\$ 314,695	\$ 102,045	\$ (1,250,424)	\$ 2,062,979	\$ 4,949,313
Business-type Activities	3,045	(28,838)	11,609	(16,365)	(4,483)	(15,680)	(123)	11,213	20,369	150,363
Total District	\$ 122,720	\$ (149,542)	\$ 72,369	\$ (488,349)	\$ 1,560,737	\$ 299,015	\$ 101,922	\$ (1,239,211)	\$ 2,083,348	\$ 5,099,676

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020*	2021
General Fund:										
Reserved/Restricted	\$ 633,147	\$ 719,956	\$ 812,578	\$ 743,809	\$ 821,353	\$ 574,646	\$ 370,630	\$ 1,121,361	\$ 1,387,710	\$ 2,355,333
Assigned				9,956	36,086	31,841		119,785	455,183	
Nonspendable						73,711				
Committed								70,945		
Unassigned	341,544	313,521	323,021	339,749	302,589	325,703	339,755	323,440	854,292	1,646,397
Total General Fund	\$ 974,691	\$ 1,033,477	\$ 1,135,599	\$ 1,093,514	\$ 1,160,028	\$ 1,005,901	\$ 710,385	\$ 1,635,531	\$ 2,697,185	\$ 4,001,730
All Other Governmental Funds:										
Restricted:										
Special Revenue Fund									\$ 143,899	\$ 146,793
Capital Projects Fund	\$ 7,918	\$ 5,477	\$ 13,739,314	\$ 14,369,550	\$ 7,611,604	\$ 19,552	\$ 29,483	\$ (45,082)	\$ 24,723,926	\$ 4,417,997
Debt Service Fund									11,279	27,374
Committed:										
Capital Projects Fund										5,086
Unreserved/Unassigned/Assigned										
Total All Other Governmental Funds/(Deficit)	\$ 7,927	\$ 5,477	\$ 13,739,314	\$ 14,369,550	\$ 7,611,604	\$ 19,552	\$ 29,483	\$ (45,082)	\$ 24,879,104	\$ 4,597,250

* Restated

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Tax Levy	\$ 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	\$ 38,453,949
Tuition Charges	257,108	243,171	150,042	175,340	179,818	182,230	149,745	100,020	71,689	69,834
Interest Earnings on Capital Reserve Funds	9	8	323	20,780	17,258	10,253	26,319	58,678	6,267	19,810
Miscellaneous	261,316	185,620	371,855	269,692	343,885	317,651	413,094	459,276	671,365	301,373
Transportation Fees from Individuals									26,100	
State Sources	3,744,188	4,727,332	4,681,308	5,882,064	7,381,050	6,694,620	7,173,925	8,221,866	8,896,754	10,401,264
Federal Sources	570,340	460,527	630,474	553,751	597,626	632,408	723,028	738,625	736,827	1,186,336
Total Revenue	34,229,668	35,660,679	36,584,105	38,761,076	41,375,445	41,674,577	43,180,656	45,877,154	47,828,149	50,432,566
Expenditures										
Instruction:										
Regular Instruction	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	12,561,293
Special Education Instruction	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	3,454,468
Other Instruction	402,188	399,407	385,944	396,943	349,091	316,870	305,057	277,267	44,903	40,973
School-Sponsored Instruction	885,191	915,300	962,054	978,351	1,058,768	962,474	1,079,468	1,040,835	830,567	857,542
Community Services	6,450									
Support Services:										
Tuition									3,410,704	2,594,046
Student & Instruction Related Services	4,605,615	4,930,986	4,653,462	4,461,222	4,731,691	4,765,476	4,900,620	5,595,157	4,465,949	5,191,495
General Administrative Services	603,465	644,203	718,345	530,085	567,910	657,594	688,637	1,150,435	681,202	836,395
School Administrative Services	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	1,835,354
Central Services and Administrative Information Technology									694,054	573,177
Plant Operations and Maintenance	2,906,584	2,912,696	3,191,491	4,368,393	3,450,479	3,500,542	3,279,138	3,131,582	3,096,927	2,961,314
Student Transportation	478,843	499,926	641,206	710,979	879,621	832,949	870,651	892,023	913,314	676,870
Business and Other Support Services	502,522	658,644	680,245	660,653	724,563	782,097	806,173	792,337	11,150,219	12,778,135
Unallocated Benefits									3,055,327	21,503,300
Capital Outlay	46,875	165,599	176,317	2,511,014	7,862,840	7,700,369	84,860	31,144		
Debt Service:										
Principal	1,313,922	1,318,011	1,577,783	1,612,478	2,216,723	2,443,139	2,710,557	2,640,875	2,405,000	2,400,000
Interest and Other Charges	1,493,459	1,437,495	1,383,707	1,701,297	1,581,296	1,499,563	1,464,428	1,381,502	1,238,163	1,725,446
Bond Issuance Costs				171,893						
Total Expenditures	34,329,430	35,631,038	36,561,738	41,711,574	48,190,020	49,578,484	43,667,067	45,026,573	49,673,805	69,989,808
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	(99,762)	29,641	22,367	(2,950,498)	(6,814,575)	(7,903,907)	(486,411)	850,581	(1,845,656)	(19,557,242)

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Other Financing Sources/(Uses):										
Lease Purchase Proceeds				\$ 3,375,000	\$ 150,000	\$ 160,000	\$ 200,826		\$ 27,771,000	\$ 667,480
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							
Capital Leases		\$ 35,626								
Bonds Refunded				(26,871,000)						
Transfers In	\$ 509	8	5,783	20,698	16,651	84,468	3,070	3,715	60,731	448,335
Transfers Out	(509)	(8,939)	(37,191)	(28,942)	(43,508)	(86,740)	(3,070)	(3,715)	(154,189)	(535,882)
Total Other Financing Sources/(Uses)		26,695	13,813,592	3,538,649	123,143	157,728	200,826		27,677,542	579,933
Net Change in Fund Balances	\$ (99,762)	\$ 56,336	\$ 13,835,959	\$ 588,151	\$ (6,691,432)	\$ (7,746,179)	\$ (285,585)	\$ 850,581	\$ 25,831,886	\$ (18,977,309)
Debt Service as a Percentage of Noncapital Expenditures	8.19%	7.77%	8.14%	8.45%	9.42%	9.41%	9.58%	8.94%	7.81%	8.51%

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
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
2021		69,834				72,427	142,261

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 ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Actual (County Equalized Value)
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
2020	28,663,600	2,095,427,800	214,572,800	6,140,200	49,048,300	2,393,852,700	1,495,000	2,395,347,700	1.606	2,550,376,467

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 Companies

^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 ^a	Obligation Debt Service ^b	Township of Verona	Essex County	
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
2020	1.459	\$ 0.147	0.742	0.516	2.864

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.

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

b 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 ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
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
2020	37,419,147	37,419,147	100.00%	765,000
2021	38,453,949	38,453,949	100.00%	158,062

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 ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases		Notes (BANs)	Capital Leases					
2012	\$ 32,771,000	\$ 175,266	\$ -0-	-0-	-0-	\$ 32,946,266	4.72%	\$ 2,448		
2013	31,521,000	142,881	-0-	-0-	-0-	31,663,881	4.28%	2,356.47		
2014	43,866,000	65,098	-0-	-0-	-0-	43,931,098	5.87%	3,274.77		
2015	40,080,000	3,377,620	-0-	-0-	-0-	43,457,620	5.55%	3,248.68		
2016	38,080,000	3,310,897	-0-	-0-	-0-	41,390,897	4.94%	3,078.53		
2017	35,980,000	2,945,290	-0-	-0-	-0-	38,925,290	4.52%	2,900.11		
2018	33,805,000	2,610,559	-0-	-0-	-0-	36,415,559	4.16%	2,710.50		
2019	31,490,000	2,284,684	-0-	-0-	-0-	33,774,684	3.71%	2,512.44		
2020	56,856,000	2,045,547	-0-	-0-	-0-	58,901,547	6.38%	4,319.25		
2021	54,456,000	2,242,981	-0-	-0-	-0-	56,698,981	6.15%	4,157.73		

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 ^a	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2012	\$ 32,771,000	-0-	\$ 32,771,000	1.59%	\$ 2,439
2013	31,521,000	-0-	31,521,000	1.57%	2,349.68
2014	43,866,000	-0-	43,866,000	2.19%	3,279.21
2015	40,080,000	-0-	40,080,000	2.00%	2,979.04
2016	38,080,000	-0-	38,080,000	1.89%	2,832.28
2017	35,980,000	-0-	35,980,000	1.78%	2,680.67
2018	33,805,000	-0-	33,805,000	1.67%	2,516.19
2019	31,490,000	-0-	31,490,000	1.31%	2,342.48
2020	56,856,000	-0-	56,856,000	2.37%	4,169.25
2021	54,456,000	-0-	54,456,000	2.27%	3,993.25

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, 2020
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Township of Verona	\$ 46,440,918	100.00%	\$ 46,440,918
Essex County General Obligation Debt	649,227,780	2.75% ^a	17,832,153
Subtotal, Overlapping Debt			64,273,071
Verona Township School District Direct Debt			56,856,000
Total Direct And Overlapping Debt			<u>\$ 121,129,071</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 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.

^a 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 2021

	Year Ended		Equalized Valuation Basis
	December 31,		
	2020	2019	\$ 2,592,713,852
	2019	2018	2,544,137,957
			2,484,078,077
			<u>\$ 7,620,929,886</u>
Average Equalized Valuation of Taxable Property			2,540,309,962
Debt Limit (4% of average equalization value) ^a			101,612,398
Net Bonded School Debt			54,456,000
Legal Debt Margin			<u>\$ 47,156,398</u>

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$ 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	\$ 101,612,398
Total Net Debt Applicable to Limit	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	54,456,000
Legal Debt Margin	<u>\$ 62,439,285</u>	<u>\$ 60,517,325</u>	<u>\$ 45,275,839</u>	<u>\$ 47,898,322</u>	<u>\$ 51,166,737</u>	<u>\$ 85,283,479</u>	<u>\$ 60,146,723</u>	<u>\$ 64,914,740</u>	<u>\$ 44,108,720</u>	<u>\$ 47,156,398</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	34.42%	34.25%	49.21%	45.56%	42.67%	39.17%	35.98%	32.66%	56.31%	53.59%

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 ^a	Personal Income ^b	Essex County Per Capita Personal Income ^c	Unemployment Rate ^d
2012	13,437	\$ 739,760,598	\$ 55,054	5.30%
2013	13,415	748,664,320	55,808	4.80%
2014	13,377	782,380,599	58,487	4.90%
2015	13,454	818,541,360	60,840	4.20%
2016	13,445	838,080,630	62,334	3.60%
2017	13,422	862,121,904	64,232	3.60%
2018	13,435	876,150,090	65,214	3.40%
2019	13,443	909,513,051	67,657	2.50%
2020	13,637	922,638,509	67,657 *	8.10%
2021	13,637 **	922,638,509 ***	67,657 *	N/A

* - Latest Essex County per capita personal income available (2019) was used for calculation purposes.

** - Latest population data available (2020) was used for calculation purposes.

*** - Latest per capital personal income available (2019) and latest population data available (2020) was used for calculation purposes.

N/A - Information Unavailable

Sources:

^a Population information provided by the NJ Dept of Labor and Workforce Development.

^b Personal income has been estimated based upon the municipal population and per capita personal income presented.

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis

^d 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

Employer	2020		
	Employees	Rank	Percentage of Total Employment
Prudential Ins. Co. of America	49,705	1	15.05%
St. Barnabas Health Care System	24,600	2	7.45%
Rutgers University - Newark Campus	23,980	3	7.26%
Verizon	15,000	4	4.54%
PSE&G	12,945	5	3.92%
New Jersey Transit	11,500	6	3.48%
City of Newark	10,001	7	3.03%
Montclair State University	7,900	8	2.39%
Newark Board of Education	7,050	9	2.13%
Gateway Group One	6,250	10	1.89%
Automatic Data Processing	5,649	11	1.71%
	<u>174,580</u>		<u>52.86%</u>
Total Employment	<u>330,269</u>		
Employer	2011		
	Employees	Rank	Percentage of Total Employment
St. Barnabas Health Care System	23,000	1	6.96%
Verizon	17,100	2	5.18%
Prudential Ins. Co. of America	16,850	3	5.10%
Univ. of Medicine and Dentistry	15,500	4	4.69%
Continental Airlines	11,000	5	3.33%
Newark Board of Education	7,050	6	2.13%
Automatic Data Processing	5,649	7	1.71%
New Jersey Transit	4,000	8	1.21%
Essex County	3,900	9	1.18%
City of Newark	4,000	10	1.21%
	<u>108,049</u>		<u>32.71%</u>
Total Employment	<u>330,337</u>		

Note- Principal employers are that of Essex County

Source: Essex County Economic Development Corporation

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

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Instruction:										
Regular	154.0	156.0	158.0	159.0	142.0	149.0	142.0	136.0	136.0	155.0
Special Education	21.0	21.0	21.0	21.0	22.0	26.0	32.0	28.0	28.0	51.0
Other Instruction	2.0	2.0	2.0	2.0	55.0	75.0	80.0	72.0	72.0	59.0
Support Services:										
Student & Instruction Related Services	39.0	39.0	39.0	40.0	37.0	33.0	35.0	18.0	18.0	18.0
General Administrative Services	1.0	1.0	1.0	1.0	2.0	2.0	3.0	15.0	15.0	4.0
School Administrative Services	18.0	18.0	18.0	18.0	27.0	27.0	27.0	17.0	17.0	8.0
Other Administrative Services										4.0
Central Services	4.0	4.0	4.0	4.0	3.0	3.0	3.0	4.0	4.0	5.0
Administrative Information Technology	2.0	2.0	3.0	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	21.0	19.0	19.0	20.0
Pupil Transportation	3.0	3.0	3.0	4.0	3.0	5.0	5.0	4.0	4.0	5.0
Total	264.0	266.0	269.0	272.0	314.0	343.0	351.0	316.0	316.0	332.0

Source: District Personnel Records

VERONA BOARD OF EDUCATION
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary Schools	Middle Schools	High Schools				
2012	2,218	\$ 31,475,174	\$ 14,191	1.93%	195	15:1	22.1:1	14:1	2,210	2,098	2.36%	94.93%
2013	2,184	32,709,933	14,977	5.54%	161	14.2:1	23:1	14:1	2,183	2,100	-1.22%	96.20%
2014	2,193	33,423,931	15,241	1.76%	161	14.2:1	23:1	14:1	2,185	2,099	0.09%	96.06%
2015	2,190	35,714,892	16,308	7.00%	158	17:1	23:1	14:1	2,172	2,087	-0.59%	96.09%
2016	2,189	36,529,161	16,688	2.33%	164	17:1	23:1	14:1	2,142	2,051	-1.38%	95.75%
2017	2,197	37,719,270	17,169	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	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	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	5.41%	172	14:1	12:1	13:1	2,210	2,130	0.00%	96.38%
2021	2,188	44,361,062	20,275	5.21%	206	13:1	10:1	11:1	2,182	2,123	-1.27%	97.30%

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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	145	132	118	123	115	135	131	127	127	130
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	329	321	291	285	265	246	249	234	234	208
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	240	214	215	212	199	215	245	257	257	272
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	231	230	227	223	234	222	219	211	211	209
HB 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	664	691	733	724	726	720	681	679	679	637
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	609	602	609	623	616	659	693	703	703	679

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

Facility	Project #(s)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
School Facilities:											
Verona High School	N/A	\$ 158,314	\$ 154,400	\$ 190,081	\$ 226,973	\$ 188,615	\$ 215,392	\$ 235,747	\$ 149,780	\$ 280,732	\$ 202,356
Brookdale Avenue School	N/A	49,994	49,806	61,316	73,217	59,563	68,018	74,446	47,299	88,724	63,902
FN Brown School	N/A	51,328	49,807	61,316	73,217	61,152	69,833	76,432	48,561	91,090	65,607
Forrest Avenue School	N/A	36,536	34,864	42,921	51,252	43,529	49,708	54,405	34,566	64,791	46,700
Henry B Whitehome Middle School	N/A	155,694	149,419	183,949	219,652	185,446	211,772	231,784	147,263	276,091	198,955
Laning Avenue School	N/A	61,151	59,768	73,580	87,861	72,904	83,253	91,120	57,892	108,562	78,215
Total School Facilities		513,017	498,064	613,163	732,172	611,209	697,976	763,934	485,361	909,991	655,735

N/A - Not Applicable

Source: District records

INSURANCE SCHEDULEJUNE 30, 2021UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
National Union Fire Ins Co of Pittsburgh PA		
PROPERTY SECTION		
Property - Blanket Bldgs & Contents		
School Limit Per Statement of Values	\$ 102,078,667	\$ 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
BOILER & MACHINERY		
Loss of Income	\$ 250,000	\$ 5,000
Extra Expense	\$ 5,000,000	\$ 5,000
GENERAL LIABILITY		
General Aggregate	\$ 3,000,000	
Each Occurrence	\$ 1,000,000	
COMMERCIAL AUTOMOBILE LIABILITY		
Combined Single Limit	\$ 1,000,000	
COMMERCIAL UMBRELLA		
	\$ 10,000,000	
EXCESS LIABILITY		
New Jersey Unshared Program (Allied/Hudson Ins/Evanston Ins)	\$ 30,000,000	
CAP Program - Shared Limits Agg (Fireman's Fund)	\$ 25,000,000	
CYBER LIABILITY (XL Insurance)		
1st Party Coverage	\$ 1,000,000	\$ 15,000
3rd Party Coverage	\$ 2,000,000	\$ 15,000
Group Aggregate	\$ 4,000,000	
WORKERS COMPENSATION (MEIG)		
Per Occurrence	\$ 5,000,000	
Policy Limit	\$ 5,000,000	
Aggregate	\$ 5,000,000	
CRIME (National Union Fire Ins Co of Pittsburgh PA)		
Employee Theft	\$ 500,000	\$ 5,000
EDUCATORS LEGAL LIABILITY		
XL Insurance	\$ 1,000,000	\$ 10,000
EMPLOYMENT PRACTICES LIABILITY		
XL Insurance	\$ 1,000,000	\$ 15,000
INDIVIDUAL BONDS		
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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 22, 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.

December 22, 2021
Mount Arlington, New Jersey

NISIVOCCIA LLP

Raymond A Sarinelli

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

Report on Compliance For Each Major Federal and 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 Federal and 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 federal and state programs for the fiscal year ended June 30, 2021. The District's major federal and 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 federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 federal or 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 federal and state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal and 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 federal and state programs for the fiscal year ended June 30, 2021.

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 federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the 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.

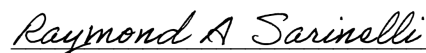
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

December 22, 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, 2021

Federal Grantor/Pass Through State Program or Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2020		Cash Received	Budgetary Expenditures	Adjustment	Balance at June 30, 2021		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue				Budgetary Accounts Receivable	Budgetary Unearned Revenue	
Special Revenue Fund:												
U.S. Department of Education Passed-through State Department of Education: Elementary and Secondary Education Act												
	84.010	ESEA537021	7/1/20-9/30/21	\$ 189,443			\$ 134,194	\$ (189,443)	\$ (14,160)	\$ (55,249)		
	84.010	ESEA537020	7/1/19-9/30/20	186,246			102,161	(189,443)	(14,160)	(55,249)		
Total Title I							236,355	(52,842)	64,382	(13,088)		
	84.367	ESEA537021	7/1/20-9/30/21	91,423			39,754	(52,842)	64,382	(13,088)		
	84.367	ESEA537020	7/1/19-9/30/20	78,437			31,325	(52,842)	64,382	(13,088)		
Total Title II, Part A							71,079	(10,550)	12,500			
	84.424	ESEA537021	7/1/20-9/30/21	22,023			10,550	(10,550)	12,500			
	84.424	ESEA537020	7/1/19-9/30/20	23,225			3,336	(10,550)	12,500			
Total Title IV							13,886					
Special Education Cluster:												
	84.027	IDEA537021	7/1/20-9/30/21	543,202			468,085	(505,456)	(37,371)			
	84.027	IDEA537020	7/1/19-9/30/20	489,043			124,890	(26,794)	1	(26,794)		
	84.173	IDEA537021	7/1/20-9/30/21	29,304			20,810		3,569			
	84.173	IDEA537020	7/1/19-9/30/20	24,989			613,785	(532,250)	3,570	(64,165)		
Special Education Cluster Subtotal												
Education Stabilization Fund:												
	84.425D	CARES-5370-21	3/13/20-9/30/22	166,412			147,638	(166,352)		(18,714)		
	84.425D	CARES-5370-21	3/13/20-9/30/23	600,906				(141,953)		(141,953)		
	84.425D	CARES-5370-21	3/13/20-9/30/23	45,000				(28,084)		(28,084)		
Education Stabilization Fund Subtotal												
Total U.S. Department of Education												
							1,082,743	(1,121,474)	66,292	(321,253)		
U.S. Department of Treasury												
Passed-through State Department of Education:												
	21.019	N/A	3/13/21-9/30/23	57,902			57,902	(57,902)		(6,960)		
	21.019	N/A	7/16/20-10/31/20	6,960				(6,960)		(6,960)		
Total U.S. Department of Education												
							57,902	(64,862)		(6,960)		
Total Special Revenue Fund												
							1,140,645	(1,186,336)	66,292	(328,213)		
Total Federal Awards												
							\$ 1,140,645	\$ (1,186,336)	\$ 66,292	\$ (328,213)	\$ -0-	

N/A - Not Applicable

VERONA BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2020		Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Years' Balances	Balance at June 30, 2021		MEMO
				Budgetary Accounts Receivable	Due to Grantor					GAAP Accounts Receivable	Due to Grantor	
New Jersey Department of Education												
General Fund:												
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	\$ 1,163,707	\$ (107,758)	\$	107,758						\$
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	175,630	(16,263)		16,263						1,163,707
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	103,500	(9,584)		9,584						175,630
Extraordinary Special Education Costs Reimbursed TPAF Social Security Contributions	20-495-034-5120-044	7/1/19-6/30/20	512,044	(512,044)		512,044						103,500
	20-495-034-5094-003	7/1/19-6/30/20	1,292,346	(64,258)		64,258						512,044
On-Behalf TPAF Post Retirement Contribution	21-495-034-5094-001	7/1/20-6/30/21	1,467,022			1,467,022						1,292,346
On-Behalf TPAF Pension Contribution	21-495-034-5094-002	7/1/20-6/30/21	4,593,817			4,593,817						1,467,022
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-004	7/1/20-6/30/21	87,403			87,403						1,467,022
On-Behalf TPAF Long-Term Disability Insurance	21-495-034-5094-004	7/1/20-6/30/21	2,358			2,358						4,593,817
Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	1,248,324			1,248,324						87,403
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	175,630			158,903						2,358
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	103,500			93,643						1,248,324
Extraordinary Special Education Costs Reimbursed TPAF Social Security Contributions	21-100-034-5120-473	7/1/20-6/30/21	753,675			1,219,968						175,630
	21-495-034-5095-003	7/1/20-6/30/21	1,283,793			9,462,456						103,500
Total General Fund State Aid				(709,907)			(9,715,522)			(817,500)		753,675
Special Revenue Fund:												
New Jersey Nonpublic Aid:												
Compensatory Education	21-100-034-5120-067	7/1/20-6/30/21	46,158	(3,869)	\$ 9,492	46,158	(19,769)		\$ (9,492)	\$ 26,389		19,769
Compensatory Education	20-100-034-5120-067	7/1/19-6/30/20	38,695			3,870						38,695
Transportation	21-100-034-5120-067	7/1/20-6/30/21	21,711			2,022	(2,022)			19,689		21,711
Transportation	20-100-034-5120-067	7/1/19-6/30/20	20,222	(2,023)	1	2,022						20,221
Nonpublic Handicapped Services:												
Examination and Classification	21-100-034-5120-066	7/1/20-6/30/21	22,481	(2,452)	10,405	22,481	(11,704)			10,777		11,704
Examination and Classification	20-100-034-5120-066	7/1/19-6/30/20	24,526			2,452			(10,405)			14,121
Supplemental Instruction	21-100-034-5120-066	7/1/20-6/30/21	20,237	(2,516)	8,014	20,237	(5,018)			15,219		5,018
Supplemental Instruction	20-100-034-5120-066	7/1/19-6/30/20	19,428			2,516			(8,014)			2,096
Corrective Speech	21-100-034-5120-066	7/1/20-6/30/21	12,760	(1,823)	15,312	12,760	(2,096)			10,664		2,096
Corrective Speech	20-100-034-5120-066	7/1/19-6/30/20	18,228			1,823			(15,312)			9,758
Textbook Aid	21-100-034-5120-064	7/1/20-6/30/21	9,774			9,774	(9,758)			16		16,320
Textbook Aid	20-100-034-5120-064	7/1/19-6/30/20	9,962			16,320	(16,320)		(9,962)			16,320
Nursing Services	21-100-034-5120-070	7/1/20-6/30/21	16,320		7,333	16,320			(11,000)			27,701
Nursing Services	20-100-034-5120-070	7/1/19-6/30/20	18,333		4,212	28,000			(6,804)	299		27,701
Technology Initiative	20-100-034-5120-373	7/1/19-6/30/20	6,804									
Security Aid	21-100-034-5120-070	7/1/20-6/30/21	28,000		968	28,000	(27,701)		(28,350)			
Security Aid	20-100-034-5120-070	7/1/19-6/30/20	28,350						(106,672)	83,053		187,114
Total Special Revenue Fund				(12,683)	\$5,737	190,124	(94,388)	(50,937)	(106,672)	83,053		

VERONA BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2020		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2021		MEMO
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Due to Grantor	
Debt Service Fund:											
Debt Service Aid - State Support	21-495-034-5120-125	7/1/20-6/30/21	\$ 603,222	\$ (722,590)	\$ 55,737	\$ 603,222	\$ (603,222)		\$ (817,500)	\$ 83,053	\$ 603,222
Total Debt Service Fund						603,222	(603,222)		(817,500)	83,053	603,222
Total State Awards Subject to Single Audit Determination						\$ 10,255,802	\$ (10,413,132)	\$ (106,672)	\$ (817,500)	\$ 83,053	\$ 19,838,213
Less: State Awards Not Subject to Single Audit Major Program Determination											
On-Behalf TPAF Pension System Contributions:											
On-Behalf TPAF Post Retirement Contributions	21-495-034-5094-003	7/1/20-6/30/21	1,467,022				1,467,022				
On-Behalf TPAF Pension Contributions	21-495-034-5094-001	7/1/20-6/30/21	4,593,817				4,593,817				
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-002	7/1/20-6/30/21	87,403				87,403				
On-Behalf TPAF Long-Term Disability Insurance	21-495-034-5094-004	7/1/20-6/30/21	2,358				2,358				
Subtotal - On-Behalf TPAF Pension System Contributions							6,150,600				
Total State Awards Subject to Single Audit Major Program Determination							\$ (4,262,532)				

VERONA BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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, 2021. 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 (\$11,868) 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, 2021

(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		\$ 9,703,654	\$ 9,703,654
Special Revenue Fund	\$ 1,186,336	94,388	1,280,724
Debt Service Fund		603,222	603,222
Total Financial Assistance	<u>\$ 1,186,336</u>	<u>\$ 10,401,264</u>	<u>\$ 11,587,600</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, 2021.

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

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 federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and 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's programs tested as major federal and 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>Federal:</u>				
Special Education Cluster:				
I.D.E.A. Part B, Basic	IDEA537021	7/1/20-9/30/21	\$ 543,202	\$ 505,456
I.D.E.A. Part B, Preschool	IDEA537021	7/1/20-9/30/21	29,304	26,794
<u>State:</u>				
New Jersey Department of Education:				
Extraordinary Special Education Costs	21-100-034-5120-473	7/1/20-6/30/21	753,675	753,675

- The threshold for distinguishing Type A and Type B state programs was \$750,000.
- The District was determined not to be a "low-risk" auditee for federal programs. The District was determined to be a "low-risk" auditee for state programs.

VERONA BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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:

- The audit did not disclose any findings or questioned costs for federal awards as defined in 2 CFR 200.516(a) of the Uniform Guidance.

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, 2021

Status of Prior Year Findings:

There were no prior year findings.