

**VERONA BOARD OF EDUCATION**

**VERONA BOARD OF EDUCATION**

**Verona, New Jersey**

**Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2022**

**Annual Comprehensive  
Financial Report**

**of the**

**VERONA BOARD OF EDUCATION**

**Verona, New Jersey**

**For the Fiscal Year Ended June 30, 2022**

**Prepared by**

**Verona Board of Education  
Business Office**

VERONA BOARD OF EDUCATION  
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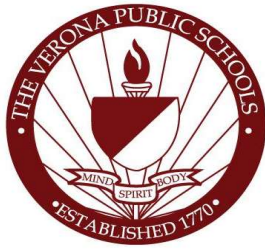
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INTRODUCTORY SECTION  
UNAUDITED



# VERONA BOARD OF EDUCATION

**LISA FRESCHI**  
**BOARD PRESIDENT**

**PAMELA PRISCOE**  
**BOARD VICE PRESIDENT**

**JIM DAY**  
**SARA DRAPPI**  
**CHRISTOPHER WACHA**

**121 FAIRVIEW AVENUE**  
**VERONA, NEW JERSEY 07044**

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**BUS. ADM. (973) 571-2029**  
**FAX (973) 571-6779**

**DIANE DIGIUSEPPE**  
**SUPERINTENDENT**

**JORGE CRUZ,**  
**BUSINESS ADMINISTRATOR/BOARD**  
**SECRETARY**

**MATTHEW LARACY,**  
**TREASURER**

December 29, 2022

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

Dear Honorable President and Board Members:

The annual comprehensive financial report of the Verona Public Schools (District) for the fiscal year ended June 30, 2022, 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 annual comprehensive 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 2021, 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 2021-22**

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-12 with Mr. Bill Jackson (Foci: Lesson Study, Rich Math Tasks, Implementing Dimensions Mathematics program in grades 1, 2, and 5)
  - 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/high 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. Diversity Council - Working with selected trainers, stakeholders will embark on a journey toward discussions and changes that will occur in the district practices around the issues of diversity, equity and inclusion.
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



**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, 2022.

**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.

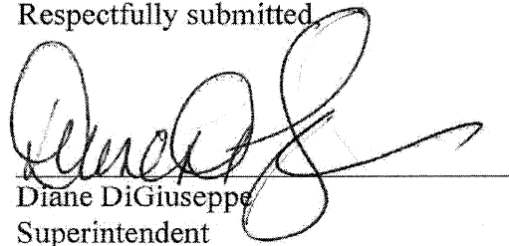
**9) OTHER INFORMATION:**

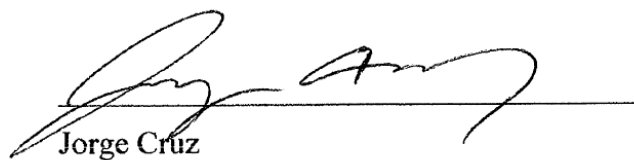
Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed 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:**

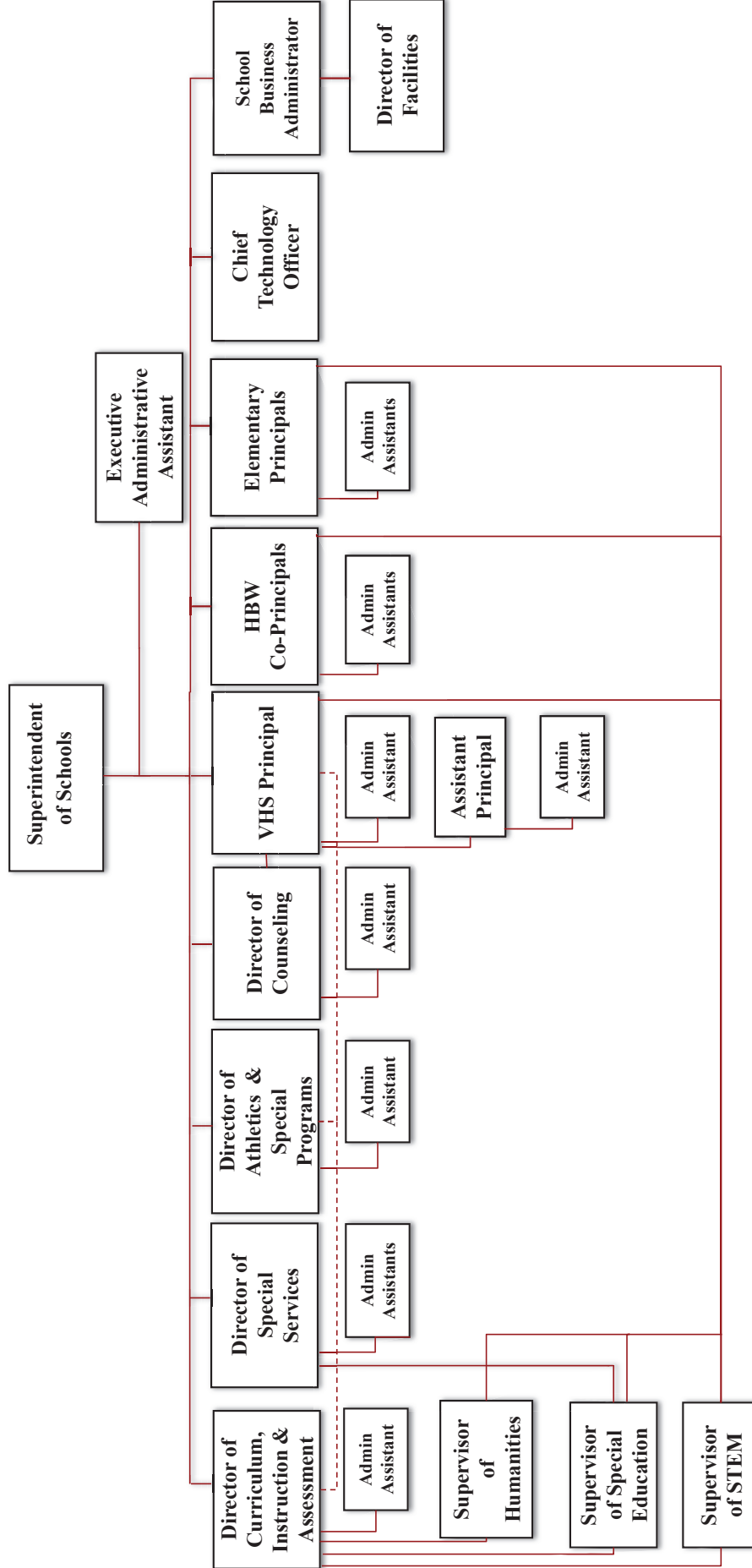
We would like to express our appreciation to the members of the Verona Public Schools Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.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

Respectfully submitted,

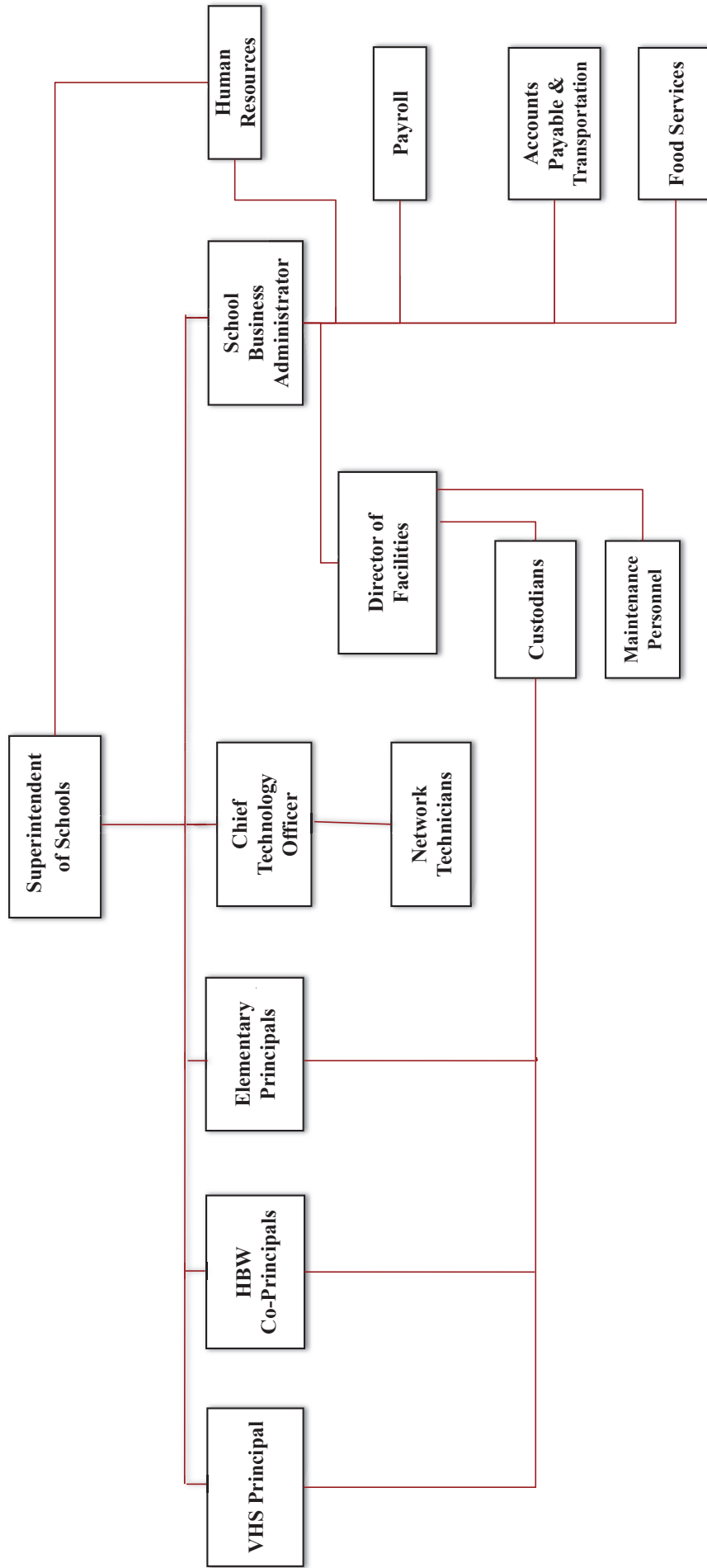
  
Diane DiGiuseppe  
Superintendent

  
Jorge Cruz  
Board Administrator/Board Secretary

# VERONA PUBLIC SCHOOLS ORGANIZATIONAL CHART

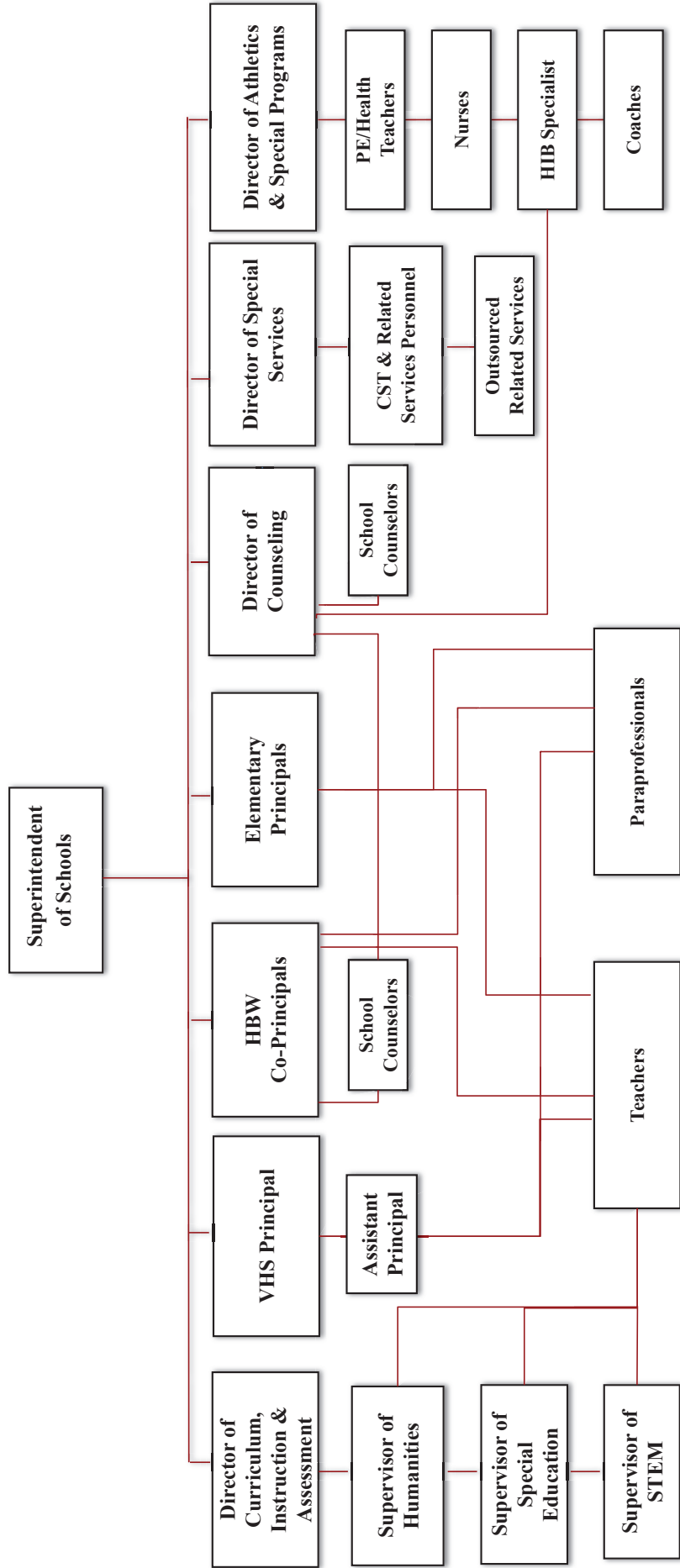


# VERONA PUBLIC SCHOOLS ORGANIZATIONAL CHART



BOE Approved Date: 6/21/22

# VERONA PUBLIC SCHOOLS ORGANIZATIONAL CHART



**VERONA BOARD OF EDUCATION  
VERONA, NEW JERSEY  
ROSTER OF OFFICIALS  
JUNE 30, 2022**

**Members of the Board of Education**

**Term Expires**

Lisa Freschi, President	2024
Pamela Priscoe, Vice President	2025
James Day	2023
Sara Drappi	2023
Christopher Wacha	2025

**Other Officers**

**Title**

Diane DiGiuseppe	Superintendent of Schools (from July 1, 2022)
Dr. Lydia Furnari	Interim Superintendent of Schools (from November 9, 2021)
Dr. Rui Dionsio	Superintendent of Schools (to November 8, 2021)
Jorge Cruz	Business Administrator
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

FUND FINANCIAL STATEMENTS



## 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**

#### ***Qualified Opinion***

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 Board of Education of the Verona Board of Education (the “District”), in the County of Essex, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2022, 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.

#### ***Basis for Qualified Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the “Office”) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

#### ***Matter Giving Rise to Qualified Opinion***

The District’s note disclosure on postemployment benefits other than pensions (OPEB) (Note 17) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan (“SHBP”) has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey (the “Division”), as of the date of this report. The District is in a “special funding situation” in that the OPEB contributions, expenses and related liability are the sole responsibility of the State of New Jersey, not the District and therefore does not affect the District’s net position. An estimated release date for the June 30, 2021 OPEB information has not been announced by the Division. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***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 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 is the responsibility of management and, although not a part of the basic financial statements, are 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.

The Schedule of Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District and Related Ratios (Exhibit L-5) do not contain the June 30, 2021 OPEB information as the related GASB No. 75 report for SHBP has not been released by the State as of the date of this report. The District is in a "special funding situation" in that the OPEB contributions, expenses and related liability are the sole responsibility of the State of New Jersey, not the District and therefore does not affect the District's net position. An estimated release date for the June 30, 2021 OPEB information has not been announced by the Division. This required supplementary information is required to be presented to supplement the basic financial statements in accordance with accounting principles generally accepted in the United States of America. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

***Supplementary 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 supplementary information 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 accompanying supplementary information 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  
Page 4

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.


In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2022 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 District’s internal control over financial reporting and compliance.

December 29, 2022  
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, 2022. 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.

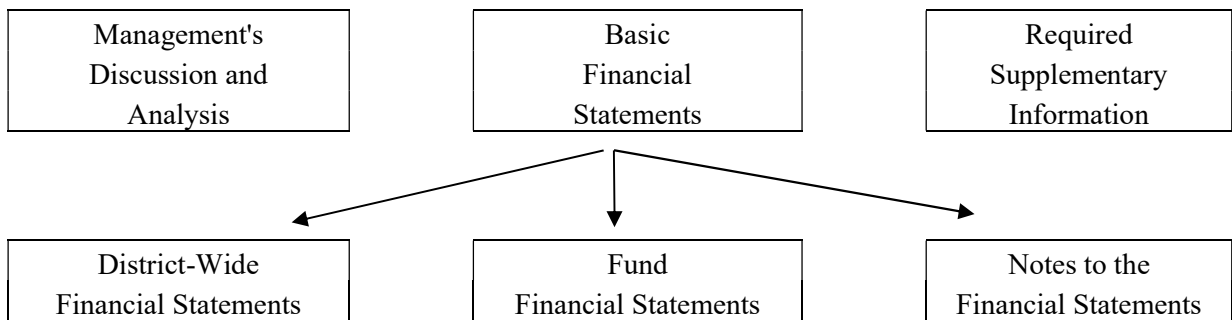
**Overview of the Financial Statements**

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, and summer enrichment academy
Required Financial Statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>
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, lease 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 \$3,627,011. Net position from governmental activities increased by \$3,642,010 and net position from business-type activities decreased by \$14,999.

**Figure A-3**

**Condensed Statement of Net Position**

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021	
Current and Other Assets	\$ 7,090,380	\$ 9,043,244	\$ 104,560	\$ 106,757	\$ 7,194,940	\$ 9,150,001	
Capital Assets, Net	69,466,793	68,558,099	53,345	58,989	69,520,138	68,617,088	
Total Assets	<u>76,557,173</u>	<u>77,601,343</u>	<u>157,905</u>	<u>165,746</u>	<u>76,715,078</u>	<u>77,767,089</u>	-1.35%
Deferred Outflows of Resources	<u>1,265,784</u>	<u>1,526,936</u>			<u>1,265,784</u>	<u>1,526,936</u>	-17.10%
Other Liabilities	2,211,383	1,358,647	33,015	25,857	2,244,398	1,384,504	
Long-Term Liabilities	60,283,463	66,067,551			60,283,463	66,067,551	
Total Liabilities	<u>62,494,846</u>	<u>67,426,198</u>	<u>33,015</u>	<u>25,857</u>	<u>62,527,861</u>	<u>67,452,055</u>	-7.30%
Deferred Inflows of Resources	<u>3,242,667</u>	<u>3,258,647</u>			<u>3,242,667</u>	<u>3,258,647</u>	-0.49%
Net Position:							
Net Investment in Capital Assets	17,300,982	16,790,070	53,345	58,989	17,354,327	16,849,059	
Restricted	3,612,104	2,529,500			3,612,104	2,529,500	
Unrestricted/(Deficit)	<u>(8,827,642)</u>	<u>(10,876,136)</u>	<u>71,545</u>	<u>80,900</u>	<u>(8,756,097)</u>	<u>(10,795,236)</u>	
Total Net Position	<u>\$ 12,085,444</u>	<u>\$ 8,443,434</u>	<u>\$ 124,890</u>	<u>\$ 139,889</u>	<u>\$ 12,210,334</u>	<u>\$ 8,583,323</u>	42.26%

*Changes in Net Position.* The District's combined net position was \$12,210,334 at June 30, 2022, or \$3,627,011 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, increase in excess surplus and an increase in capital assets. Additionally, there was a decrease in net position of \$14,999 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
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021	
Revenue:							
Program Revenue:							
Charges for Services	\$ 326,844	\$ 266,682	\$ 541,016	\$ 78,644	\$ 867,860	\$ 345,326	
Operating Grants & Contributions	12,333,808	12,154,527			12,333,808	12,154,527	
General Revenue:							
Property Taxes	39,469,631	38,453,949			39,469,631	38,453,949	
Unrestricted Federal & State Aid	1,676,989	778,388			1,676,989	778,388	
Other	478,320	92,237			478,320	92,237	
Transfers	(5,235)	(87,547)	5,235	87,547			
Total Revenue	<u>54,280,357</u>	<u>51,658,236</u>	<u>546,251</u>	<u>166,191</u>	<u>54,826,608</u>	<u>51,824,427</u>	5.79%
Expenses:							
Instruction	26,924,804	25,168,450			26,924,804	25,168,450	
Pupil and Instruction Services	9,486,819	8,699,637			9,486,819	8,699,637	
Administrative and Business	4,554,515	4,724,229			4,554,515	4,724,229	
Maintenance and Operations	3,815,039	3,147,901			3,815,039	3,147,901	
Transportation	964,744	671,081			964,744	671,081	
Other	4,892,426	4,297,625	561,250	95,305	5,453,676	4,392,930	
Total Expenses	<u>50,638,347</u>	<u>46,708,923</u>	<u>561,250</u>	<u>95,305</u>	<u>51,199,597</u>	<u>46,804,228</u>	9.39%
Increase in Net Position	<u>\$ 3,642,010</u>	<u>\$ 4,949,313</u>	<u>\$ (14,999)</u>	<u>\$ 70,886</u>	<u>\$ 3,627,011</u>	<u>\$ 5,020,199</u>	-27.75%

***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	
	2021/2022	2020/2021	2021/2022	2020/2021
Instruction	\$ 26,924,804	\$ 25,168,450	\$ 17,918,291	\$ 14,113,801
Pupil and Instruction Services	9,486,819	8,699,637	7,387,265	7,956,486
Administrative and Business	4,554,515	4,724,229	3,668,392	4,204,047
Maintenance and Operations	3,815,039	3,147,901	3,305,669	3,147,901
Transportation	964,744	671,081	805,652	567,854
Other	4,892,426	4,297,625	4,892,426	4,297,625
	<u>\$ 50,638,347</u>	<u>\$ 46,708,923</u>	<u>\$ 37,977,695</u>	<u>\$ 34,287,714</u>

**Business-Type Activities**

Net position from the District's business-type activity decreased by \$14,999, (Refer to Figure A-4). Factors contributing to these results included:

- Decrease in business-type activity was primarily a result of increased expenses in the food service and summer enrichment programs.

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

The District's financial position has been increasing over the past several years. The District is in the completion phase of its \$27.7 million referendum that includes upgrades to facilities district-wide. 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 2022 fiscal year the District saw a slight increase in state aid, 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
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021	
Land	\$ 1,679,937	\$ 1,679,937			\$ 1,679,937	\$ 1,679,937	
Building and Building Improvements	55,806,604	58,541,059			55,806,604	58,541,059	
Site Improvements	6,974,441	7,436,134			6,974,441	7,436,134	
Machinery and Equipment	534,135	477,530	\$ 53,345	\$ 58,989	587,480	536,519	
Construction in Progress	4,471,676	423,439			4,471,676	423,439	
<b>Total Capital Assets (Net)</b>	<b>\$69,466,793</b>	<b>\$68,558,099</b>	<b>\$ 53,345</b>	<b>\$ 58,989</b>	<b>\$69,520,138</b>	<b>\$68,617,088</b>	<b>1.32%</b>

- The change in Capital Assets is a result of the acquisition of assets net of deletions and related accumulated depreciation in the amount of \$4,366,251 offset by depreciation expense of \$3,457,557 and \$5,644 related to governmental and business-type activities capital assets, respectively.
- The construction in progress represents Capital Project Fund expenditures as of June 30, 2022.

**Long-term Liabilities**

At year-end, the District had \$50,865,000 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
	2021/2022	2020/2021	
School Bonds	\$ 50,865,000	\$ 54,456,000	
Unamortized Bond Premium	1,427,181	1,605,579	
Financed Purchases	2,126,531	2,242,981	
Net Pension Liability	4,281,826	5,717,716	
Compensated Absences Payable	1,582,925	2,045,275	
	<b>\$ 60,283,463</b>	<b>\$ 66,067,551</b>	<b>-8.75%</b>

## **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.
- Chapter 44 - the law was intended to generate health care savings for employees, school districts and taxpayers. Unfortunately, the health cost for the Board of Education is on an upward trend under this law and will continue. This is a financial burden to be managed by the Board going forward with every new budget.

### **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, 2022

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 3,783,462	\$ 93,815	\$ 3,877,277
Internal Balances	(7,129)	7,129	
Receivables from Federal Government	321,035		321,035
Receivables from State Government	1,080,205		1,080,205
Receivables from Other Governments	1,706		1,706
Inventory		3,616	3,616
Restricted Assets:			
Cash and Cash Equivalents	1,911,101		1,911,101
Capital Assets:			
Sites (Land)	1,679,937		1,679,937
Construction in Progress	4,471,676		4,471,676
Depreciable Site Improvements, Building and Building Improvements and Machinery and Equipment	63,315,180	53,345	63,368,525
Total Assets	<u>76,557,173</u>	<u>157,905</u>	<u>76,715,078</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Amount on Refunding	455,960		455,960
Deferred Outflows Related to Pensions	809,824		809,824
Total Deferred Outflows of Resources	<u>1,265,784</u>		<u>1,265,784</u>
<u>LIABILITIES:</u>			
Accounts Payable	1,469,351	18,010	1,487,361
Payable to State Government	49,423		49,423
Accrued Interest Payable	468,704		468,704
Unearned Revenue	223,905	15,005	238,910
Noncurrent Liabilities:			
Due Within One Year	3,811,429		3,811,429
Due Beyond One Year	56,472,034		56,472,034
Total Liabilities	<u>62,494,846</u>	<u>33,015</u>	<u>62,527,861</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows Related to Pensions	3,242,667		3,242,667
Total Deferred Inflows of Resources	<u>3,242,667</u>		<u>3,242,667</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	17,300,982	53,345	17,354,327
Restricted for:			
Debt Service	21,467		21,467
Capital Projects	1,200,000		1,200,000
Maintenance	470,000		470,000
Excess Surplus	1,679,536		1,679,536
Unemployment Compensation	28,654		28,654
Student Activities	212,447		212,447
Unrestricted/(Deficit)	(8,827,642)	71,545	(8,756,097)
Total Net Position	<u>\$ 12,085,444</u>	<u>\$ 124,890</u>	<u>\$ 12,210,334</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, 2022

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
<b>Governmental Activities:</b>						
<b>Instruction:</b>						
Regular	\$ 19,817,845	\$ 65,043	\$ 4,587,451	\$ (15,230,394)		\$ (15,230,394)
Special Education	5,668,232		4,066,258	(1,536,931)		(1,536,931)
Other Instruction	66,423		13,311	(53,112)		(53,112)
School -Sponsored Instruction	1,372,304		274,450	(1,097,854)		(1,097,854)
<b>Support Services:</b>						
Tuition	2,121,401			(2,121,401)		(2,121,401)
Student and Instruction Related Services	7,365,418	261,801	1,837,753	(5,265,864)		(5,265,864)
General Administration Services	900,068		103,746	(796,322)		(796,322)
School Administration Services	2,684,276		588,470	(2,095,806)		(2,095,806)
Central Services	480,869		108,456	(372,413)		(372,413)
Administrative Information Technology	489,302		85,451	(403,851)		(403,851)
Plant Operations and Maintenance	3,815,039		509,370	(3,305,669)		(3,305,669)
Pupil Transportation	964,744		159,092	(805,652)		(805,652)
Interest on Long-Term Debt	1,484,842			(1,484,842)		(1,484,842)
Unallocated Depreciation	3,407,584			(3,407,584)		(3,407,584)
<b>Total Governmental Activities</b>	<b>50,638,347</b>	<b>326,844</b>	<b>12,333,808</b>	<b>(37,977,695)</b>		<b>(37,977,695)</b>
<b>Business-Type Activities:</b>						
Food Service Program	496,333	479,865			\$ (16,468)	(16,468)
Verona Summer Enrichment Program	64,917	61,151			(3,766)	(3,766)
<b>Total Business-Type Activities</b>	<b>561,250</b>	<b>541,016</b>			<b>(20,234)</b>	<b>(20,234)</b>
<b>Total Primary Government</b>	<b>\$ 51,199,597</b>	<b>\$ 867,860</b>	<b>\$ 12,333,808</b>	<b>(37,977,695)</b>	<b>(20,234)</b>	<b>(37,997,929)</b>

VERONA BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	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	\$ 35,634,149		\$ 35,634,149
Taxes Levied for Debt Service	3,835,482		3,835,482
Federal and State Aid not Restricted	1,676,989		1,676,989
Investment Earnings	6,060		6,060
Miscellaneous Income	472,260		472,260
Transfers	(5,235)	\$ 5,235	
Total General Revenue and Transfers	41,619,705	5,235	41,624,940
Change in Net Position	3,642,010	(14,999)	3,627,011
Net Position - Beginning	8,443,434	139,889	8,583,323
Net Position - Ending	\$ 12,085,444	\$ 124,890	\$ 12,210,334

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, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 3,681,417	\$ 37,508	\$ 64,537		\$ 3,783,462
Interfund Receivable	7,564		339,340	\$ 29,031	375,935
Receivables From Federal Government		321,035			321,035
Receivables From State Government	1,026,562	53,643			1,080,205
Receivables From Other Governments		1,706			1,706
Restricted Cash and Cash Equivalents	1,698,654	212,447			1,911,101
Total Assets	<u>\$ 6,414,197</u>	<u>\$ 626,339</u>	<u>\$ 403,877</u>	<u>\$ 29,031</u>	<u>\$ 7,473,444</u>
<u>LIABILITIES AND FUND BALANCES:</u>					
Liabilities:					
Interfund Payable	\$ 346,469		\$ 29,031	\$ 7,564	\$ 383,064
Accounts Payable	864,275	\$ 140,564			1,004,839
Payable to State Government		49,423			49,423
Unearned Revenue		223,905			223,905
Total Liabilities	<u>1,210,744</u>	<u>413,892</u>	<u>29,031</u>	<u>7,564</u>	<u>1,661,231</u>
Fund Balances:					
Restricted for:					
Excess Surplus - 2022-2023	912,938				912,938
Excess Surplus - 2023-2024	766,598				766,598
Capital Reserve Account	1,200,000				1,200,000
Maintenance Reserve Account	470,000				470,000
Capital Projects			369,760		369,760
Debt Service				21,467	21,467
Unemployment Compensation	28,654				28,654
Student Activities		212,447			212,447
Committed for:					
Capital Projects			5,086		5,086
Assigned for:					
Year End Encumbrances	64,332				64,332
Unassigned	1,760,931				1,760,931
Total Fund Balances	<u>5,203,453</u>	<u>212,447</u>	<u>374,846</u>	<u>21,467</u>	<u>5,812,213</u>
Total Liabilities and Fund Balances	<u>\$ 6,414,197</u>	<u>\$ 626,339</u>	<u>\$ 403,877</u>	<u>\$ 29,031</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.	\$ 69,466,793
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.	(468,704)
Bond Issuance Premiums are reported as revenue in the Governmental Funds in the year the bonds are sold.	(1,427,181)
The Deferred amount on the refunding is not reported as an expenditure in the governmental funds in the year of the expenditure.	455,960
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(4,281,826)
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	345,312
Deferred Inflows	(3,242,667)
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>(54,574,456)</u>
Net Position of Governmental Activities	<u>\$ 12,085,444</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, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 35,634,149			\$ 3,835,482	\$ 39,469,631
Tuition	65,043				65,043
Interest on Investments			\$ 1,657		1,657
Miscellaneous	476,663	\$ 273,481			750,144
Total - Local Sources	36,175,855	273,481	1,657	3,835,482	40,286,475
State Sources	12,445,023	181,198		1,376,587	14,002,808
Federal Sources		1,760,507			1,760,507
Total Revenues	48,620,878	2,215,186	1,657	5,212,069	56,049,790
EXPENDITURES:					
Current:					
Regular Instruction	12,768,997	828,875			13,597,872
Special Education Instruction	3,421,839	643,709			4,065,548
Other Special Instruction	44,328				44,328
School-Sponsored/Other Instruction	992,968				992,968
Support Services and Undistributed Costs:					
Tuition	2,121,401				2,121,401
Student and Other Instruction Related Services	4,794,681	676,948			5,471,629
General Administration Services	813,141				813,141
School Administration Services	1,875,928				1,875,928
Central Services	344,729				344,729
Administrative Information Technology	377,942				377,942
Plant Operations and Maintenance	3,414,847				3,414,847
Student Transportation	915,868				915,868
Unallocated Benefits	15,185,401				15,185,401
Debt Service:					
Principal				3,591,000	3,591,000
Interest and Other Charges				1,628,633	1,628,633
Capital Outlay	606,755		4,048,237		4,654,992
Total Expenditures	47,678,825	2,149,532	4,048,237	5,219,633	59,096,227
Excess/(Deficit) of Revenue Over/(Under) Expenditures	942,053	65,654	(4,046,580)	(7,564)	(3,046,437)
OTHER FINANCING SOURCES/(USES):					
Financed Purchases (Non-budgeted)	264,905				264,905
Transfer In				1,657	1,657
Transfer Out	(5,235)		(1,657)		(6,892)
Total Other Financing Sources/(Uses)	259,670		(1,657)	1,657	259,670
Net Change in Fund Balances	1,201,723	65,654	(4,048,237)	(5,907)	(2,786,767)
Fund Balance - July 1	4,001,730	146,793	4,423,083	27,374	8,598,980
Fund Balance - June 30	\$ 5,203,453	\$ 212,447	\$ 374,846	\$ 21,467	\$ 5,812,213

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, 2022

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)		\$ (2,786,767)
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	\$ (3,457,557)
	Capital outlays, net of deletions	<u>4,366,251</u>
		908,694
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 (+).		
		462,350
Proceeds from financed purchase 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.		
		(264,905)
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.		
		3,591,000
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. (+)		
		22,388
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 financed purchases 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.		
		381,355
The governmental funds report the effect of the deferred amount on the refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
		(56,995)
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	1,435,890
	Changes in Deferred Outflows	(245,378)
	Changes in Deferred Inflows	<u>15,980</u>
Change in Net Position - Governmental Activities (From Exhibit A-2)		<u>\$ 3,642,010</u>

VERONA BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2022

	Business-type Activities - Enterprise Funds <hr/> Non-Major Funds <hr/>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 93,815
Intefund Receivable	7,129
Inventories	3,616
	<hr/>
Total Current Assets	104,560
	<hr/>
Non-Current Assets:	
Capital Assets	395,391
Less: Accumulated Depreciation	(342,046)
	<hr/>
Total Non-Current Assets	53,345
	<hr/>
Total Assets	157,905
	<hr/>
<u>LIABILITIES:</u>	
Accounts Payable - Vendors	18,010
Unearned Revenue	15,005
	<hr/>
Total Liabilities	33,015
	<hr/>
<u>NET POSITION:</u>	
Investment in Capital Assets	53,345
Unrestricted	71,545
	<hr/>
Total Net Position	\$ 124,890
	<hr/> <hr/>

VERONA BOARD OF EDUCATION  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Business-type Activities - Enterprise Funds <u>Non-Major Funds</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	\$ 479,865
Miscellaneous Revenue	61,151
	61,151
Total Operating Revenue	541,016
Operating Expenses:	
Cost of Sales - Non-Reimbursable Programs	229,758
Salaries, Benefits & Payroll Taxes	227,642
Supplies, Insurance & Other Costs	64,314
Management Fee	33,892
Depreciation Expense	5,644
	5,644
Total Operating Expenses	561,250
Operating Loss	(20,234)
Change in Net Position Before Transfers	(20,234)
Transfer in - Board Contribution	5,235
	5,235
Change in Net Position After Transfers	(14,999)
Net Position - Beginning of Year	139,889
Net Position - End of Year	\$ 124,890



VERONA BOARD OF EDUCATION  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Business-type Activities - Enterprise Funds	Non-Major Funds
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 541,016	
Payments to Food Service Contractor		(545,061)
Net Cash Used for Operating Activities		(4,045)
Cash Flows from Noncapital Financing Activities:		
Board Contribution		5,235
Net Cash Provided by Noncapital Financing Activities		5,235
Net Increase (Decrease) in Cash and Cash Equivalents		1,190
Cash and Cash Equivalents, July 1		92,625
Cash and Cash Equivalents, June 30	\$	93,815
Reconciliation of Operating Income/Loss to Net Cash Used for Operating Activities:		
Operating Loss	\$	(20,234)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:		
Depreciation		5,644
Changes in Assets and Liabilities:		
Decrease in Inventory		3,387
Increase in Accounts Payable		13,379
(Decrease) in Unearned Revenue		(6,221)
Net Cash Used for Operating Activities	\$	(4,045)

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2022

(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 or lease 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, 2022

(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 or lease asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under financed purchases 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, 2022  
(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:

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 48,661,468	\$ 2,215,186
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements	145,473	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(186,063)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 48,620,878	\$ 2,215,186

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(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	\$ 47,678,825	\$ 2,149,532
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 47,678,825	\$ 2,149,532

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, 2022  
(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, 2022.

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(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. Lease Assets:

Intangible right-to-use lease assets are assets which the District leases for a term of more than one year. The value of leases are determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

M. 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.

N. 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, 2022.



VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

O. 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.

P. Lease Payable:

In the district-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

Q. 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.

R. Fund Balance Appropriated:

General Fund: Of the \$5,203,453 General Fund fund balance at June 30, 2022, \$1,200,000 is restricted in the capital reserve account; \$470,000 is restricted in the maintenance reserve account; \$1,679,536 is restricted for excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) (\$912,938 of prior year excess surplus has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2023; \$766,598 of current year excess surplus will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2024); \$28,654 is restricted for unemployment compensation; \$64,332 is assigned for year-end encumbrances and \$1,760,931 is unassigned fund balance which is \$186,063 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, 2022 is \$212,447 and is restricted for student activities.

Capital Projects Fund: Of the \$374,846 Capital Projects Fund fund balance at June 30, 2022, \$369,760 is restricted and \$5,086 is committed.

Debt Service Fund: The Debt Service Fund has \$21,467 of fund balance at June 30, 2022 all of which is restricted.

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

R. Fund Balance Appropriated: (Cont'd)

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.

Unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$186,063, 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.

S. Deficit Net Position/Fund Balance:

The District has a deficit in unrestricted net position from governmental activities in the amount of \$8,827,642 and a deficit in unrestricted net position in the food service program of \$12,093. 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. This deficit does not mean that the district is facing financial difficulties and is a permitted practice by generally accepted accounting principles. The deficit in the food service program will be subsidized by general taxation.

T. 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, 2022 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, 2022 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, lease assets, net of accumulated amortization 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, 2022

(Continued)

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

T. 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.

U. 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, 2022.

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, 2022.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources in the General Fund at June 30, 2022 for year-end encumbrances.

V. 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, 2022

(Continued)

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

V. 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.

W. 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.

X. 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.

Y. 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, 2022  
(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, 2022

(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, 2022  
(Continued)

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, 2022, 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	\$ 3,877,277	\$ 1,200,000	\$ 470,000	\$ 28,654	\$ 212,447	\$ 5,788,378
	<u>\$ 3,877,277</u>	<u>\$ 1,200,000</u>	<u>\$ 470,000</u>	<u>\$ 28,654</u>	<u>\$ 212,447</u>	<u>\$ 5,788,378</u>

During the period ended June 30, 2022, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2022, was \$5,788,378 and the bank balance was \$7,043,352.

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 4. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2022 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	423,439	\$ 4,048,237		4,471,676
Total Capital Assets Not Being Depreciated	<u>2,103,376</u>	<u>4,048,237</u>		<u>6,151,613</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	82,258,624	189,481		82,448,105
Site Improvements	10,735,731			10,735,731
Machinery and Equipment	2,273,708	128,533		2,402,241
Total Capital Assets Being Depreciated	<u>95,268,063</u>	<u>318,014</u>		<u>95,586,077</u>
Governmental Activities Capital Assets	<u>97,371,439</u>	<u>4,366,251</u>		<u>101,737,690</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(23,717,565)	(2,923,936)		(26,641,501)
Site Improvements	(3,299,597)	(461,693)		(3,761,290)
Machinery and Equipment	(1,796,178)	(71,928)		(1,868,106)
	<u>(28,813,340)</u>	<u>(3,457,557)</u>		<u>(32,270,897)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 68,558,099</u>	<u>\$ 908,694</u>	<u>\$ -0-</u>	<u>\$ 69,466,793</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 395,391			\$ 395,391
Less Accumulated Depreciation	(336,402)	\$ (5,644)		(342,046)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 58,989</u>	<u>\$ (5,644)</u>	<u>\$ -0-</u>	<u>\$ 53,345</u>

The District expended \$4,048,237 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 \$374,8463, of which 242,577 represents open encumbrances as of June 30, 2022.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 30,491
School Sponsored/Other Instruction	4,523
Student and Instruction Related Services	5,681
School Administration	4,792
Operations and Maintenance of Plant	4,486
Unallocated	<u>3,407,584</u>
	<u>\$ 3,457,557</u>



VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(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, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	\$ 1,089,724
Add:	
Transfer from Unassigned Fund Balance as per Board Resolution	110,276
Ending Balance, June 30, 2022	\$ 1,200,000

The June 30, 2022 LRFP balance of local support costs of uncompleted capital projects at June 30, 2022 exceeds the balance in the capital reserve account as of June 30, 2022. 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, 2022, the following changes occurred in liabilities reported in the District-wide financial statements:

	Beginning Balance	Accrued	Retired	Ending Balance
Serial Bonds Payable	\$ 54,456,000		\$ 3,591,000	\$ 50,865,000
Unamortized Bond Premium	1,605,579		178,398	1,427,181
Financed Purchases	2,242,981	\$ 264,905	381,355	2,126,531
Net Pension Liability				
PERS	5,717,716		1,435,890	4,281,826
Compensated Absences Payable	2,045,275	10,138	472,488	1,582,925
	\$ 66,067,551	\$ 275,043	\$ 6,059,131	\$ 60,283,463

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(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, 2022 as follows:

	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Final Date of Maturity</u>	<u>Balance 6/30/2022</u>
2014 School Bonds	04/29/14	2.75%-3.50%	05/01/34	\$ 9,465,000
2015 School Refunding Bonds	03/13/15	4.00%-5.00%	03/01/31	14,805,000
2020 School Bonds	02/19/20	2.00%-2.375%	03/01/40	26,595,000
				<u>\$ 50,865,000</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>	
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	3,920,000	1,060,350	4,980,350
2028-2032	18,285,000	3,684,100	21,969,100
2033-2037	9,525,000	1,144,800	10,669,800
2038-2040	4,800,000	222,000	5,022,000
	<u>\$ 50,865,000</u>	<u>\$ 11,576,638</u>	<u>\$ 62,441,638</u>

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

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

B. Bonds Authorized But Not Issued:

As of June 30, 2022, the Board had no bonds authorized but not issued.

C. Financed Purchase Payable:

The District has financed purchase agreements for a buses, work stations and technology equipment, energy savings equipment, chromebooks and computers valued at \$4,132,385 of which \$2,005,854 has been liquidated. The financed purchase agreements are for terms of fifteen and five years. The following is a schedule of the future minimum financed purchases payments.

<u>Year</u>	<u>Amount</u>
2023	\$ 352,290
2024	357,410
2025	362,646
2026	218,112
2027	223,588
2028-2031	<u>813,692</u>
Total Minimum Financed Purchase Payments	2,327,738
Less: Amount Representing Interest	<u>(201,207)</u>
Present Value Net of Minimum Lease Payments	<u>\$ 2,126,531</u>

The current portion of the financed purchases payable at June 30, 2022 is \$308,031 and the long term portion is \$1,818,500. The General Fund will be used to liquidate the financed purchases 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 \$1,582,925. 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, 2022, no liability existed for compensated absences in the Food Service Fund.

The General Fund will be used to liquidate Compensated Absences Payable. 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, 2022  
(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 \$1,248,783.

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, 2022 is \$-0- and the long-term portion is \$4,281,826. 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](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 7. PENSIONS PLANS (Cont'd)

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service. The following represents the membership tiers for PERS:

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$423,291 for 2022.

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, 2022

(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, 2022, the District's liability was \$4,281,826 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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, 2021, the District's proportion was 0.0361%, which was an increase of 0.0010% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the District recognized an actual pension benefit of \$783,200. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferral</u> <u>Year</u>	<u>Amortization</u> <u>Period</u> <u>in Years</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Changes in Assumptions	2017	5.48		\$ (180,951)
	2018	5.63		(339,245)
	2019	5.21		(299,273)
	2020	5.16		(704,889)
	2021	5.13	\$ 22,300	
			<u>22,300</u>	<u>(1,524,358)</u>
Changes in Proportion	2017	5.48		(52,380)
	2018	5.63	65,484	
	2019	5.21		(87,256)
	2020	5.16		(420,074)
	2021	5.13	189,998	
			<u>255,482</u>	<u>(559,710)</u>

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(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	2018	5.00		\$ (33,447)
Investment Earnings on Pension Plan Investments	2019	5.00		10,792
	2020	5.00		243,225
	2021	5.00		(1,348,516)
				(1,127,946)
Difference Between Expected and Actual Experience	2017	5.48	\$ 5,381	
	2018	5.63		(12,919)
	2019	5.21	22,877	
	2020	5.16	39,272	
	2021	5.13		(17,734)
			67,530	(30,653)
District Contribution Subsequent to the Measurement Date	2021	1.00	464,512	
			\$ 809,824	\$ (3,242,667)

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 the pension benefit as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2022	\$ (1,010,325)
2023	(721,369)
2024	(491,851)
2025	(369,726)
2026	144
	\$ (2,593,127)

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(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, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2021) 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, 2021 are summarized in the following table:



VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Management Strategies	3.00%	3.35%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% 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 payments in determining the total pension liability.

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2021 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:

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

	June 30, 2021		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 5,834,206	\$ 4,281,826	\$ 2,968,792

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](http://www.state.nj.gov/treasury/pensions/annual-reports.shtml).

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2022, the State's pension contribution was more 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. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2022, the State of New Jersey contributed \$6,615,286 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$1,787,713.

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, 2022, the State's proportionate share of the net pension liability associated with the District was \$75,974,471. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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, 2021, the District's proportion was 0.158%, which was an increase of 0.008% from its proportion measured as of June 30, 2020.

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(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)

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>75,974,471</u>
Total	<u>\$ 75,974,471</u>

For the fiscal year ended June 30, 2021, the State recognized pension expense on behalf of the District in the amount of \$1,787,713 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2022 financial statements.

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.50	\$ 153,774,925	
	2015	8.30	926,219,611	
	2016	8.30	3,000,278,784	
	2017	8.30		\$ 5,282,196,290
	2018	8.29		3,527,661,165
	2019	8.04		2,510,940,613
	2020	7.99	1,209,286,241	
	2021	7.93		12,903,483,645
			<u>5,289,559,561</u>	<u>24,224,281,713</u>
Difference Between Expected and Actual Experience	2014	8.50		1,464,605
	2015	8.30	57,204,429	
	2016	8.30		37,311,034
	2017	8.30	93,981,436	
	2018	8.29	618,845,893	
	2019	8.04		97,553,990
	2020	7.99		6,444,940
	2021	7.93	171,234,070	
			<u>941,265,828</u>	<u>142,774,569</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2018	5.00		96,030,373
	2019	5.00		(72,441,385)
	2020	5.00		(724,186,621)
	2021	5.00		3,554,633,811
				<u>2,854,036,178</u>
			<u>\$ 6,230,825,389</u>	<u>\$ 27,221,092,460</u>

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(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
2022	\$ (2,914,282,899)
2023	(3,500,098,875)
2024	(4,665,036,366)
2025	(4,192,375,542)
2026	(2,350,648,872)
Thereafter	(3,367,824,517)
	\$ (20,990,267,071)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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-2021.

The actuarial assumptions used in the July 1, 2020 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  
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(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, 2021) 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, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Management Strategies	3.00%	3.35%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments in determining the total pension liability.

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(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, 2021		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 89,890,490	\$ 75,974,471	\$ 64,285,890

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 \$24,125 for the fiscal year ended June 30, 2022. Employee contributions to DCRP amounted to \$49,092 for the year ended June 30, 2022.

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

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.

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 Annual Comprehensive 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, 2021 is as follows:

	Morris Essex Insurance Group
Total Assets	\$ 12,024,566
Net Position	\$ 8,609,634
Total Revenue	\$ 3,815,160
Total Expenses	\$ 2,603,753
Change in Net Position	\$ 129,659
Member Dividends	\$ 1,081,748

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



VERONA BOARD OF EDUCATION  
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(Continued)

NOTE 8. RISK MANAGEMENT (Cont'd)

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:

<u>Fiscal Year</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022	\$ 106,213	\$ 90,824	\$ 28,654
2021	102,976	99,766	13,265
2020	75,029	64,974	10,055

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, 2022:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 7,564	\$ 346,469
Capital Projects Fund	339,340	29,031
Debt Service Fund	29,031	7,564
Proprietary Fund	7,129	
	<u>\$ 383,064</u>	<u>\$ 383,064</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.

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

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.

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 13. COMMITMENTS AND CONTINGENCIES (Cont'd)

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 Bonds dated February 19, 2020. The amount of liability at June 30, 2022, if any, is unknown.

Encumbrances

At June 30, 2022, there were encumbrances as detailed below in the governmental funds:

General Fund	Capital Projects Fund	Total Governmental Funds
\$ 64,332	\$ 242,577	\$ 306,909

On the GAAP basis, the year-end encumbrances of \$242,577 in the Capital Projects Fund are included in the \$369,760 restricted fund balance.

NOTE 14. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2022, the District transferred \$242,678 to capital outlay accounts for equipment and did not require approval from the County Superintendent. The District did not make any transfers to capital outlay accounts for facility acquisitions and construction services.

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(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	\$ 182,579	\$ 49,423	\$ 464,512	\$ 513,935	
Vendors	74,758	140,564		182,579	\$ 18,010
Other Governments	606,938			215,322	
	<u>\$ 864,275</u>	<u>\$ 189,987</u>	<u>\$ 464,512</u>	<u>\$ 1,518,774</u>	<u>\$ 18,010</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, 2021	\$ 250,000
Add:	
Transfer from Unassigned Fund Balance as per Board Resolution	<u>220,000</u>
Ending Balance, June 30, 2022	<u>\$ 470,000</u>

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30,2022

(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 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 annual financial statements which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-op eb.shtml>.

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(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, 2019, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	149,304
Active Plan Members	<u>216,804</u>
Total	<u><u>366,108</u></u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020.

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 - 4.45% based on service years	2.00 - 6.00% based on service years
Thereafter	1.55 - 4.45% based on service years	3.00 - 7.00% based on service years

The actuarial assumptions used in the June 30, 2019 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, 2022

(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) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. 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-2020. 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-2020.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2020 was 2.21%. 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, 2019	\$ 57,406,533
Changes for Year:	
Service Cost	2,353,458
Interest on the Total OPEB Liability	2,063,861
Changes of Assumptions	17,300,130
Differences between Expected and Actual Experience	17,184,131
Gross Benefit Payments by the State	(1,648,811)
Contributions from Members	49,975
Net Changes	37,302,744
Balance at June 30, 2020	\$ 94,709,277

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(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, 2020, 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, 2020		
	At 1% Decrease (1.21%)	At Discount Rate (2.21%)	At 1% Increase (3.21%)
Total OPEB Liability Attributable to the District	\$ 114,176,922	\$ 94,709,277	\$ 79,487,454

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, 2020, 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, 2020		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 76,452,522	\$ 94,709,277	\$ 116,449,014

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

For the fiscal year ended June 30, 2022 the District recognized OPEB expense of \$4,630,779 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, 2020 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, 2022

(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		\$ 5,747,755
	2018	9.51		5,059,110
	2019	9.29	\$ 681,914	
	2020	9.24	15,427,822	
			<u>16,109,736</u>	<u>10,806,865</u>
Differences between Expected and Actual Experience	2018	9.51		4,782,433
	2019	9.29		8,026,167
	2020	9.24	14,379,335	
			<u>14,379,335</u>	<u>12,808,600</u>
Changes in Proportion	N/A	N/A	<u>1,614,887</u>	<u>532,400</u>
			<u>\$ 32,103,958</u>	<u>\$ 24,147,865</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
2021	\$ 60,673
2022	60,672
2023	60,673
2024	60,673
2025	60,673
Thereafter	<u>6,570,242</u>
	<u>\$ 6,873,606</u>

VERONA BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30,2022  
(Continued)

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.

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 2021 without the abatement would have been \$3,254,968 of which \$1,843,785 would have been for the local school tax.

REQUIRED SUPPLEMENTARY INFORMATION

VERONA BOARD OF EDUCATION  
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
 SCHEDULE OF DISTRICTS PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 PUBLIC EMPLOYEES RETIREMENT SYSTEM  
 LAST EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension liability	0.0391601951%	0.0409104326%	0.0407569587%	0.0380142039%	0.0390169900%	0.0381088649%	0.0350621284%	0.0361442350%
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	\$ 4,281,826
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	\$ 2,612,535
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%	218.86%
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%	70.33%

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 EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 322,831	\$ 351,720	\$ 362,079	\$ 352,161	\$ 388,093	\$ 474,421	\$ 383,562	\$ 423,291
Contributions in relation to the contractually required contribution	(322,831)	(351,720)	(362,079)	(352,161)	(388,093)	(474,421)	(383,562)	(423,291)
Contribution deficiency/(excess)	\$ -0-	\$ -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	\$ 2,688,006
Contributions as a percentage of covered employee payroll	12.54%	13.46%	14.07%	12.81%	14.49%	18.18%	14.68%	15.75%

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 EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
State's proportion of the net pension liability attributable to the District	0.1571952268%	0.1475863822%	0.1576259021%	0.1542831150%	0.1537161453%	0.1548302120%	0.1504151211%	0.1580326010%
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	\$ 75,974,471
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	\$ 17,922,562
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%	423.90%
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%	35.52%

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 EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 4,520,778	\$ 9,316,767	\$ 9,316,767	\$ 7,206,203	\$ 5,700,868	\$ 5,604,579	\$ 6,159,136	\$ 1,787,713
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)	(6,615,286)
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>	<u>\$ (4,827,573)</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	\$ 18,594,296
Contributions as a percentage of covered employee payroll	4.97%	7.60%	10.74%	14.02%	18.66%	18.42%	25.63%	35.58%

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 FOUR FISCAL YEARS

	Fiscal Year Ending June 30,			
	2017	2018	2019	2020
Service Cost	\$ 3,005,167	\$ 2,519,437	\$ 2,223,876	\$ 2,353,458
Interest	2,345,315	2,701,897	2,490,363	2,063,861
Changes in Assumptions	(9,744,530)	(7,226,520)	855,936	17,300,130
Differences between Expected and Actual Experience		(7,153,898)	(9,427,135)	17,184,131
Member Contributions	63,404	58,198	52,237	49,975
Gross Benefit Payments	(1,721,873)	(1,683,888)	(1,762,209)	(1,648,811)
Net Change in Total OPEB Liability	(6,052,517)	(10,784,774)	(5,566,932)	37,302,744
Total OPEB Liability - Beginning	79,810,756	73,758,239	62,973,465	57,406,533
Total OPEB Liability - Ending	<u>\$ 73,758,239</u>	<u>\$ 62,973,465</u>	<u>\$ 57,406,533</u>	<u>\$ 94,709,277</u>
District's Covered Employee Payroll *	\$ 17,566,151	\$ 18,429,470	\$ 18,164,071	\$ 18,998,292
Total OPEB Liability as a Percentage of Covered Employee Payroll	420%	342%	316%	499%

\* - Covered payroll for the fiscal years ending June 30, 2017, 2018, 2019, and 2020 are based on the payroll on the June 30, 2016, 2017, 2018, and 2019 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, 2022

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.40% as of June 30, 2020 to 7.00% as of June 30, 2021.

In the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

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, 2020 was 2.21%. The discount rate for June 30, 2019 was 3.50%, a change of -1.29%.

The mortality rates in the valuation as of June 30, 2020 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP) and "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. 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-2020. 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-2020.

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.

VERONA BOARD OF EDUCATION  
NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION FOR THE YEAR ENDED JUNE 30, 2022  
(Continued)

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

Changes of Actuarial Assumptions (Cont'd)

The health care trend rates in the valuation as of June 30, 2020 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

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, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 35,634,149		\$ 35,634,149	\$ 35,634,149	
Tuition From Individuals	50,000		50,000	65,043	\$ 15,043
Unrestricted Miscellaneous Revenues	75,000		75,000	461,274	386,274
Interest Earned on Capital Reserve Funds	5,000		5,000		(5,000)
Other Restricted Miscellaneous Revenues				15,389	15,389
Total Revenues from Local Sources	<u>35,764,149</u>		<u>35,764,149</u>	<u>36,175,855</u>	<u>411,706</u>
Revenues from State Sources:					
School Choice Aid					
Categorical Transportation Aid	103,500		103,500	103,500	
Extraordinary Aid	400,000		400,000	835,626	435,626
Categorical Special Education Aid	1,615,855		1,615,855	1,615,855	
Categorical Security Aid	175,630		175,630	175,630	
Securing Our Children's Future Bond Act		\$ 125,290	125,290	125,290	
TPAF Post Retirement Contributions (Non-Budgeted)				1,567,404	1,567,404
TPAF Pension Contributions (Non-Budgeted)				6,615,286	6,615,286
TPAF Non-Contributory Insurance (Non-Budgeted)				93,332	93,332
TPAF Long-Term Disability Insurance (Non-Budgeted)				2,278	2,278
Reimbursed TPAF Social Security Contributions				1,351,412	1,351,412
Total Revenues from State Sources	<u>2,294,985</u>	<u>125,290</u>	<u>2,420,275</u>	<u>12,485,613</u>	<u>10,065,338</u>
TOTAL REVENUE	<u>38,059,134</u>	<u>125,290</u>	<u>38,184,424</u>	<u>48,661,468</u>	<u>10,477,044</u>

VERONA BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>GENERAL CURRENT EXPENSE</b>					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 632,569	\$ 137,754	\$ 770,323	\$ 768,735	\$ 1,588
Grades 1-5 - Salaries of Teachers	4,639,287	(153,504)	4,485,783	4,484,758	1,025
Grades 6-8 - Salaries of Teachers	2,368,647	185,603	2,554,250	2,554,050	200
Grades 9-12 - Salaries of Teachers	3,803,463	139,070	3,942,533	3,940,337	2,196
Regular Programs - Home Instruction:					
Salaries of Teachers	60,000	(48,221)	11,779	11,779	
Purchased Professional-Educational Services		19,227	19,227	19,205	22
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	236,240	30,367	266,607	266,493	114
Purchased Professional-Educational Services	50,000	(9,786)	40,214	40,214	
Purchased Technical Services	210,580	(52,261)	158,319	157,319	1,000
Other Purchased Services (400-500 series)		99,913	99,913	99,913	
General Supplies	474,522	(40,763)	433,759	396,916	36,843
Textbooks	38,940	(7,254)	31,686	26,387	5,299
Other Objects	7,100	(2,842)	4,258	2,891	1,367
<b>Total Regular Programs - Instruction</b>	<b>12,521,348</b>	<b>297,303</b>	<b>12,818,651</b>	<b>12,768,997</b>	<b>49,654</b>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	360,864	(4,109)	356,755	355,637	1,118
Other Salaries for Instruction	273,112	(40,424)	232,688	221,513	11,175
Purchased Professional-Educational Services		210,370	210,370	210,370	
General Supplies	6,100	3,269	9,369	8,072	1,297
<b>Total Learning and/or Language Disabilities</b>	<b>640,076</b>	<b>169,106</b>	<b>809,182</b>	<b>795,592</b>	<b>13,590</b>

VERONA BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Behavioral Disabilities:</b>					
Salaries of Teachers	\$ 218,487	\$ 13,436	\$ 231,923	\$ 231,923	
Other Salaries for Instruction	254,578	(107,698)	146,880	146,879	\$ 1
General Supplies	4,500		4,500	3,900	600
<b>Total Behavioral Disabilities</b>	<b>477,565</b>	<b>(94,262)</b>	<b>383,303</b>	<b>382,702</b>	<b>601</b>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	1,366,410	112,717	1,479,127	1,474,039	5,088
Other Salaries for Instruction	338,858	(103,399)	235,459	233,952	1,507
General Supplies	5,700		5,700	5,064	636
<b>Total Resource Room/Resource Center</b>	<b>1,710,968</b>	<b>9,318</b>	<b>1,720,286</b>	<b>1,713,055</b>	<b>7,231</b>
<b>Autism:</b>					
Other Salaries for Instruction	15,670	7,362	23,032	22,687	345
<b>Total Autism</b>	<b>15,670</b>	<b>7,362</b>	<b>23,032</b>	<b>22,687</b>	<b>345</b>
<b>Preschool Disabilities - Part-Time:</b>					
Salaries of Teachers	115,963	3,727	119,690	119,677	13
Other Salaries for Instruction	136,732	(27,566)	109,166	105,329	3,837
General Supplies	5,000	823	5,823	4,808	1,015
<b>Total Preschool Disabilities - Part-Time</b>	<b>257,695</b>	<b>(23,016)</b>	<b>234,679</b>	<b>229,814</b>	<b>4,865</b>
<b>Preschool Disabilities - Full-Time:</b>					
Salaries of Teachers	153,363	1,885	155,248	155,248	
Other Salaries for Instruction	174,502	(67,498)	107,004	104,535	2,469
General Supplies	5,100	1,101	6,201	5,913	288
<b>Total Preschool Disabilities - Full-Time</b>	<b>332,965</b>	<b>(64,512)</b>	<b>268,453</b>	<b>265,696</b>	<b>2,757</b>

VERONA BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Home Instruction:					
Salaries of Teachers	\$ 32,000	\$ (26,703)	\$ 5,297	\$ 4,847	\$ 450
Purchased Professional-Educational Services		7,400	7,400		
Total Home Instruction	32,000	(19,303)	12,697	12,247	450
Extended School Year:					
General Supplies		1,350	1,350	46	1,304
Total Extended School Year		1,350	1,350	46	1,304
TOTAL SPECIAL EDUCATION - INSTRUCTION	3,466,939	(13,957)	3,452,982	3,421,839	31,143
Bilingual Education - Instruction:					
Salaries of Teachers	43,002		43,002	42,661	341
General Supplies	2,000		2,000	1,667	333
Total Bilingual Education - Instruction	45,002		45,002	44,328	674
School-Spon. Coccurreular & Extracurricular Actvts. - Inst.:					
Salaries	210,835	23,323	234,158	234,146	12
Other Objects	54,457	2,056	56,513	50,157	6,356
Total School-Spon. Coccurreular & Extracurricular Actvts. - Inst.	265,292	25,379	290,671	284,303	6,368
School-Sponsored Athletics - Instruction:					
Salaries	515,473	15,303	530,776	530,029	747
Supplies and Materials	170,671	(56,723)	113,948	103,516	10,432
Other Objects	22,418		22,418	21,853	565
Total School-Sponsored Athletics - Instruction	708,562	(41,420)	667,142	655,398	11,744

VERONA BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Summer School - Instruction:					
Salaries of Teachers	\$ 4,394	\$ 48,873	\$ 53,267	\$ 53,267	
Total Summer School - Instruction	4,394	48,873	53,267	53,267	
Total Summer School	4,394	48,873	53,267	53,267	
Other Instructional Programs - Instruction:					
Supplies and Materials	2,000	(2,000)			
Total Other Instructional Programs - Instruction	2,000	(2,000)			
TOTAL INSTRUCTION	17,013,537	314,178	17,327,715	17,228,132	\$ 99,583
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Regular	30,000		30,000	29,931	69
Tuition to Other LEAs Within the State-Special	27,312	6,356	33,668	33,668	
Tuition to County Voc. School Dist.-Special	27,500	(4,179)	23,321	23,213	108
Tuition to Priv. Sch. for the Handicap. W/I State	2,864,790	(619,798)	2,244,992	1,989,381	255,611
Tuition to Priv Sch Handicap & Oth LEAs-Spl,O/S St	53,649	(53,649)			
Tuition - State Facilities	39,872	(39,872)			
Tuition - Other		45,300	45,300	45,208	92
Total Undistributed Expenditures - Instruction	3,043,123	(665,842)	2,377,281	2,121,401	255,880



VERONA BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Health Services:					
Salaries	\$ 469,721	\$ 19,012	\$ 488,733	\$ 488,733	
Purchased Professional and Technical Services	7,000	(6,500)	500	500	
Supplies and Materials	10,880	372	11,252	10,774	\$ 478
Other Objects	2,000	(721)	1,279	1,279	
Total Undist. Expenditures - Health Services	<u>489,601</u>	<u>12,163</u>	<u>501,764</u>	<u>501,286</u>	<u>478</u>
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	904,770	323	905,093	905,093	
Purchased Professional - Educational Services	476,680	3,222	479,902	479,902	
Supplies and Materials	20,500	(13,872)	6,628	6,519	109
Total Undist. Expend. - Speech, OT, PT, Related Svcs	<u>1,401,950</u>	<u>(10,327)</u>	<u>1,391,623</u>	<u>1,391,514</u>	<u>109</u>
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	585,689	9,539	595,228	595,199	29
Salaries of Secretarial and Clerical Assistants	57,207	(5,168)	52,039	52,039	
Purchased Professional - Educational Services	69,000	(69,000)			
Supplies and Materials	28,558	(7,087)	21,471	21,288	183
Other Objects	6,760	(2,983)	3,777	3,777	
Total Undist Expend. - Guidance	<u>747,214</u>	<u>(74,699)</u>	<u>672,515</u>	<u>672,303</u>	<u>212</u>

VERONA BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	\$ 940,477	\$ 30,336	\$ 970,813	\$ 970,813	
Salaries of Secretarial and Clerical Assistants	67,086	4,595	71,681	71,681	
Purchased Professional - Educational Services	18,000	6,710	24,710	24,710	
Other Purchased Services (400-500 series)	13,485	(7,584)	5,901	4,812	\$ 1,089
Supplies and Materials	41,404	(343)	41,061	41,007	54
Total Undist Expend. - Child Study Team	1,080,452	33,714	1,114,166	1,113,023	1,143
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	403,023	(12,247)	390,776	390,776	
Salaries of Other Professional Staff	159,592	11,444	171,036	171,035	1
Salaries of Secretarial and Clerical Assistants	42,690	4,869	47,559	47,559	
Purchased Professional - Educational Services	4,000	2,550	6,550	6,505	45
Other Purchased Prof. and Tech. Services	44,050	6,062	50,112	30,158	19,954
Supplies and Materials	44,137	16,179	60,316	38,225	22,091
Other Objects	5,085	(5,085)			
Total Undist. Expend.-Improv. of Inst. Serv.	702,577	23,772	726,349	684,258	42,091
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	245,690	101,816	347,506	346,569	937
Salaries of Technology Coordinators		5,930	5,930	2,153	3,777
Supplies and Materials	39,951	19,278	59,229	58,582	647
Total Undist Expend-Edu. Media Serv./Sch. Library	285,641	127,024	412,665	407,304	5,361
Undist.Expend.-Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	60,000	(60,000)		24,993	1,531
Purchased Professional - Educational Service	40,000	(13,476)	26,524	24,993	1,531
Total Undist.Expend.-Instructional Staff Training Services	100,000	(73,476)	26,524	24,993	1,531

VERONA BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	\$ 245,321	\$ (35,715)	\$ 209,606	\$ 209,606	
Salaries of Attorneys	74,961	24,463	99,424	99,398	\$ 26
Legal Services	148,000	50,134	198,134	198,134	
Audit Fees	35,000	8,000	43,000	43,000	
Other Purchased Professional Services	10,250	(8,300)	1,950	1,950	
Purchased Technical Services	15,404	747	16,151	16,151	
Communications / Telephone	65,404	(7,583)	57,821	57,737	84
BOE Other Purchased Services	700	(700)			
Other Purch. Serv. (400-500 series other than 530 & 585)	88,066	47,749	135,815	135,814	1
General Supplies	9,600	221	9,821	9,810	11
Miscellaneous Expenditures	23,600	17,947	41,547	41,541	6
Total Undist. Expend.-Support Serv.-Gen. Admin.	716,306	96,963	813,269	813,141	128
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	1,234,299	22,693	1,256,992	1,247,408	9,584
Salaries of Other Professional Staff	150,627	14,941	165,568	165,567	1
Salaries of Secretarial and Clerical Assistants	440,924	(10,363)	430,561	427,955	2,606
Purchased Professional and Technical Services	6,000	(1,733)	4,267	4,267	
Other Purchased Services (400-500 series)	300	500	800	570	230
Supplies and Materials	10,570	3,480	14,050	13,506	544
Other Objects	15,000	1,655	16,655	16,655	
Total Undist. Expend.-Support Serv.-School Adm.	1,857,720	31,173	1,888,893	1,875,928	12,965

VERONA BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services:					
Salaries	\$ 267,762	\$ 55,270	\$ 323,032	\$ 323,032	
Purchased Professional Services	20,000	(10,437)	9,563	9,563	
Supplies and Materials	6,000	(1,000)	5,000	4,807	\$ 193
Interest on Current Loans	9,465	(6,115)	3,350	3,350	
Interest on Lease Purchase Agreements	944		944		944
Other Objects	2,000	2,040	4,040	3,977	63
Total Undist. Expend. - Central Services	306,171	39,758	345,929	344,729	1,200
Undist. Expend. - Admin. Info. Technology:					
Salaries	257,343	(2,828)	254,515	254,515	
Purchased Technical Services	171,720	(84,355)	87,365	87,365	
Other Purchased Services (400-500 series)	40,000	(3,938)	36,062	36,062	
Other Objects	500	(500)			
Total Undist. Expend. - Admin. Info. Technology	469,563	(91,621)	377,942	377,942	
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	383,398	(9,941)	373,457	373,457	
Unused Vacation Payment to Terminated/Retired Staff	20,000	(20,000)			
Cleaning, Repair, and Maintenance Services	196,000	14,859	210,859	208,748	2,111
General Supplies	350,000	(35,244)	314,756	310,276	4,480
Total Undist. Expend.- Required Maint. for School Facilities	949,398	(50,326)	899,072	892,481	6,591

VERONA BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Custodial Services:					
Salaries	\$ 1,162,374	\$ (18,347)	\$ 1,144,027	\$ 1,143,688	\$ 339
Cleaning, Repair, and Maintenance Services	149,000	34,713	183,713	183,713	
Lease Purchase Pymts - Energy Savings Impr Prog	186,277	(31,142)	155,135	155,135	
Other Purchased Property Services	45,000	(4,309)	40,691	40,691	
Insurance	187,641	1,918	189,559	189,559	
General Supplies	142,920	(7,414)	135,506	131,991	3,515
Energy (Natural Gas)	170,000	65,087	235,087	235,087	
Energy (Electricity)	242,000	81,161	323,161	323,161	
Other Objects	7,500	(2,202)	5,298	4,750	548
Interest - Energy Savings Impr Prog Bonds	49,873	(7,612)	42,261	42,261	
Total Undist. Expend.-Custodial Services	<u>2,342,585</u>	<u>111,853</u>	<u>2,454,438</u>	<u>2,450,036</u>	<u>4,402</u>
Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	38,000	30,986	68,986	68,986	
General Supplies	22,000	(14,976)	7,024	3,344	3,680
Total Care And Upkeep Of Grounds	<u>60,000</u>	<u>16,010</u>	<u>76,010</u>	<u>72,330</u>	<u>3,680</u>
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	<u>3,351,983</u>	<u>77,537</u>	<u>3,429,520</u>	<u>3,414,847</u>	<u>14,673</u>
Undist. Expend.-Student Transportation Serv.:					
Sal. for Pupil Trans. (Bet. Home and Sch)-Spl. Ed.	95,000	33,754	128,754	128,754	
Sal. for Pupil Trans. (Oth. than Bet. Home & Sch)	81,428	(43,695)	37,733	37,733	
Management Fee - ESC&CTSA Transportation Program		32,492	32,492	32,492	
Contract. Serv.(Bet. Home & Sch.)-Vendors	30,645	(5,805)	24,840	24,840	
Contract. Serv.(Spl. Ed. Students)-Joint Agrmnts	525,000	120,142	645,142	645,142	
Transportation Supplies	63,000	(16,093)	46,907	46,907	
Total Undist. Expend.-Student Trans. Serv.	<u>795,073</u>	<u>120,795</u>	<u>915,868</u>	<u>915,868</u>	

VERONA BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>UNALLOCATED BENEFITS</b>					
Group Insurance	\$ 94,000	\$ 117,615	\$ 211,615	\$ 211,615	
Social Security Contributions	436,000	(65,238)	370,762	370,761	\$ 1
Other Retirement Contributions - PERS	425,000	(1,709)	423,291	423,291	
Other Retirement Contributions - Regular		24,125	24,125	24,125	
Unemployment Compensation	75,819	(15,150)	60,669	60,669	
Workers Compensation	208,086	10,814	218,900	218,900	
Health Benefits	4,201,412	(72,679)	4,128,733	4,128,676	57
Tuition Reimbursement	96,194	(33,542)	62,652	62,652	
Other Employee Benefits	100,000	(42,736)	57,264	55,000	2,264
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>5,636,511</b>	<b>(78,500)</b>	<b>5,558,011</b>	<b>5,555,689</b>	<b>2,322</b>
<b>ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)</b>					
TPAF Post Retirement Contributions (Non-Budgeted)				1,567,404	(1,567,404)
TPAF Pension Contributions (Non-Budgeted)				6,615,286	(6,615,286)
TPAF Non-Contributory Insurance (Non-Budgeted)				93,332	(93,332)
TPAF Long-Term Disability Insurance (Non-Budgeted)				2,278	(2,278)
Reimbursed TPAF Social Security Contributions				1,351,412	(1,351,412)
<b>TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)</b>				<b>9,629,712</b>	<b>(9,629,712)</b>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	<b>5,636,511</b>	<b>(78,500)</b>	<b>5,558,011</b>	<b>15,185,401</b>	<b>(9,627,390)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>20,983,885</b>	<b>(431,566)</b>	<b>20,552,319</b>	<b>29,843,938</b>	<b>(9,291,619)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>37,997,422</b>	<b>(117,388)</b>	<b>37,880,034</b>	<b>47,072,070</b>	<b>(9,192,036)</b>

VERONA BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CAPITAL OUTLAY</b>					
Equipment:					
Grades 9-12		\$ 16,298	\$ 16,298	\$ 16,298	
School-Sponsored and Other Instructional Programs		125,290	125,290	125,290	
Undistributed:					
Undist.Expend.-Support Serv. - Students - Reg.		3,178	3,178	3,178	
School Buses - Regular		97,912	97,912	55,612	\$ 42,300
Total Equipment		242,678	242,678	200,378	42,300
Facilities Acquisition and Construction Serv.:					
Lease Purchase Agreements - Principal	\$ 139,467		139,467	139,020	447
Other Objects	5,000		5,000	1,090	3,910
Assessment for Debt Service on SDA Funding	1,362		1,362	1,362	
Total Facilities Acquisition and Const. Serv.	145,829		145,829	141,472	4,357
Assets Acquired Under Financed Purchases (Non-Budgeted):					
Transportation - School Buses				264,905	(264,905)
Total Assets Acquired Under Financed Purchases (Non-Budgeted)				264,905	(264,905)
<b>TOTAL CAPITAL OUTLAY</b>	145,829	242,678	388,507	606,755	(218,248)
<b>TOTAL EXPENDITURES</b>	38,143,251	125,290	38,268,541	47,678,825	(9,410,284)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(84,117)		(84,117)	982,643	1,066,760
Other Financing Sources/(Uses):					
Financed Purchases (Non-budgeted)				264,905	264,905
Transfers to Cover Deficit (Enterprise Fund)	(5,289)		(5,289)	(5,235)	54
Total Other Financing Sources/(Uses)	(5,289)		(5,289)	259,670	264,959

VERONA BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess/(Deficit) of Revenues and Other Financing Sources					
Over/(Under) Expenditures and Other Financing Uses	\$ (89,406)		\$ (89,406)	\$ 1,242,313	\$ 1,331,719
Fund Balance, July 1	4,147,203		4,147,203	4,147,203	
Fund Balance, June 30	<u>\$ 4,057,797</u>	<u>\$ -0-</u>	<u>\$ 4,057,797</u>	<u>\$ 5,389,516</u>	<u>\$ 1,331,719</u>
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Excess Surplus - Restricted For 2023-2024				\$ 766,598	
Excess Surplus - Restricted For 2022-2023				912,938	
Capital Reserve				1,200,000	
Maintenance Reserve				470,000	
Unemployment Compensation				28,654	
Assigned Fund Balance:					
Year End Encumbrances				64,332	
Unassigned Fund Balance				<u>1,946,994</u>	
				<u>5,389,516</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				<u>(186,063)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 5,203,453</u>	



VERONA BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources			\$ 273,481	\$ 273,481	
State Sources	\$ 147,193	(7,756)	139,437	181,198	\$ 41,761
Federal Sources	736,708	2,162,669	2,899,377	1,760,507	(1,138,870)
<b>Total Revenues</b>	<b>883,901</b>	<b>2,428,394</b>	<b>3,312,295</b>	<b>2,215,186</b>	<b>(1,097,109)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	161,027	185,295	346,322	111,365	234,957
Purchased Professional - Educational Services	15,511	523,577	539,088	264,659	274,429
Purchased Technical Services	121,099	(121,099)			
Other Purchased Services	471,306	616,046	616,046	616,046	
General Supplies	9,774	(514)	470,792	442,299	28,493
Textbooks		609	10,383	10,383	
<b>Total Instruction</b>	<b>778,717</b>	<b>1,203,914</b>	<b>1,982,631</b>	<b>1,444,752</b>	<b>537,879</b>
Support Services:					
Salaries of Other Professional Staff	16,320	39,088	55,408	50,208	5,200
Personal Services - Employee Benefits		189,020	189,020	54,663	134,357
Purchased Professional and Technical Services	77,338	127,228	204,566	148,259	56,307
Purchased Professional - Educational Services	11,526	(11,526)			
Other Purchased Services		58,964	58,964	58,964	
Supplies and Materials		559,905	559,905	196,539	363,366
Student Activities		196,147	196,147	196,147	
<b>Total Support Services</b>	<b>105,184</b>	<b>1,158,826</b>	<b>1,264,010</b>	<b>704,780</b>	<b>559,230</b>
<b>Total Expenditures</b>	<b>\$ 883,901</b>	<b>\$ 2,362,740</b>	<b>\$ 3,246,641</b>	<b>\$ 2,149,532</b>	<b>\$ 1,097,109</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ -0-</b>	<b>\$ 65,654</b>	<b>\$ 65,654</b>	<b>\$ 65,654</b>	<b>\$ -0-</b>

VERONA BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 48,661,468	\$ 2,215,186
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements	145,473	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(186,063)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 48,620,878</u>	<u>\$ 2,215,186</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 47,678,825</u>	<u>\$ 2,149,532</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 47,678,825</u>	<u>\$ 2,149,532</u>

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis 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, 2022

	Elementary and Secondary Education Act		COVID 19 - CRRSA			
	Title I	Title IIA	Title IV	ESSER II	Learning Acceleration	Mental Health
<b>REVENUE:</b>						
Local Sources						
State Sources						
Federal Sources	\$ 106,689	\$ 71,068	\$ 24,535	\$ 313,315	\$ 18,101	\$ 11,716
Total Revenue	106,689	71,068	24,535	313,315	18,101	11,716
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers	71,400				8,460	
Purchased Professional - Educational Services						
Other Purchased Services				122,865		
General Supplies	159					
Textbooks						
Total Instruction	71,559			122,865	8,460	
Support Services:						
Salaries of Other Professional Staff	3,000					
Personal Services - Employee Benefits	32,130					
Purchased Professional & Technical Services		65,327	13,906	10,281	9,641	11,716
Other Purchased Services						
Supplies and Materials		5,741	10,629	180,169		
Student Activities						
Total Support Services	35,130	71,068	24,535	190,450	9,641	11,716
Total Expenditures	\$ 106,689	\$ 71,068	\$ 24,535	\$ 313,315	\$ 18,101	\$ 11,716

VERONA BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	COVID 19 - ARP		IDEA		ARP - IDEA	
	Beyond the School Day	Homeless	Basic	Preschool	Basic	Preschool
<b>REVENUE:</b>						
Local Sources						
State Sources						
Federal Sources						
Total Revenue	\$ 510,237	\$ 5,321	\$ 509,748	\$ 27,832	\$ 97,534	\$ 8,595
	510,237	5,321	509,748	27,832	97,534	8,595
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers	31,505					
Purchased Professional - Educational Services	197,199		7,052			
Other Purchased Services			502,696		97,534	8,595
General Supplies	259,000					
Textbooks						
Total Instruction	487,704		509,748		97,534	8,595
Support Services:						
Salaries of Other Professional Staff				27,832		
Personal Services - Employee Benefits	22,533					
Purchased Professional & Technical Services						
Other Purchased Services		5,321				
Supplies and Materials						
Student Activities						
Total Support Services	22,533	5,321		27,832		
Total Expenditures	\$ 510,237	\$ 5,321	\$ 509,748	\$ 27,832	\$ 97,534	\$ 8,595

VERONA BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	ACRSERS	Non-Public					Chapter 192 Compensatory Education
		Textbook	Nursing	Security	Technology		
REVENUE:							
Local Sources							
State Sources		\$ 10,383	\$ 19,376	\$ 30,260	\$ 7,128	\$ 45,148	
Federal Sources	\$ 15,816						
Total Revenue	15,816	10,383	19,376	30,260	7,128	45,148	
EXPENDITURES:							
Instruction:							
Salaries of Teachers							45,148
Purchased Professional - Educational Services	15,816						
Other Purchased Services							
General Supplies		10,383					
Textbooks		10,383					
Total Instruction	15,816	10,383					45,148
Support Services:			19,376				
Salaries of Other Professional Staff			19,376				
Personal Services - Employee Benefits				30,260			
Purchased Professional & Technical Services					7,128		
Other Purchased Services							
Supplies and Materials							
Student Activities							
Total Support Services			19,376	30,260	7,128		
Total Expenditures	\$ 15,816	\$ 10,383	\$ 19,376	\$ 30,260	\$ 7,128	\$ 45,148	

VERONA BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Chapter 193			SDA Emergent and Capital Maintenance Needs	Local Grants	Student Activities	Totals June 30, 2022
	Initial Examination & Classification	Corrective Speech	Supplemental Instruction				
REVENUE:							
Local Sources	\$ 7,205	\$ 1,860	\$ 6,195	\$ 53,643	\$ 11,680	\$ 261,801	\$ 273,481
State Sources							181,198
Federal Sources							1,760,507
Total Revenue	<u>7,205</u>	<u>1,860</u>	<u>6,195</u>	<u>53,643</u>	<u>11,680</u>	<u>261,801</u>	<u>2,215,186</u>
EXPENDITURES:							
Instruction:							
Salaries of Teachers							111,365
Purchased Professional - Educational Services	7,205	1,860	6,195				264,659
Other Purchased Services							616,046
General Supplies					11,680		442,299
Textbooks							10,383
Total Instruction	<u>7,205</u>	<u>1,860</u>	<u>6,195</u>		<u>11,680</u>		<u>1,444,752</u>
Support Services:							
Salaries of Other Professional Staff							50,208
Personal Services - Employee Benefits							54,663
Purchased Professional & Technical Services				53,643			148,259
Other Purchased Services							58,964
Supplies and Materials							196,539
Student Activities						196,147	196,147
Total Support Services				<u>53,643</u>		<u>196,147</u>	<u>704,780</u>
Total Expenditures	<u>\$ 7,205</u>	<u>\$ 1,860</u>	<u>\$ 6,195</u>	<u>\$ 53,643</u>	<u>\$ 11,680</u>	<u>\$ 196,147</u>	<u>\$ 2,149,532</u>



VERONA BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2022

Revenue and Other Financing Sources:	
Interest on Investments	\$ 1,657
	<hr/>
Total Revenue and Other Financing Sources	1,657
	<hr/>
Expenditures:	
Construction Services	4,048,237
	<hr/>
Total Expenditures	4,048,237
	<hr/>
Excess/(Deficit) of Revenue and Other Financing Sources Over Expenditures	(4,046,580)
Other Financing (Uses):	
Operating Transfers Out - Debt Service Fund	(1,657)
	<hr/>
Total Other Financing Sources/(Uses)	(1,657)
	<hr/>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing (Uses)	(4,048,237)
Fund Balance - Beginning of Year	4,423,083
	<hr/>
Fund Balance - End of Year	\$ 374,846
	<hr/> <hr/>
<u>Recapitulation:</u>	
Restricted	\$ 127,183
Restricted - Year End Encumbrances	242,577
Committed	5,086
	<hr/>
Fund Balance per Governmental Funds (GAAP)	\$ 374,846
	<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, 2022

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Costs</u>
Revenue and Other Financing Sources:				
Financed Purchase Proceeds	\$ 200,826		\$ 200,826	\$ 200,826
Total Revenue and Other Financing Sources	<u>200,826</u>		<u>200,826</u>	<u>200,826</u>
Expenditures:				
Equipment	47,500		47,500	47,500
Supplies	153,324		153,324	153,326
Total Expenditures	<u>200,824</u>		<u>200,824</u>	<u>200,826</u>
Excess/(Deficit) of Revenue and Other Financing Sources over/(under) Expenditures	<u>\$ 2</u>	<u>\$ -0-</u>	<u>\$ 2</u>	<u>\$ -0-</u>
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, 2022

	Prior Periods	Current Year	Totals	Revised 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	3,128,625		3,128,625	3,498,383
Construction Services	20,224,380	\$ 4,048,237	24,272,617	24,272,617
Total Expenditures	23,353,005	4,048,237	27,401,242	27,771,000
Excess/(Deficit) of Revenue and Other Financing Sources over/(under) Expenditures	\$ 4,417,995	\$ (4,048,237)	\$ 369,758	\$ -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	98.67%			
Original Target Completion Date	6/30/2022			
Revised Target Completion Date	12/31/2022			

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, 2022

	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	\$ 5,086	\$ -0-	\$ 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, 2022

	Enterprise Funds		
	Non-Major Funds		
	Food Service Program	Verona Summer Enrichment Academy	Total
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 10,177	\$ 83,638	\$ 93,815
Interfund Receivable	7,129		7,129
Inventories	3,616		3,616
Total Current Assets	20,922	83,638	104,560
Non-Current Assets:			
Capital Assets	395,391		395,391
Less: Accumulated Depreciation	(342,046)		(342,046)
Total Non-Current Assets	53,345		53,345
Total Assets	74,267	83,638	157,905
<u>LIABILITIES:</u>			
Accounts Payable - Vendors	18,010		18,010
Unearned Revenue	15,005		15,005
Total Liabilities	33,015		33,015
<u>NET POSITION:</u>			
Investment in Capital Assets	53,345		53,345
Unrestricted/(Deficit)	(12,093)	83,638	71,545
Total Net Position	\$ 41,252	\$ 83,638	\$ 124,890



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, 2022

	Enterprise Funds		
	Non-Major Funds		
	Food Service Program	Verona Summer Enrichment Academy	Total
Operating Revenue:			
Local Sources:			
Daily Sales - Non-Reimbursable Programs	\$ 479,865		\$ 479,865
Miscellaneous Revenue		\$ 61,151	61,151
Total Operating Revenue	479,865	61,151	541,016
Operating Expenses:			
Cost of Sales - Non-Reimbursable Programs	229,758		229,758
Salaries, Benefits & Payroll Taxes	175,829	51,813	227,642
Supplies, Insurance & Other Costs	51,210	13,104	64,314
Management Fee	33,892		33,892
Depreciation Expense	5,644		5,644
Total Operating Expenses	496,333	64,917	561,250
Operating Income/(Loss)	(16,468)	(3,766)	(20,234)
Change in Net Position Before Transfers	(16,468)	(3,766)	(20,234)
Transfer in - Board Contribution	5,235		5,235
Change in Net Position After Transfers	(11,233)	(3,766)	(14,999)
Net Position - Beginning of Year	52,485	87,404	139,889
Net Position - End of Year	\$ 41,252	\$ 83,638	\$ 124,890

VERONA BOARD OF EDUCATION  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Enterprise Funds Non-Major Funds		Total
	Food Service Program	Verona Summer Enrichment Academy	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 479,865	\$ 61,151	\$ 541,016
Payments to Food Service Contractor	(480,144)	(64,917)	(545,061)
Net Cash Provided by/(Used for) Operating Activities	(279)	(3,766)	(4,045)
Cash Flows from Noncapital Financing Activities:			
Board Contribution	5,235		5,235
Net Cash Provided by Noncapital Financing Activities	5,235		5,235
Net Increase (Decrease) in Cash and Cash Equivalents	4,956	(3,766)	1,190
Cash and Cash Equivalents, July 1	5,221	87,404	92,625
Cash and Cash Equivalents, June 30	<u>\$ 10,177</u>	<u>\$ 83,638</u>	<u>\$ 93,815</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (16,468)	\$ (3,766)	\$ (20,234)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	5,644		5,644
Changes in Assets and Liabilities:			
Decrease in Inventory	3,387		3,387
Increase in Accounts Payable	13,379		13,379
(Decrease) in Unearned Revenue	(6,221)		(6,221)
Net Cash (Used for)/Provided By Operating Activities	<u>\$ (279)</u>	<u>\$ (3,766)</u>	<u>\$ (4,045)</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, 2022
			Outstanding		Interest Rate	Balance July 1, 2021		
			Date	Amount				
2014 School Bonds	04/29/14	\$ 13,845,000	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%	\$ 10,210,000	\$ 745,000	\$ 9,465,000
	2015 School Refunding Bonds	03/13/15	24,635,000	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%	16,475,000	1,670,000	14,805,000

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, 2022
			Outstanding		Interest Rate	Balance July 1, 2021		
			Date	Amount				
School Bonds	2/19/2020	\$ 27,771,000	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	\$ 26,595,000	
						\$ 54,456,000	\$ 50,865,000	

VERONA BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Purpose	Interest Rate	Original Issue	Balance July 1, 2021	Issued	Matured	Balance June 30, 2022
2015 Energy Savings Incentive Program	2.34%	\$ 3,200,000	\$ 1,844,571		\$ 155,135	\$ 1,689,436
Chromebooks	3.13%	288,700	96,864		96,864	
Computers	1.47%	378,780	301,546		73,744	227,802
Buses & Computer Equipment	1.66%	264,905		\$ 264,905	55,612	209,293
			<u>\$ 2,242,981</u>	<u>\$ 264,905</u>	<u>\$ 381,355</u>	<u>\$ 2,126,531</u>

VERONA BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOT APPLICABLE



VERONA BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 3,835,482		\$ 3,835,482	\$ 3,835,482	
State Sources:					
Debt Service Aid Type II	1,376,587		1,376,587	1,376,587	
Total Revenues	5,212,069		5,212,069	5,212,069	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	1,628,633		1,628,633	1,628,633	
Redemption of Principal	3,591,000		3,591,000	3,591,000	
Total Regular Debt Service	5,219,633		5,219,633	5,219,633	
Total Expenditures	5,219,633		5,219,633	5,219,633	
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(7,564)		(7,564)	(7,564)	
Other Financing Sources(Uses):					
Transfer In:					
Interest from Capital Projects Fund				1,657	\$ 1,657
Total Other Financing Sources/(Uses)				1,657	1,657
(Deficit)/Excess of Revenues Over/(Under) Expenditures	(7,564)		(7,564)	(5,907)	1,657
Fund Balance, July 1	27,374		27,374	27,374	
Fund Balance, June 30	\$ 19,810	\$ -0-	\$ 19,810	\$ 21,467	\$ 1,657
Recapitulation:					
Restricted Fund Balance				\$ 21,467	

**STATISTICAL SECTION**  
**(UNAUDITED)**

This part of the School’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the School’s overall financial health.

**Contents**

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

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

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

	June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 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	\$ 17,300,982
Restricted	90,008	287,608	500,958	673,474	352,461	379,376	1,009,444	1,542,888	2,529,500	3,612,104
Unrestricted/(Deficit)	(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)	(8,827,642)
<b>Total Governmental Activities Net Position/ (Deficit)</b>	<b>\$ 9,063,697</b>	<b>\$ 1,838,572</b>	<b>\$ 1,366,588</b>	<b>\$ 2,764,092</b>	<b>\$ 3,078,787</b>	<b>\$ (213,026)</b>	<b>\$ 1,277,188</b>	<b>\$ 3,494,121</b>	<b>\$ 8,443,434</b>	<b>\$ 12,085,444</b>
<b>Business-Type Activities:</b>										
Net Investment in Capital Assets	\$ 60,040	\$ 47,628	\$ 41,107	\$ 29,785	\$ 21,661	\$ 21,118	\$ 21,481	\$ 65,298	\$ 58,989	\$ 53,345
Unrestricted	(3,039)	20,982	11,138	17,977	10,421	16,303	27,153	3,705	80,900	71,545
<b>Total Business-Type Activities Net Position</b>	<b>\$ 57,001</b>	<b>\$ 68,610</b>	<b>\$ 52,245</b>	<b>\$ 47,762</b>	<b>\$ 32,082</b>	<b>\$ 37,421</b>	<b>\$ 48,634</b>	<b>\$ 69,003</b>	<b>\$ 139,889</b>	<b>\$ 124,890</b>
<b>District-Wide:</b>										
Investment in Capital Assets	\$ 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	\$ 17,354,327
Restricted	90,008	287,608	500,958	673,474	352,461	379,376	1,009,444	1,542,888	2,529,500	3,612,104
Unrestricted/(Deficit)	(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)	(8,756,097)
<b>Total District Net Position/ (Deficit)</b>	<b>\$ 9,120,698</b>	<b>\$ 1,907,182</b>	<b>\$ 1,418,833</b>	<b>\$ 2,811,854</b>	<b>\$ 3,110,869</b>	<b>\$ (175,605)</b>	<b>\$ 1,325,822</b>	<b>\$ 3,563,124</b>	<b>\$ 8,583,323</b>	<b>\$ 12,210,334</b>

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses:</b>										
<b>Governmental Activities</b>										
<b>Instruction:</b>										
Regular	\$ 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	\$ 19,817,845
Special Education	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	5,668,232
Other Education	399,407	385,944	466,439	418,197	421,161	410,662	287,218	140,505	68,407	66,423
School-Sponsored Instruction	964,506	1,011,087	1,127,135	1,237,964	1,214,014	1,357,579	1,198,893	906,927	932,005	1,372,304
<b>Support Services:</b>										
Tuition								3,319,226	2,594,046	2,121,401
Student & Instructional Related Services	4,945,625	4,671,838	4,765,457	5,205,468	5,590,168	5,770,401	6,029,430	5,458,957	6,105,591	7,365,418
General Administrative Services	658,156	734,420	597,313	696,937	771,714	805,213	1,332,307	712,306	939,864	900,068
School Administrative Services	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	2,684,276
Central Services								334,234	217,041	480,869
Administrative Information Technology								388,379	461,451	489,302
Plant Operations and Maintenance	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	3,815,039
Pupil Transportation	499,926	641,206	713,344	888,883	1,032,430	901,393	903,057	963,862	671,081	964,744
Business and Other Support Services	658,644	696,393	701,640	785,432	877,465	925,767	847,372			
Interest on Long-term Debt	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	1,484,842
Unallocated Depreciation							3,407,584		2,740,638	3,407,584
Capital Outlay						1,362				
<b>Total Governmental Activities Expenses</b>	<b>35,772,452</b>	<b>36,491,937</b>	<b>42,947,688</b>	<b>44,216,992</b>	<b>48,938,996</b>	<b>50,797,672</b>	<b>51,608,063</b>	<b>47,946,157</b>	<b>46,708,923</b>	<b>50,638,347</b>
<b>Business-Type Activities:</b>										
Verona Summer Enrichment Academy	60,478	53,724	49,836	50,521	59,952	52,810	60,799	403,660		64,917
Food Service	380,441	386,419	378,302	389,032	393,936	354,475	405,585	403,660		496,333
Total Business-type Activities Expense	440,919	440,143	428,138	439,553	453,888	407,285	466,384	403,660		561,250
Total District Expenses	\$ 36,213,371	\$ 36,932,080	\$ 43,375,826	\$ 44,656,545	\$ 49,392,884	\$ 51,204,957	\$ 52,074,447	\$ 48,349,817	\$ 46,708,923	\$ 51,199,597
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services	\$ 243,171	\$ 150,042	\$ 175,340	\$ 179,818	\$ 182,230	\$ 149,745	\$ 100,020	\$ 71,689	\$ 266,682	\$ 326,844
Operating Grants and Contributions	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	12,333,808
<b>Total Governmental Activities Program Revenues</b>	<b>5,014,533</b>	<b>4,854,421</b>	<b>9,725,720</b>	<b>11,950,425</b>	<b>14,559,958</b>	<b>15,161,245</b>	<b>12,300,767</b>	<b>11,549,376</b>	<b>12,421,209</b>	<b>12,660,652</b>

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

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Program Revenues										
Business-Type Activities:										
Charges for Services										
Food Service	\$ 341,493	\$ 355,977	\$ 51,481	\$ 48,938	\$ 59,625	\$ 56,899	\$ 67,087	\$ 313,946	\$	\$ 479,865
Verona Summer Enrichment Academy	56,720	59,571	347,390	355,456	372,038	345,426	406,264	2,295	\$	61,151
Operating Grants and Contributions	4,937	4,796	4,658	3,819	4,273	4,837	4,246	2,558		
Total Business-type Activities Program Revenues	403,150	420,344	403,529	408,213	435,936	407,162	477,597	318,799	62,816	541,016
Total District Program Revenues	\$ 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	\$ 13,201,668
Net (Expense)/Revenue										
Governmental Activities	\$ (30,757,919)	\$ (31,637,516)	\$ (33,221,968)	\$ (32,266,567)	\$ (34,379,038)	\$ (35,636,427)	\$ (39,307,296)	\$ (36,396,781)	\$ (34,287,714)	\$ (37,977,695)
Business-type Activities	(37,769)	(19,799)	(24,609)	(31,340)	(17,952)	(123)	11,213	(84,861)	62,816	(20,234)
Total District-wide Net Expense/Revenues	\$ (30,795,688)	\$ (31,657,315)	\$ (33,246,577)	\$ (32,297,907)	\$ (34,396,990)	\$ (35,636,550)	\$ (39,296,083)	\$ (36,481,642)	\$ (34,224,898)	\$ (37,997,929)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, net	\$ 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	\$ 35,634,149
Taxes Levied for Debt Service	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	3,835,482
Unrestricted Grants and Contributions			621,793	687,998	667,667	665,025	664,785	471,376	778,388	1,676,989
State Aid Restricted for Debt Service	435,288	625,186								
Investment Earnings	8	323	20,780	17,258	10,253	26,319	58,678	6,267	19,810	6,060
Miscellaneous Income	166,829	354,072	256,206	297,580	180,670	352,583	367,774	656,428	72,427	472,260
Transfers	(8,931)	(31,408)	(8,244)	(26,857)	(2,272)			(93,458)	(87,547)	(5,235)
Total Governmental Activities	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	41,619,705
Business-Type Activities:										
Miscellaneous Income	8,931	31,408	8,244	26,857	2,272			11,772	87,547	5,235
Transfers	8,931	31,408	8,244	26,857	2,272			93,458	87,547	5,235
Total Business-Type Activities	17,862	62,816	16,488	53,714	4,544			105,230	175,094	10,470
Total District-Wide	\$ 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	\$ 41,624,940
Change in Net Position:										
Governmental Activities	\$ (120,704)	\$ 60,760	\$ (471,984)	\$ 1,565,220	\$ 314,695	\$ 102,045	\$ (1,917,370)	\$ 2,062,979	\$ 4,949,313	\$ 3,642,010
Business-type Activities	(28,838)	11,609	(16,365)	(4,483)	(15,680)	(123)	11,213	20,369	150,363	(14,999)
Total District	\$ (149,542)	\$ 72,369	\$ (488,349)	\$ 1,560,737	\$ 299,015	\$ 101,922	\$ (1,906,157)	\$ 2,083,348	\$ 5,099,676	\$ 3,627,011

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
Restricted	\$ 719,956	\$ 812,578	\$ 743,809	\$ 821,353	\$ 574,646	\$ 370,630	\$ 1,121,361	\$ 1,387,710	\$ 2,355,333	\$ 3,378,190
Assigned		9,956	9,956	36,086	31,841		119,785	455,183		64,332
Nonspendable					73,711					
Committed							70,945			
Unassigned	313,521	323,021	339,749	302,589	325,703	339,755	323,440	854,292	1,646,397	1,760,931
Total General Fund	\$ 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	\$ 5,203,453
All Other Governmental Funds:										
Restricted:										
Special Revenue Fund								\$ 143,899	\$ 146,793	\$ 212,447
Capital Projects Fund								24,723,926	4,417,997	369,760
Debt Service Fund	\$ 5,477	\$ 13,739,314	\$ 14,369,550	\$ 7,611,604	\$ 19,552	\$ 29,483	\$ (45,082)	11,279	27,374	21,467
Committed:										
Capital Projects Fund									5,086	5,086
Total All Other Governmental Funds/(Deficit)	\$ 5,477	\$ 13,739,314	\$ 14,369,550	\$ 7,611,604	\$ 19,552	\$ 29,483	\$ (45,082)	\$ 24,879,104	\$ 4,597,250	\$ 608,760

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues:</b>										
Tax Levy	\$ 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	\$ 39,469,631
Tuition Charges	243,171	1,50,042	175,340	179,818	182,230	149,745	100,020	71,689	69,834	65,043
Interest Earnings on Capital Project Funds	8	323	20,780	17,258	10,253	26,319	58,678	6,267	19,810	1,657
Miscellaneous	185,620	371,855	269,692	343,885	317,651	413,094	459,276	671,365	301,373	750,144
State Sources	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	14,002,808
Federal Sources	460,527	630,474	553,751	597,626	632,408	723,028	738,625	736,827	1,186,336	1,760,507
<b>Total Revenue</b>	<b>35,660,679</b>	<b>36,584,105</b>	<b>38,761,076</b>	<b>41,375,445</b>	<b>41,674,577</b>	<b>43,180,656</b>	<b>45,877,154</b>	<b>47,828,149</b>	<b>50,432,566</b>	<b>56,049,790</b>
<b>Expenditures</b>										
<b>Instruction:</b>										
Regular Instruction	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	13,597,872
Special Education Instruction	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	4,065,548
Other Instruction	399,407	385,944	396,943	349,091	316,870	305,057	277,267	44,903	40,973	44,328
School -Sponsored Instruction	915,300	962,054	978,351	1,058,768	962,474	1,079,468	1,040,835	830,567	857,542	992,968
<b>Tuition</b>										
Student & Instruction Related Services	4,930,986	4,653,462	4,461,222	4,731,691	4,765,476	4,900,620	5,595,157	3,410,704	2,594,046	2,121,401
General Administrative Services	644,203	718,345	530,085	567,910	657,594	688,637	1,150,435	4,465,949	5,191,495	5,471,629
School Administrative Services	2,317,069	2,302,511	2,673,890	2,641,920	2,613,464	2,647,740	2,618,591	681,202	836,395	813,141
Central Services and Administrative Information Technology								1,807,056	1,835,354	1,875,928
Plant Operations and Maintenance	2,912,696	3,191,491	4,368,393	3,450,479	3,500,542	3,279,138	3,131,582	694,054	573,177	722,671
Student Transportation	499,926	641,206	710,979	879,621	832,949	870,651	892,023	3,096,927	2,961,314	3,414,847
Business and Other Support Services	658,644	680,245	660,653	724,563	782,097	806,173	792,337	913,314	676,870	915,868
Unallocated Benefits								11,150,219	12,778,135	15,185,401
Capital Outlay	165,599	176,317	2,511,014	7,862,840	7,700,369	84,860	31,144	3,055,327	21,503,300	4,654,992
<b>Debt Service:</b>										
Principal	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	3,591,000
Interest and Other Charges	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	1,628,633
Bond Issuance Costs			171,893							
<b>Total Expenditures</b>	<b>35,631,038</b>	<b>36,561,738</b>	<b>41,711,574</b>	<b>48,190,020</b>	<b>49,578,484</b>	<b>43,667,067</b>	<b>45,026,573</b>	<b>49,673,805</b>	<b>69,989,808</b>	<b>59,096,227</b>
<b>Excess/(Deficiency) of Revenue Over/(Under) Expenditures</b>	<b>29,641</b>	<b>22,367</b>	<b>(2,950,498)</b>	<b>(6,814,575)</b>	<b>(7,903,907)</b>	<b>(486,411)</b>	<b>850,581</b>	<b>(1,845,656)</b>	<b>(19,557,242)</b>	<b>(3,046,437)</b>

VERONA BOARD OF EDUCATION  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Other Financing Sources/(Uses):										
Lease Purchase Proceeds			\$ 3,375,000	\$ 150,000	\$ 160,000	\$ 200,826				
Payment to Bond Escrow Agent			(1,130,420)							
Refunding Bond Proceeds			24,635,000							
Bond Premium			3,538,313							
Serial Bonds Proceeds		\$ 13,845,000						\$ 27,771,000	\$ 667,480	\$ 264,905
Financed Purchases			(26,871,000)							
Bonds Refunded		8	20,698	16,651	84,468	3,070	3,715	60,731	448,335	1,657
Transfers In	(8,939)	(37,191)	(28,942)	(43,508)	(86,740)	(3,070)	(3,715)	(154,189)	(535,882)	(6,892)
Transfers Out	26,695	13,813,592	3,538,649	123,143	157,728	200,826		27,677,542	579,933	259,670
Total Other Financing Sources/(Uses)	\$ 56,336	\$ 13,835,959	\$ 588,151	\$ (6,691,432)	\$ (7,746,179)	\$ (285,585)	\$ 850,581	\$ 25,831,886	\$ (18,977,309)	\$ (2,786,767)
Net Change in Fund Balances	7.77%	8.14%	8.45%	9.42%	9.41%	9.58%	8.94%	7.81%	8.51%	9.59%
Debt Service as a Percentage of Noncapital Expenditures										

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
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
2022	4,403	65,043				472,260	541,706

Source: Verona Board of Education records

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

Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Actual (County Equalized Value)
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
2021	22,335,000	2,096,892,100	210,922,700	6,140,200	49,368,300	2,385,658,300	1,512,100	2,387,170,400	1.675	2,591,819,936

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 <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Township of Verona	Essex County	
2012	\$ 1.460		\$ 1.460	0.720	0.502	\$ 2.682
2013	1.520		1.520	0.740	0.529	2.789
2014	1.590		1.590	0.785	0.568	2.943
2015	1.640		1.640	0.785	0.578	3.003
2016	1.680		1.680	0.785	0.601	3.066
2017	1.720		1.720	0.785	0.613	3.118
2018	1.760		1.760	0.807	0.594	3.161
2019	1.561		1.561	0.702	0.507	2.770
2020	1.459	\$ 0.147	1.606	0.742	0.516	2.864
2021	1.512	0.163	1.675	0.761	0.522	2.958

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 TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

Information Not Available

Source: Municipal Tax Assessor

VERONA BOARD OF EDUCATION  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
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
2022	39,469,631	39,469,631	100.00%	-0-

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 Notes (BANs)		Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Financed Purchases	Financed Purchases	Financed Purchases	Financed Purchases	Financed Purchases				
2013	\$ 31,521,000	\$ 142,881	-0-	-0-	-0-	-0-	\$ 31,663,881	4.28%	\$ 2,356.47	
2014	43,866,000	65,098	-0-	-0-	-0-	-0-	43,931,098	6.00%	3,274.77	
2015	40,080,000	3,377,620	-0-	-0-	-0-	-0-	43,457,620	5.69%	3,248.68	
2016	38,080,000	3,310,897	-0-	-0-	-0-	-0-	41,390,897	5.07%	3,078.53	
2017	35,980,000	2,945,290	-0-	-0-	-0-	-0-	38,925,290	4.63%	2,900.11	
2018	33,805,000	2,610,559	-0-	-0-	-0-	-0-	36,415,559	4.27%	2,710.50	
2019	31,490,000	2,284,684	-0-	-0-	-0-	-0-	33,774,684	3.81%	2,512.44	
2020	56,856,000	2,045,547	-0-	-0-	-0-	-0-	58,901,547	6.13%	4,319.25	
2021	54,456,000	2,242,981	-0-	-0-	-0-	-0-	56,698,981	5.57%	3,924.89	
2022	50,865,000	2,126,531	-0-	-0-	-0-	-0-	52,991,531	5.20%	3,668.25	

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

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

Source: School District Financial Reports

VERONA BOARD OF EDUCATION  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation Taxable <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2013	\$ 31,521,000	-0-	\$ 31,521,000	1.53%	\$ 2,349.68
2014	43,866,000	-0-	43,866,000	2.18%	3,279.21
2015	40,080,000	-0-	40,080,000	2.00%	2,979.04
2016	38,080,000	-0-	38,080,000	1.90%	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	1.56%	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%	3,769.62
2022	50,865,000	-0-	50,865,000	2.13%	3,521.04

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, 2021  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Township of Verona	\$ 46,418,317	100.00%	\$ 46,418,317
Essex County General Obligation Debt	680,439,442	3.08% <sup>a</sup>	<u>20,926,719</u>
Subtotal, Overlapping Debt			67,345,036
Verona Township School District Direct Debt			<u>54,456,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 121,801,036</u></u>

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

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

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



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

Legal Debt Margin Calculation for Fiscal Year 2022

	Year Ended		Equalized Valuation Basis
	December 31,		
	2021	2020	\$ 2,704,521,369
	2020	2019	2,592,713,852
	2019		2,544,137,957
			<u>\$ 7,841,373,178</u>
Average Equalized Valuation of Taxable Property			2,613,791,059
Debt Limit (4% of average equalization value) <sup>a</sup>			104,551,642
Net Bonded School Debt			<u>50,865,000</u>
Legal Debt Margin			<u>\$ 53,686,642</u>

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit	\$ 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	\$ 104,551,642
Total Net Debt Applicable to Limit	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	50,865,000
Legal Debt Margin	<u>\$ 60,517,325</u>	<u>\$ 45,275,839</u>	<u>\$ 47,898,322</u>	<u>\$ 51,166,737</u>	<u>\$ 55,864,839</u>	<u>\$ 60,146,723</u>	<u>\$ 64,914,740</u>	<u>\$ 44,108,720</u>	<u>\$ 47,156,398</u>	<u>\$ 53,686,642</u>
Total Net Debt Applicable to the Limit	34.25%	49.21%	45.56%	42.67%	39.17%	35.98%	32.66%	56.31%	53.59%	48.65%
As a Percentage of Debt Limit										

<sup>a</sup> Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

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

VERONA BOARD OF EDUCATION  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Year	Population <sup>a</sup>	Personal Income <sup>b</sup>	Essex County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2013	13,415	\$ 731,707,760	\$ 54,544	4.80%
2014	13,377	764,268,141	57,133	4.90%
2015	13,454	799,100,330	59,395	4.20%
2016	13,445	816,582,075	60,735	3.60%
2017	13,422	841,009,098	62,659	3.60%
2018	13,435	853,404,635	63,521	3.40%
2019	13,443	886,256,661	65,927	2.50%
2020	13,637	961,367,589	70,497	8.10%
2021	14,446	1,018,399,662	70,497 *	4.80%
2022	14,446 **	1,018,399,662 ***	70,497 *	N/A

\* - Latest Essex County per capita personal income available (2020) was used for calculation purposes.

\*\* - Latest population data available (2021) was used for calculation purposes.

\*\*\* - Latest per capital personal income available (2020) and latest population data available (2021) was used for calculation purposes.

N/A - Information Unavailable

Sources:

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

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

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

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

VERONA BOARD OF EDUCATION  
PRINCIPAL EMPLOYERS, COUNTY OF ESSEX  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

Employer	2021		
	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	2012		
	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

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Instruction:</b>										
Regular	156.0	158.0	159.0	142.0	149.0	142.0	136.0	136.0	155.0	161.0
Special Education	21.0	21.0	21.0	22.0	26.0	32.0	28.0	28.0	51.0	38.0
Other Instruction	2.0	2.0	2.0	55.0	75.0	80.0	72.0	72.0	59.0	66.0
<b>Support Services:</b>										
Student & Instruction Related Services	39.0	39.0	40.0	37.0	33.0	35.0	18.0	18.0	18.0	25.0
General Administrative Services	1.0	1.0	1.0	2.0	2.0	3.0	15.0	15.0	4.0	5.0
School Administrative Services	18.0	18.0	18.0	27.0	27.0	27.0	17.0	17.0	8.0	18.0
Other Administrative Services									4.0	5.0
Central Services	4.0	4.0	4.0	3.0	3.0	3.0	4.0	4.0	5.0	5.0
Administrative Information Technology	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0
Plant Operations and Maintenance	20.0	20.0	20.0	20.0	20.0	21.0	19.0	19.0	20.0	21.0
Pupil Transportation	3.0	3.0	4.0	3.0	5.0	5.0	4.0	4.0	5.0	5.0
<b>Total</b>	<b>266.0</b>	<b>269.0</b>	<b>272.0</b>	<b>314.0</b>	<b>343.0</b>	<b>351.0</b>	<b>316.0</b>	<b>316.0</b>	<b>332.0</b>	<b>353.0</b>

Source: District Personnel Records

VERONA BOARD OF EDUCATION  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary Schools	Middle Schools	High Schools				
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%
2022	2,146	49,221,602	22,936	13.13%	207	14:1	10:1	11:1	2,139	2,025	-1.97%	94.67%

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

<u>District Building</u>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	132	118	123	115	135	131	127	127	130	120
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	321	291	285	265	246	249	234	234	208	231
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	214	215	212	199	215	245	257	257	272	279
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	230	227	223	234	222	219	211	211	209	219
H.B Whitehorne (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	691	733	724	726	720	681	679	679	637	649
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	602	609	623	616	659	693	703	703	679	647

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)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>School Facilities:</b>											
Verona High School	N/A	\$ 154,400	\$ 190,081	\$ 226,973	\$ 188,615	\$ 215,392	\$ 235,747	\$ 149,780	\$ 280,732	\$ 202,356	\$ 276,669
Brookdale Avenue School	N/A	49,806	61,316	73,217	59,563	68,018	74,446	47,299	88,724	63,902	89,248
FN Brown School	N/A	49,807	61,316	73,217	61,152	69,833	76,432	48,561	91,090	65,607	89,248
Forest Avenue School	N/A	34,864	42,921	51,252	43,529	49,708	54,405	34,566	64,791	46,700	62,474
Henry B Whitehome Middle School	N/A	149,419	183,949	219,652	185,446	211,772	231,784	147,263	276,091	198,955	267,744
Laning Avenue School	N/A	59,768	73,580	87,861	72,904	83,253	91,120	57,892	108,562	78,215	107,098
<b>Total School Facilities</b>		<b>\$ 498,064</b>	<b>\$ 613,163</b>	<b>\$ 732,172</b>	<b>\$ 611,209</b>	<b>\$ 697,976</b>	<b>\$ 763,934</b>	<b>\$ 485,361</b>	<b>\$ 909,991</b>	<b>\$ 655,735</b>	<b>\$ 892,481</b>

N/A - Not Applicable

Source: District records

VERONA BOARD OF EDUCATION  
INSURANCE SCHEDULE  
JUNE 30, 2022  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
<b>National Union Fire Ins Co of Pittsburgh PA</b>		
<b>PROPERTY SECTION</b>		
Property - Blanket Bldgs & Contents		
School Limit Per Statement of Values	\$ 106,161,814	\$ 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
<b>BOILER &amp; MACHINERY</b>		
Loss of Income	\$ 250,000	\$ 5,000
Extra Expense	\$ 5,000,000	\$ 5,000
<b>GENERAL LIABILITY</b>		
General Aggregate	\$ 3,000,000	
Each Occurrence	\$ 1,000,000	
<b>COMMERCIAL AUTOMOBILE LIABILITY</b>		
Combined Single Limit	\$ 1,000,000	
<b>COMMERCIAL UMBRELLA</b>		
	\$ 10,000,000	
<b>EXCESS LIABILITY</b>		
New Jersey Unshared Program (Allied/Hudson Ins/Evanston Ins)	\$ 30,000,000	
CAP Program - Shared Limits Agg (Fireman's Fund)	\$ 25,000,000	
<b>CYBER LIABILITY (XL Insurance)</b>		
1st Party Coverage	\$ 1,000,000	\$ 15,000
3rd Party Coverage	\$ 1,000,000	\$ 15,000
Group Aggregate	\$ 1,000,000	
<b>WORKERS COMPENSATION (MEIG)</b>		
Per Occurrence	\$ 5,000,000	
Policy Limit	\$ 5,000,000	
Aggregate	\$ 5,000,000	
<b>CRIME (National Union Fire Ins Co of Pittsburgh PA)</b>		
Employee Theft	\$ 500,000	\$ 5,000
<b>EDUCATORS LEGAL LIABILITY</b>		
XL Insurance	\$ 1,000,000	\$ 10,000
<b>EMPLOYMENT PRACTICES LIABILITY</b>		
XL Insurance	\$ 1,000,000	\$ 15,000
<b>INDIVIDUAL BONDS</b>		
Business Administrator/Bd Secy	\$ 100,000	
Treasurer of School Monies	\$ 275,000	



SINGLE AUDIT SECTION

Report on Internal Control Over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the “Office”), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Verona Board of Education, in the County of Essex, as of and for the fiscal year ended June 30, 2022, 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 29, 2022. That report included a qualified opinion on the financial statements as the District’s note disclosure on postemployment benefits other than pensions (OPEB) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan (“SHBP”) has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, as of the date of this report. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

**Report on 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.

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

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 or significant deficiencies may exist that were not identified.

### **Report on 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 29, 2022  
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 Required by the Uniform Guidance and NJOMB 15-08

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**

***Opinion on Each Major Federal and State Program***

We have audited the Verona Board of Education's (the "District's") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and 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, 2022. 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.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2022.

***Basis for Opinion on Each Major Federal and State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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*. Our responsibilities under those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

The Honorable President and Members  
of the Board of Education  
Verona Public Schools  
County of Essex, New Jersey  
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### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal and state programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey's OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 a 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.

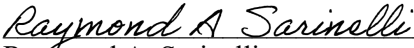
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

December 29, 2022  
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, 2022

Federal Grantor/Pass Through Grantor Program or Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021			Balance at June 30, 2022		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received	Budgetary Accounts Receivable	Budgetary Unearned Revenue	Amounts Provided to Subrecipients
<b>Special Revenue Fund:</b>										
U.S. Department of Education Passed-through State Department of Education: Elementary and Secondary Education Act										
Title I	84.010	ESEA537022	7/1/21-9/30/22	\$ 106,689	\$ (46,190)	\$ 69,950	\$ (106,689)	\$ (36,739)		
Title I	84.010	ESEA537021	7/1/20-9/30/21	189,443	(46,190)	116,140	(106,689)	(36,739)		
Total Title I						70,201	(71,068)	(867)		
Title II, Part A	84.367	ESEA537022	7/1/21-9/30/22	74,221	(13,088)	13,088	(71,068)	(867)		
Title II, Part A	84.367	ESEA537021	7/1/20-9/30/21	91,423	(13,088)	83,289	(71,068)	(867)		
Total Title II, Part A						24,535	(24,535)			
Title IV	84.424	ESEA537022	7/1/21-9/30/22	24,854		24,535	(24,535)			
Total Title IV										
<b>Special Education Cluster:</b>										
I.D.E.A. Part B, Basic	84.027	IDEA537022	7/1/21-9/30/22	544,844		406,893	(509,748)	(102,855)		
I.D.E.A. Part B, Basic	84.027	IDEA537021	7/1/20-9/30/21	543,202	(37,371)	37,371				
COVID-19 - ARP - I.D.E.A. Part B Basic	84.027X	IDEA537022	7/1/21-9/30/22	100,612		66,296	(97,534)	(31,238)		
I.D.E.A. Part B, Preschool	84.173	IDEA537022	7/1/21-9/30/22	27,832		1,392	(27,832)	(26,440)		
I.D.E.A. Part B, Preschool	84.173	IDEA537020	7/1/20-9/30/21	29,304	(26,794)	26,794				
COVID-19 - ARP - I.D.E.A. Part B Preschool	84.173X	IDEA537022	7/1/21-9/30/22	8,595		8,577	(8,595)	(18)		
Special Education Cluster Subtotal					(64,165)	547,323	(643,709)	(160,551)		
<b>Education Stabilization Fund:</b>										
COVID 19 - CARES Emergency Grant	84.425D	CARES-5370-21	3/13/20-9/30/22	166,412	(18,714)	18,714				
COVID 19 - CRRSA:										
ESSER II	84.425D	S425D210027	3/13/20-9/30/23	600,906	(141,953)	368,445	(313,315)	(86,823)		
Learning Acceleration	84.425D	S425D210027	3/13/20-9/30/23	38,563	(28,084)	16,481	(18,101)	(1,620)		
Mental Health	84.425D	S425D210027	3/13/20-9/30/23	45,000		39,800	(11,716)			
COVID 19 - ARP:										
ESSER III	84.425U	S425U210027	3/13/20-9/30/24	1,350,498		481,123	(510,237)	(29,114)		
Beyond the School Day	84.425U	S425U210027	3/13/20-9/30/24	40,000		40,000	(40,000)			
Homeless	84.425W	S425W210027	4/23/21-9/30/24	5,321			(5,321)			
Education Stabilization Fund Subtotal					(188,751)	964,563	(898,690)	(122,878)		
Total U.S. Department of Education					(312,194)	1,735,850	(1,744,691)	(321,035)		

VERONA BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass Through Grantor Program or Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021			Adjustment	Balance at June 30, 2022		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received		Budgetary Accounts Receivable	Budgetary Unearned Revenue	Amounts Provided to Subrecipients
U.S. Department of Treasury Passed-through State Department of Education: COVID-19 ACSERS (Additional or Compensatory Special Education and Related Services to Students with Disabilities)	21.027	N/A	7/1/21-6/30/22	\$ 15,816		\$ 15,816	\$ 6,960				
COVID-19 Nonpublic Digital Divide Grant	21.019	N/A	7/1/21-10/31/21	6,960		15,816	6,960				
Total U.S. Department of Treasury											
Total Special Revenue Fund					(319,154)	1,751,666	6,960	(321,035)			
Total Federal Awards					\$ (319,154)	\$ 1,751,666	\$ 6,960	\$ (321,035)	\$ -0-	\$ -0-	\$ -0-

N/A - Not Applicable

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



VERONA BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2022		MEMO	
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Education												
General Fund:												
Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	\$ 1,248,325	\$ (118,889)	\$	118,889						\$
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	175,630	(16,727)		16,727						1,248,325
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	103,500	(9,857)		9,857						175,630
Extraordinary Special Education Costs	20-495-034-5120-005	7/1/19-6/30/20	753,675	(753,675)		753,675						103,500
Reimbursed TPAF Social Security Contributions	21-495-034-5095-003	7/1/20-6/30/21	1,283,793	(63,825)		63,825						753,675
On-Behalf TPAF Post Retirement Contribution	22-495-034-5094-001	7/1/21-6/30/22	1,567,404			1,567,404						1,283,793
On-Behalf TPAF Pension Contribution	22-495-034-5094-002	7/1/21-6/30/22	6,615,286			6,615,286						1,567,404
On-Behalf TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/21-6/30/22	93,332			93,332						6,615,286
On-Behalf TPAF Long-Term Disability Insurance	22-495-034-5094-004	7/1/21-6/30/22	2,278			2,278						93,332
School Development Authority:												2,278
Securing Our Children's Future Bond Act	N/A	7/1/21-6/30/22	125,290				(125,290)					125,290
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	1,615,855			1,457,199						1,615,855
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	175,630			158,385						175,630
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	103,500			93,338						103,500
Extraordinary Special Education Costs	22-100-034-5120-473	7/1/21-6/30/22	835,626									835,626
Reimbursed TPAF Social Security Contributions	22-495-034-5095-003	7/1/21-6/30/22	1,351,412			1,285,766						1,351,412
Total General Fund State Aid				(962,973)		12,235,961	(12,485,613)		(1,026,562)		(1,121,625)	22,135,664
Special Revenue Fund:												
New Jersey Nonpublic Aid:												
Compensatory Education	22-100-034-5120-067	7/1/21-6/30/22	49,717			49,717	(45,148)			\$ 4,569		45,148
Compensatory Education	21-100-034-5120-067	7/1/20-6/30/21	46,158		\$ 26,389			\$ (26,389)				19,769
Transportation	22-100-034-5120-067	7/1/21-6/30/22	23,001			23,001				23,001		23,001
Transportation	21-100-034-5120-067	7/1/20-6/30/21	21,711		19,689			(19,689)				2,022
Nonpublic Handicapped Services:												
Examination and Classification	22-100-034-5120-066	7/1/21-6/30/22	17,442			17,442	(7,205)			10,237		7,205
Examination and Classification	21-100-034-5120-066	7/1/20-6/30/21	22,481		10,777			(10,777)				11,704
Supplemental Instruction	22-100-034-5120-066	7/1/21-6/30/22	14,868			14,868	(6,195)			8,673		6,195
Supplemental Instruction	21-100-034-5120-066	7/1/20-6/30/21	20,237		15,219			(15,219)				5,018
Corrective Speech	22-100-034-5120-066	7/1/21-6/30/22	12,760		10,664	4,650	(1,860)			2,790		1,860
Corrective Speech	21-100-034-5120-066	7/1/20-6/30/21	10,383		10,664	10,383	(10,664)					2,096
Textbook Aid	22-100-034-5120-064	7/1/21-6/30/22	9,774		16		(10,383)					10,383
Textbook Aid	21-100-034-5120-064	7/1/20-6/30/21	19,376			19,376	(16)					9,758
Nursing Services	22-100-034-5120-070	7/1/21-6/30/22	7,266			7,266	(19,376)			138		19,376
Technology Initiative	22-100-034-5120-373	7/1/21-6/30/22	30,275			30,275	(7,128)			15		7,128
Security Aid	22-100-034-5120-509	7/1/21-6/30/22	28,000		299		(30,260)					30,260
Security Aid	21-100-034-5120-509	7/1/20-6/30/21						(299)				27,701
School Development Authority:												
Emergent and Capital Maintenance Needs	N/A	11/19/21-6/30/22	53,643				(53,643)					53,643
Total Special Revenue Fund				83,053		176,978	(181,198)	(83,053)	(53,643)	49,423	(53,643)	259,266

VERONA BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2022		MEMO		
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Due to Grantor			
<b>Debt Service Fund:</b>													
Debt Service Aid - State Support	22-495-034-5120-125	7/1/21-6/30/22	\$ 1,376,587			\$ 1,376,587	\$ (1,376,587)				\$ 1,376,587		
Total Debt Service Fund						1,376,587	(1,376,587)				1,376,587		
Total State Awards Subject to Single Audit Determination						\$ 13,789,526	\$ (14,043,398)	\$ (83,053)		\$ (1,080,205)	\$ 49,423	\$ (1,266,268)	\$ 23,771,517
Less: State Awards Not Subject to Single Audit Major Program Determination													
On-Behalf TPAF Pension System Contributions:													
On-Behalf TPAF Post Retirement Contributions	22-495-034-5094-001	7/1/21-6/30/22	1,567,404				1,567,404						
On-Behalf TPAF Pension Contributions	22-495-034-5094-002	7/1/21-6/30/22	6,615,286				6,615,286						
On-Behalf TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/21-6/30/22	93,332				93,332						
On-Behalf TPAF Long-Term Disability Insurance	22-495-034-5094-004	7/1/21-6/30/22	2,278				2,278						
Subtotal - On-Behalf TPAF Pension System Contributions							8,278,300						
Total State Awards Subject to Single Audit Major Program Determination							\$ (5,765,098)						

N/A - Not Available

SEE ACCOMPANYING NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS

VERONA BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Verona Board of Education under programs of the federal and state governments for the fiscal year ended June 30, 2022. 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 (\$40,590) 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, 2022

(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		\$ 12,445,023	\$ 12,445,023
Special Revenue Fund	\$ 1,760,507	181,198	1,941,705
Debt Service Fund		<u>1,376,587</u>	<u>1,376,587</u>
Total Financial Assistance	<u>\$ 1,760,507</u>	<u>\$ 14,002,808</u>	<u>\$ 15,763,315</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, 2022.

VERONA BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the financial statements as the District's note disclosure on postemployment benefits other than pensions (OPEB) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, as of the date of this report. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.
- 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 Required by the Uniform Guidance and NJOMB 15-08*.
- 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>Assistance Listing/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Education Stabilization Fund:				
COVID-19 CRRSA :				
ESSER II	84.425D	3/13/20-9/30/23	\$ 600,906	\$ 313,315
Learning Acceleration	84.425D	3/13/20-9/30/23	38,563	18,101
Mental Health	84.425D	3/13/20-9/30/23	45,000	11,716
COVID-19 ARP:				
ESSER III	84.425U	3/13/20-9/30/24	1,350,498	510,237
Beyond the School Day	84.425U	3/13/20-9/30/24	40,000	40,000
Homeless	84.425W	4/23/21-9/30/24	5,321	5,321
<u>State:</u>				
Reimbursed TPAF Social				
Security Contributions	22-495-034-5095-003	7/1/21-6/30/22	1,351,412	1,351,412
Debt Service Aid	22-495-034-5120-125	7/1/21-6/30/22	1,376,587	1,376,587

VERONA BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

Summary of Auditors' Results: (Cont'd)

- The threshold for distinguishing Type A and Type B federal and 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.

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, 2022

Status of Prior Year Findings:

There were no prior year findings.