

ORADELL BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Oradell, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Oradell Board of Education

Oradell, New Jersey

For The Fiscal Year Ended June 30, 2014

Prepared by

Business Office

**ORADELL BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

INTRODUCTORY SECTION

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

FINANCIAL SECTION

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

REQUIRED SUPPLEMENTARY INFORMATION- PART I

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

Basic Financial Statements

A. District-wide Financial Statements

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

B. Fund Financial Statements

Governmental Funds

B-1	Balance Sheet	18
B-2	Statement of Revenues, Expenditures, and Changes in Fund Balances	19
B-3	Illustrative Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances with the the District-Wide Statements	20

Proprietary Funds

B-4	Statement of Net Position	21
B-5	Statement of Revenues, Expenses, and Changes in Net Position	22
B-6	Statement of Cash Flows	23

Fiduciary Funds

B-7	Statement of Fiduciary Net Position	24
B-8	Statement of Changes in Fiduciary Net Assets	25

Notes to the Financial Statements	26-50
--	--------------

**ORADELL BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

REQUIRED SUPPLEMENTARY INFORMATION – PART II

C. Budgetary Comparison Schedules

C-1	Budgetary Comparison Schedule – General Fund	51-56
C-2	Budgetary Comparison Schedule – Special Revenue Fund	57
C-3	Required Supplementary Information – Schedule of Revenues, Expenditures And Changes in Fund Balance – Budget and Actual – Notes to the Required Supplementary Information	58

OTHER SUPPLEMENTARY INFORMATION

D. School Level Schedules – Not Applicable

E. Special Revenue Fund

E-1	Combining Schedule of Program Revenues and Expenditures Special Revenue Fund – Budgetary Basis	59-60
E-2	Schedule of Preschool Education Aid – Budget vs. Actual – Not Applicable	61

F. Capital Projects Fund

F-1	Summary Schedule of Project Expenditures – Budgetary Basis	62
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance	63
F-2a	Schedule of Project Revenues, Expenditures, Project Balance and Project Status	64

G. Proprietary Funds

Enterprise Fund

G-1	Statement of Net Position – N/A	65
G-2	Statement of Revenues, Expenses and Changes in Net Position – N/A	65
G-3	Statement of Cash Flows – N/A	65

H. Fiduciary Funds

H-1	Combining Statement of Assets and Liabilities	66
H-2	Combining Statement of Changes in Net Position – Not Applicable	67
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	67
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	68

I. Long-Term Debt

I-1	Schedule of Serial Bonds	69
I-2	Long-Term Debt Budgetary Comparison Schedule	70
I-3	Schedule of Lease Purchase Agreements and Capital Leases	71

**ORADELL BOARD OF EDUCATION
TABLE OF CONTENTS**

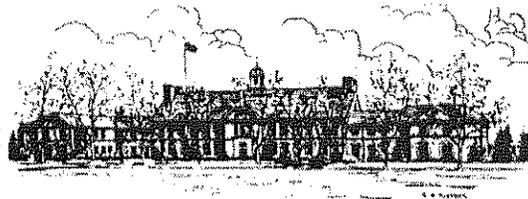
		<u>Page</u>
J.	STATISTICAL SECTION (Unaudited)	
J-1	Net Position by Component	72
J-2	Changes in Net Position	73-74
J-3	Fund Balances – Governmental Funds	75
J-4	Changes in Fund Balances - Governmental Funds	76
J-5	General Fund Other Local Revenue by Source	77
J-6	Assessed Value and Actual Value of Taxable Property	78
J-7	Direct and Overlapping Property Tax Rates	79
J-8	Principal Property Taxpayers	80
J-9	Property Tax Levies and Collections	81
J-10	Ratios of Outstanding Debt by Type	82
J-11	Ratios of Net General Bonded Debt Outstanding	83
J-12	Direct and Overlapping Governmental Activities Bonded Debt	84
J-13	Legal Debt Margin Information	85
J-14	Demographic and Economic Statistics	86
J-15	Principal Employers	87
J-16	Full-Time Equivalent District Employees by Function/Program	88
J-17	Operating Statistics	89
J-18	School Building Information	90
J-19	Schedule of Required Maintenance for School Facilities	91
J-20	Insurance Schedule	92

SINGLE AUDIT SECTION

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	93-94
K-2	Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and New Jersey OMB Circular 04-04	95-97
K-3	Schedule of Expenditures of Federal Awards	98
K-4	Schedule of Expenditures of State Financial Assistance	99
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	100-101
K-6	Schedule of Findings and Questioned Costs	102-105
K-7	Summary Schedule of Prior Year Findings	106

INTRODUCTORY SECTION

Bert Arifaj
School Business Administrator/
Board Secretary
201-261-1166 Ext. 110
Fax: 201-261-1167
Email: arifaj@oradellschool.org



ORADELL BOARD OF EDUCATION

350 Prospect Avenue
Oradell, New Jersey 07649

"Our children, our hope, our future"

November 21, 2014

Honorable President and
Members of the Board of Education
Oradell School District

Dear Board Members:

The Comprehensive Annual Financial Report of the Oradell School District ("The District") for the fiscal year ended June 30, 2014, 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 are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Oradell Public School's MD&A can be found immediately following the "Independent Auditors' Report."

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the independent auditors' report, management's discussion and analysis (MD&A), and the basic financial statements including the district-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual fund financial statements, notes to the financial statements and required supplementary information (RSI). The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of the "U.S. Office of Management and Budget" (OMB) Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations," and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations, and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: Oradell School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement #14. All funds of the District are included in this report. The Oradell Board of Education and its school constitute the District's reporting entity.

The District continues to provide a full range of educational services appropriate to grade levels Pre-K through 6. These include both regular and special education for learning disabled students. The District completed the 2013-2014 fiscal year with enrollment of 784 students, which is 2 students less than the previous year's enrollment. The following details the changes in the student enrollment over the last ten years:

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2004-2005	765	+2.14
2005-2006	770	+.65
2006-2007	786	+2.08
2007-2008	794	+1.02
2008-2009	790	-0.51
2009-2010	782	-1.02
2010-2011	804	+2.94
2011-2012	788	-1.99
2012-2013	784	-0.51
2013-2014	782	-0.26

2) ECONOMIC CONDITION AND OUTLOOK: The Borough of Oradell, like other municipalities, is feeling the effects of the weakened economy. The real estate market remained soft while the prices of fuel, food, and other necessities continued to rise. Despite the economy having entered into a near recession and **declining** resources from the State and Federal level, the Oradell Public School has been able to maintain its staffing to ensure optimal class sizes as the NJCCCS are implemented.

3) INTERNAL ACCOUNTING AND CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of the control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

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

4) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general 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 reservations of fund balance at June 30, 2014.

5) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements".

6) 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". The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

7) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents, and fidelity bonds.

8) OTHER INFORMATION:

A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP 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 Single Audit Act as Amended and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements, individual fund financial statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

B) Commendations – The Oradell Public School District is proud of all that it accomplished during the 2013-2014 school year. The following is a sampling of the District's achievements:

The District continued its curriculum partnership with the Tri-District Curriculum Consortium, finalizing and unveiling K-12 regional curriculum guides across multiple content areas. Common professional development activities were also implemented focusing on the mathematics program and training for the implementation of Balanced Literacy initiatives occurred at multiple grade levels. Regional professional development continued this year, as teachers were afforded opportunities to attend in-service workshops to support their quests for knowledge on a variety of topics, including but not limited to the Stronge evaluation system, SGO's, and new mentorship guidelines. Special education region (Region V) and the Northern Valley Curriculum Center were also partners in the professional development process. Formative assessments continued in various grade levels to measure students' content skills on a pre and post basis. The District began the implementation of LinkIt! to evaluate student performance on an assessment closely aligned to the NJASK and the NJCCCS.

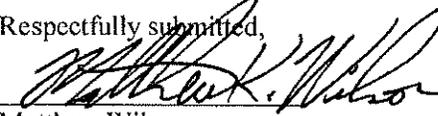
Students continued to exercise their artistic and musical talents in a variety of ways. Winter and spring concerts featuring various choral and instrumental groups were well attended by community members. A spring Art Show served to instill pride and awareness as to the talents of the entire student body as the school's hallways and auditorium stage showcased students' collective gifts. The school sponsored musical, "Dr. Doolittle", was the highlight of our music program.

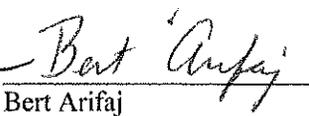
In the area of technology, the District also continued a partnership with Northern Valley Regional Technology Services to provide technology infrastructure, as well day to day support for faculty and staff. The District now boasts wireless capabilities, allowing students and staff immediate access to contemporary technologies and to the OPS website, a resource-rich portal designed to promote and support the instructional process. The district utilizes its site as a portal for access to a wide range of student resources across all content areas. In addition, it serves as a communications vehicle for parents and faculty.

Parents continue to be welcome, active participants in the educational process, volunteering in classrooms and participating on a host of PTA and school committees. The Oradell PTA and Board of Education provided students and staff with an extensive array of educational activities designed to promote the education of the whole child - cognitively, socially, and emotionally. The Oradell Public School Professional staff continues to receive mini grant awards from both the PTA and the Oradell Kids Foundation to support various program initiatives and enhancements. In short, the many adult role models within our school community worked diligently and selflessly to support the growth and development of the District's most precious resource, the children.

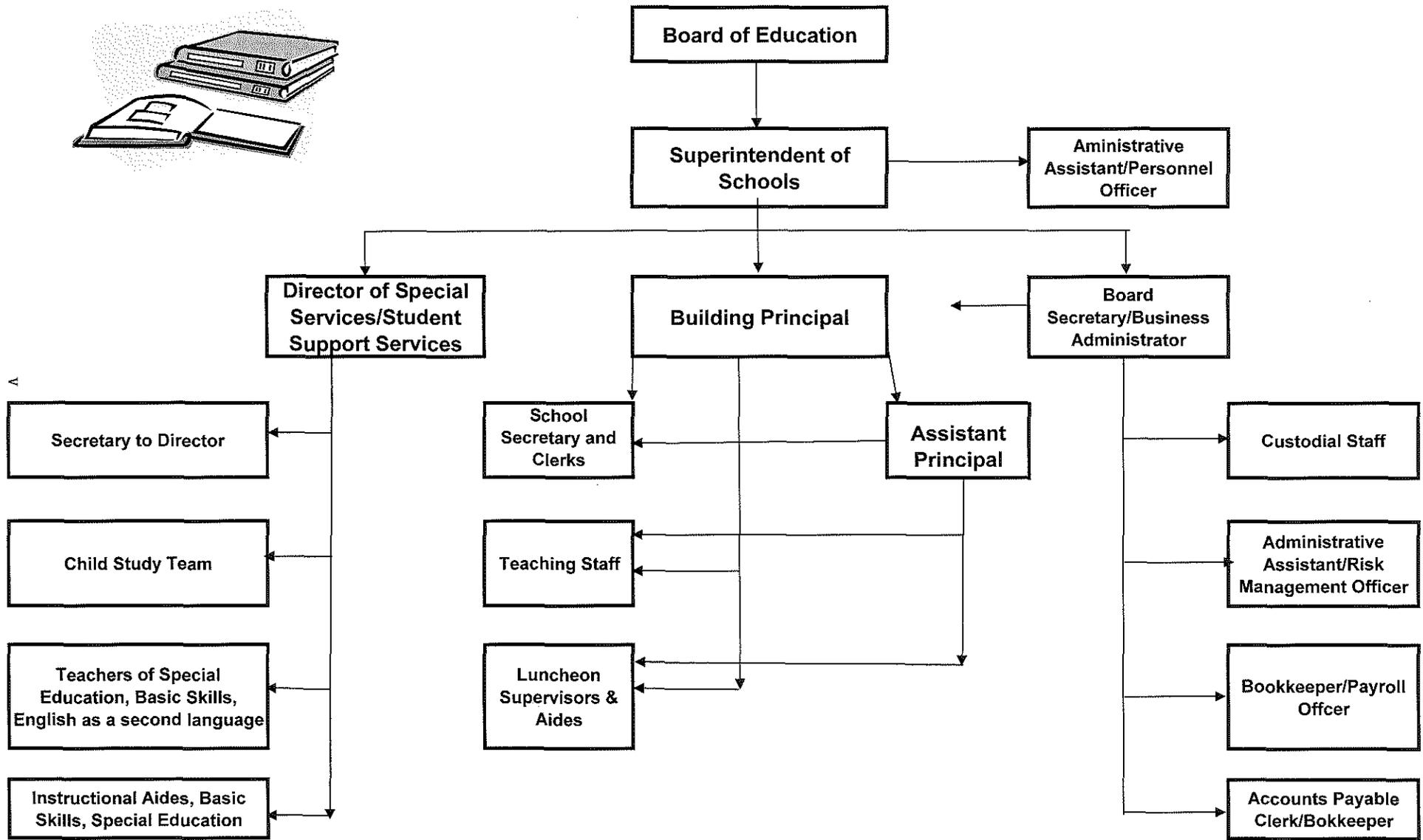
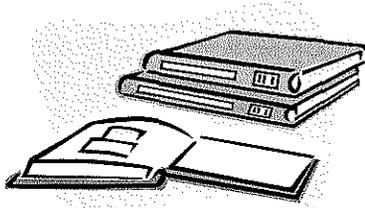
9) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Oradell School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The Oradell Board of Education continues to serve the community in proud fashion. Of the nine Board members, **two have** attained *Master Board Member Status* and three have achieved *Certified Board Member Status*. Also, the preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,


Matthew Wilson
Superintendent


Bert Arifaj
School Business Administrator/Board Secretary

ORADELL PUBLIC SCHOOL DISTRICT ORGANIZATIONAL CHART



Adopted:

**ORADELL BOARD OF EDUCATION
ORADELL, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2014**

Members of the Board of Education

President	Dorothy Watson-Nichols	2016
Vice President	John Samuel	2014
	Gregory Derian	2014
	Rita Walker	2014
	Katherine Norian	2015
	Andrew Oddo	2015
	Christine Robertson	2015
	John A. Walsh	2016
	Eugene Westlake	2016

Other Officials

Interim Superintendent	Lawrence V. Hughes
Board Secretary/ Business Administrator	Bert Arifaj
Treasurer	Angelo DeSimone

**ORADELL BOARD OF EDUCATION
Consultants and Advisors**

Audit Firm

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

Attorney

Lindbury, McCormick, Estabrook
& Cooper, P.C.
Attorneys at Law
53 Cardinal Drive
P.O. Box 2369
Westfield, NJ 07091

Official Depository

Capital One
464 Route 17 North
Paramus, NJ 07652

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA
VOLNEY V. JACKSON, CPA
CHYNNA C. DESTEFANO, CPA, PSA
KEVIN LOMSKI, CPA
EDWARD P. MURPHY, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oradell Board of Education, as of and for the fiscal year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oradell Board of Education as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oradell Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Oradell Board of Education.

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

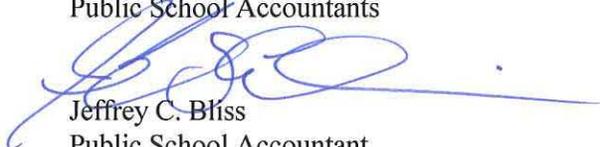
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 21, 2014 on our consideration of the Oradell Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Oradell Board of Education's internal control over financial reporting and compliance.

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
November 21, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

ORADELL BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2014

As management of the Oradell Board of Education (the Board or District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the Oradell Board of Education for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2013-2014 fiscal year include the following:

- The assets of the Oradell Board of Education exceeded its liabilities at the close of the fiscal year by \$9,795,143. (Net Position)
- The District's total net position increased by \$548,773.
- Overall District revenues were \$12,465,868. General revenues accounted for \$10,595,255 or 85% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,870,613 or 15% of total revenues.
- The school district had \$18,818,534 in expenses for governmental activities; only \$1,776,092 of these expenses were offset by program specific charges, grants or contributions. General revenues of \$10,595,255 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$1,712,858. Of this amount, \$198,927 is available for spending at the District's discretion (unassigned fund balance – General Fund).
- The General Fund fund balance at June 30, 2014 was \$1,624,568, an increase of \$438,723 compared to the ending fund balance at June 30, 2013 of \$1,185,845.
- The General Fund budgetary fund balance at June 30, 2014 was \$1,747,748, which represents an increase of \$456,260 compared to the ending fund balance at June 30, 2013 of \$1,291,488. However, the General Fund unassigned budgetary fund balance at June 30, 2014 was \$322,107, an increase of \$17,398 when compared to the ending unassigned budgetary fund balance at June 30, 2013 of \$304,709.
- The District's total outstanding long-term debt decreased by \$406,996 during the current fiscal year.

ORADELL BOARD OF EDUCATION

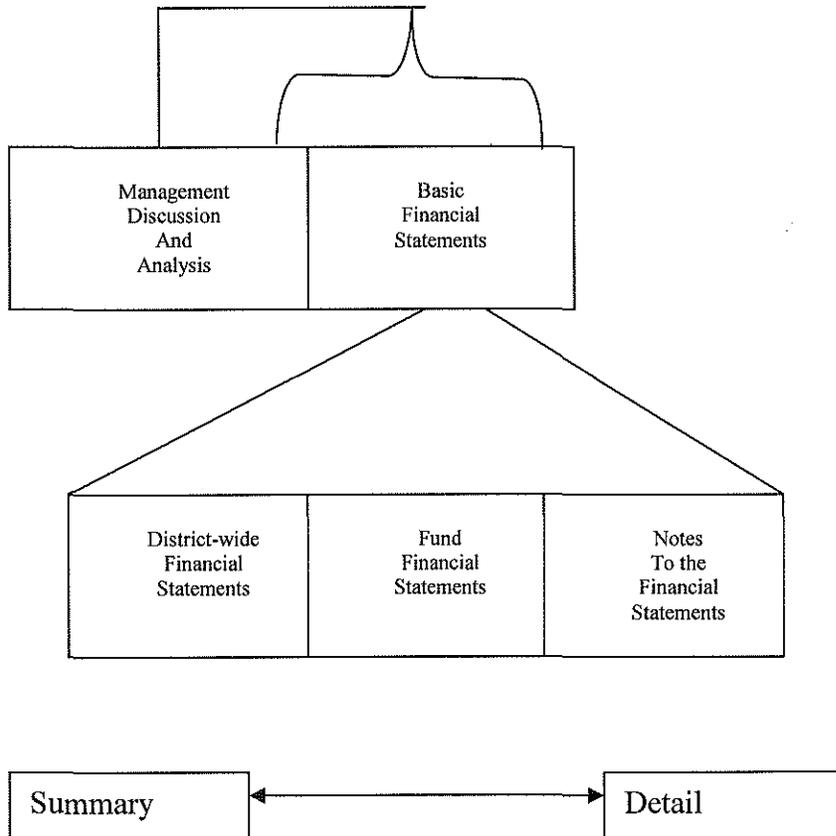
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual* parts of the District, reporting the District's operations in *more detail* than the district-wide statements.
- The *governmental funds statements* tell how basic services were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short-term* and *long-term* financial information about the activities the district operated like *businesses*.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others to whom the resources belong.

The basic financial statements also include notes that explain some of the information in the statements and provide more detailed data. The following Figure shows how the various parts of this Annual Report are arranged and related to one another.



ORADELL BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2014

The following table summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district(except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as instruction, building maintenance, transportation, and administration.	Activities the district operates similar to private businesses: Enterprise Funds	Instances in which the district administers resources on behalf of someone else, such as payroll deduction.
Required financial Statements	Statements of net position Statement of activities	Balance Sheet Statement of Revenue, expenditures and changes in fund balances	Statement of Net Position Statement of revenue, expenses, and changes in fund net position, Statement of cash flows	Statements of Fiduciary net position. Statement of Charge in Fiduciary Net Position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources Focus
Type of asset, liability and deferred inflow/outflows information.	All assets, deferred outflows, liabilities, and deferred inflows, 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 there after; no capital assets or long-term liabilities included	All assets, deferred outflows, liabilities, and deferred inflows both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long funds do not currently contain capital assets, although they can
Type of inflow/outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

District-wide 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, liabilities and deferred outflows/inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net position* and how they have changed. Net assets – the difference between the District's assets/deferred outflows and liabilities/deferred inflows – is one way to measure the District's financial health or *position*

- Over time, increases or decreases in the District's net position are an indicator of whether its financial condition is improving or deteriorating, respectively.

ORADELL BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2014

- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration, and plant operation and maintenance. Property taxes and Federal and State aid finances most of these activities.
- *Business type activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprise. The District's extended year summer and food service programs are included under this category.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds* – focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and bond covenants.
- The District establishes other funds in accordance with the State of New Jersey Uniform Chart of Accounts to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
 - *Enterprise Funds* – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has two enterprise funds, for its extended year summer program and food service (cafeteria) program.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

ORADELL BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014

Notes to the Financial Statements

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

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process. The District adopts an annual expenditure budget for the general, special revenue and debt service funds. A budgetary comparison statement has been provided for the general and special revenue funds as required supplementary information. The required supplementary information can be found following the notes to the basic financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's *combined* net position were \$9,795,143 and \$9,246,370 on June 30, 2014 and 2013, respectively, as follows:

**Statement of Net Position
as of June 30, 2014 and 2013**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current Assets	\$ 1,974,780	\$ 1,335,818	\$ 114,020	\$ 120,500	\$ 2,088,800	\$ 1,456,318
Capital Assets	12,859,763	13,173,311	-	-	12,859,763	13,173,311
Total Assets	<u>14,834,543</u>	<u>14,509,129</u>	<u>114,020</u>	<u>120,500</u>	<u>14,948,563</u>	<u>14,629,629</u>
Deferred Outflows of Resources	<u>266,535</u>	<u>312,274</u>	<u>-</u>	<u>-</u>	<u>266,535</u>	<u>312,274</u>
Total Assets and Deferred Outflows of Resources	<u>15,101,078</u>	<u>14,821,403</u>	<u>114,020</u>	<u>120,500</u>	<u>15,215,098</u>	<u>14,941,903</u>
Noncurrent Liabilities	5,026,758	5,433,754			5,026,758	5,433,754
Other Liabilities	316,777	182,919	76,420	78,860	393,197	261,779
Total Liabilities	<u>5,343,535</u>	<u>5,616,673</u>	<u>76,420</u>	<u>78,860</u>	<u>5,419,955</u>	<u>5,695,533</u>
Net Position						
Net Investment in capital assets	8,219,528	8,210,888			8,219,528	8,210,888
Restricted	854,739	357,679			854,739	357,679
Unrestricted	683,276	636,163	37,600	41,640	720,876	677,803
Total Net Position	<u>\$ 9,757,543</u>	<u>\$ 9,204,730</u>	<u>\$ 37,600</u>	<u>\$ 41,640</u>	<u>\$ 9,795,143</u>	<u>\$ 9,246,370</u>

ORADELL BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014

The District's total net position of \$9,795,143 at June 30, 2014 represents a \$548,773, or 6%, increase from the prior year. The following presents the changes in net position for the fiscal years ended June 30, 2014 and 2013:

**Change in Net Position
For The Fiscal Years Ended June 30, 2014 and 2013**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues						
Program Revenues						
Charges for Services	\$ 195,350	\$ 121,578	\$ 90,077	\$ 98,191	\$ 285,427	\$ 219,769
Operating Grants and Contributions	1,578,782	1,730,288	4,444	2,634	1,583,226	1,732,922
Capital Grants and Contributions	1,960				1,960	-
General Revenues						
Property Taxes	10,547,332	10,413,396			10,547,332	10,413,396
Other	47,923	71,511	-	-	47,923	71,511
Total Revenues	<u>12,371,347</u>	<u>12,336,773</u>	<u>94,521</u>	<u>100,825</u>	<u>12,465,868</u>	<u>12,437,598</u>
Expenses						
Instruction						
Regular	4,699,308	5,303,666			4,699,308	5,303,666
Special Education	1,673,792	1,523,479			1,673,792	1,523,479
Other Instruction	538,289	502,686			538,289	502,686
School Sponsored Activities and Athletics	24,073	22,012			24,073	22,012
Support Services						
Student and Instruction Related Services	1,800,615	1,653,852			1,800,615	1,653,852
General Administrative Services	400,855	484,917			400,855	484,917
School Administrative Services	585,470	641,922			585,470	641,922
Central and Other Support Services	399,492	371,353			399,492	371,353
Plant Operations and Maintenance	1,457,602	1,461,758			1,457,602	1,461,758
Pupil Transportation	90,365	94,559			90,365	94,559
Interest on Debt	148,673	150,163			148,673	150,163
Summer Program			79,812	77,571	79,812	77,571
Food Services	-	-	18,749	6,056	18,749	6,056
Total Expenses	<u>11,818,534</u>	<u>12,210,367</u>	<u>98,561</u>	<u>83,627</u>	<u>11,917,095</u>	<u>12,293,994</u>
Increase/(Decrease) in Net Position	552,813	126,406	(4,040)	17,198	548,773	143,604
Net Position, Beginning of Year	<u>9,204,730</u>	<u>9,078,324</u>	<u>41,640</u>	<u>24,442</u>	<u>9,246,370</u>	<u>9,102,766</u>
Net Position, End of Year	<u>\$ 9,757,543</u>	<u>\$ 9,204,730</u>	<u>\$ 37,600</u>	<u>\$ 41,640</u>	<u>\$ 9,795,143</u>	<u>\$ 9,246,370</u>

ORADELL BOARD OF EDUCATION

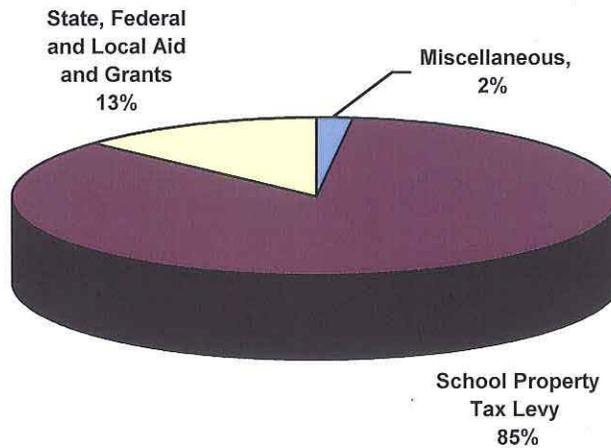
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$12,371,347 for the year ended June 30, 2014. Property taxes of \$10,547,332 represented 85% of revenues. Another significant portion of revenues came from State aid; total State, Federal and local aid was \$1,580,742 represented 13% of revenues. In addition, tuition and miscellaneous income which includes items such as interest, prior year refunds and other miscellaneous revenue was two percent (2%) of revenues earned.

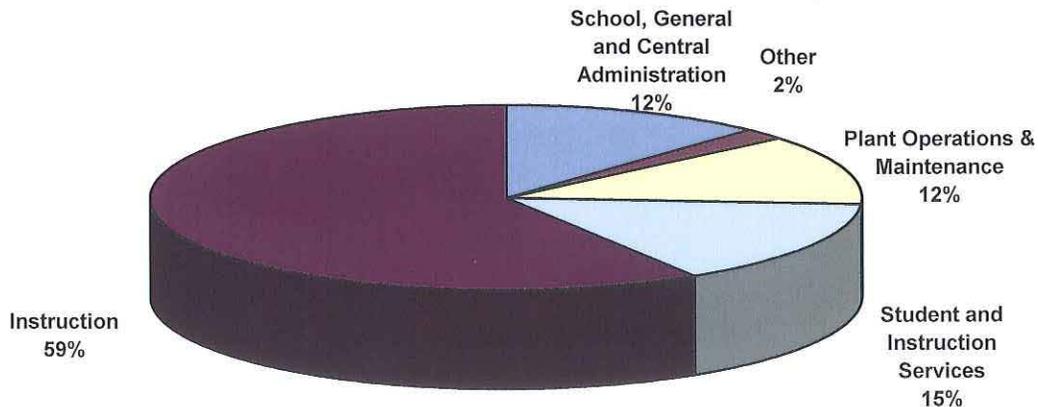
The total cost of all governmental activities programs and services was \$11,818,534. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$6,935,462 (59%) of total expenses. Support services, total \$4,734,399 (40%) of total expenses and interest on debt totaled \$148,673 (1%) of total expenses.

Total governmental activities revenue exceeded expenses, increasing net position \$552,813 from the previous year.

**Revenues by Sources – Governmental Activities
For Fiscal Year 2014**



**Expenses by Use – Governmental Activities
For Fiscal Year 2014**



ORADELL BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014

Net Cost of Governmental Activities. The District's total cost of services was \$11,818,534. After applying program revenues, derived from charges for services of \$195,350, operating and capital grants and contributions of \$1,580,742, the net cost of services of the District is \$10,042,442.

**Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2014 and 2013**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Instruction				
Regular	\$ 4,699,308	\$ 5,303,666	\$ 4,064,249	\$ 4,553,022
Special Education	1,673,792	1,523,479	784,582	676,486
Other Instruction	538,289	502,686	538,289	492,884
School Sponsored Activities and Athletics	24,073	22,012	24,073	22,012
Support Services				
Student and Instruction Related Services	1,800,615	1,653,852	1,651,343	1,523,888
General Administrative Services	400,855	484,917	400,855	484,917
School Administrative Services	585,470	641,922	528,078	571,719
Central and Other Support Services	399,492	371,353	377,860	346,926
Plant Operations and Maintenance	1,457,602	1,461,758	1,443,782	1,451,161
Pupil Transportation	90,365	94,559	80,658	85,323
Interest on Debt	148,673	150,163	148,673	150,163
	<u>148,673</u>	<u>150,163</u>	<u>148,673</u>	<u>150,163</u>
 Total	 <u>\$ 11,818,534</u>	 <u>\$ 12,210,367</u>	 <u>\$ 10,042,442</u>	 <u>\$ 10,358,501</u>

Business-Type Activities – The District's total business-type activities revenues were \$94,521 for the year ended June 30, 2014. Charges for services accounted for 95% of total revenues. Operating grants and contributions accounted for 5% of total revenue for the year.

Total cost of all business-type activities programs and services was \$98,561. The District's expenses are related to the extended year summer program for \$79,812 (81%) and food services for \$18,749 (19%).

Total business-type activities expenses surpassed revenues, decreasing net position \$4,040 in comparison to the previous year.

ORADELL BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$1,712,858, an increase of \$500,223 from last year's fund balance.

Revenues for the District's governmental funds were \$12,371,347 while total expenses were \$11,907,918 for the fiscal year ended June 30, 2014 and other financing sources were \$36,794.

GENERAL FUND

The General Fund includes the primary operations of the District in providing educational services to students from Pre-Kindergarten through Grade 6.

The following schedule presents a comparison of General Fund Revenues.

General Fund Revenues	Fiscal Year Ended 6/30/2014	Fiscal Year Ended 6/30/2013	Amount of Increase (Decrease)	Percent Change
Local Sources:				
Property Taxes	\$ 10,043,194	\$ 9,846,269	\$ 196,925	2%
Other	243,273	193,089	50,184	26%
State Sources	<u>1,268,374</u>	<u>1,464,081</u>	<u>(195,707)</u>	-13%
 Total Revenues	 <u>\$ 11,554,841</u>	 <u>\$ 11,503,439</u>	 <u>\$ 51,402</u>	 0%

Total General Fund revenues increased \$51,402 or less than 1% over the previous year. Property taxes increased \$196,925 or 2% to support operating expenditures. State and federal aid decreased \$195,707 or 13% due to a decrease in On-Behalf TPAF Pension and post retirement medical benefit contributions made by the State for the District's teaching staff. Increases in tuition revenue during the year was the cause for other local revenues to increase \$50,184 or 26% from the previous year.

The following schedule presents a comparison of General Fund expenditures.

General Fund Expenditures	Fiscal Year Ended 6/30/2014	Fiscal Year Ended 6/30/2013	Amount of Increase (Decrease)	Percent Change
Instruction	\$ 6,733,706	\$ 7,095,889	\$ (362,183)	-5%
Support Services	4,140,956	4,111,700	29,256	1%
Debt Service	37,714	30,300	7,414	24%
Capital Outlay	<u>176,096</u>	<u>5,240</u>	<u>170,856</u>	3261%
 Total Expenditures	 <u>\$ 11,088,472</u>	 <u>\$ 11,243,129</u>	 <u>\$ (154,657)</u>	 -1%

ORADELL BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2014

GENERAL FUND (Continued)

Total General Fund expenditures decreased \$154,657 or 1% from the previous year. The majority of this decrease can be attributed to decreases in regular instruction costs which were offset by increases in student and instructional related support costs as well as increases in capital outlay expenditures during the current year.

In fiscal year 2014 General Fund revenues and other financing sources exceeded expenditures by \$438,723. Therefore, total fund balance increased to \$1,624,568 at June 30, 2014. However, after deducting restricted and assigned fund balances, the unassigned fund balance decreased \$137 from \$199,066 at June 30, 2013 to \$198,927 at June 30, 2014. In addition, the balances in the restricted fund balances (i.e., capital reserve, emergency reserve, maintenance reserve and reserved excess surplus) increased \$552,597 from the previous year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into the following categories"

- Implementing budgets for specially funded projects, which include both federal and state grants.
- Reinstating prior year purchase orders being carried over the previous year's budget.
- Increases in appropriations for transfers from restricted fund balance.

Revisions in the budget were also made through budget transfer to prevent over expenditures in specific line item accounts. There were certain revisions to the budget during the year other than the reappropriation of prior year encumbrances which consisted of the appropriation of \$64,440 of capital reserve to fund the local share of a state approved school facilities project.

General Fund budgetary revenues and other financing sources exceeded budgetary expenditures and other financing uses increasing budgetary fund balance \$456,260 from the previous year. However, after deducting restricted and assigned fund balances, the unassigned budgetary fund balance increased \$17,398 from \$304,709 at June 30, 2013 to \$322,107 at June 30, 2014. In addition, the District transferred funds to its capital reserve, maintenance reserve and emergency reserve of \$250,000, \$250,000 and \$90,000, respectively, in June 2014.

ORADELL BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of fiscal year 2014, the District had \$12,859,763 invested in land, buildings, furniture, equipment and vehicles for governmental activities. The following is a comparison of the June 30, 2014 and 2013 balances.

**Capital Assets
as of June 30, 2014 and 2013**

	Governmental Activities	
	<u>2014</u>	<u>2013</u>
Land	\$ 5,592	\$ 5,592
Construction in Progress	4,900	
Land Improvements	52,200	52,200
Building and Building Improvements	20,642,013	20,505,020
Machinery and Equipment	<u>325,088</u>	<u>285,985</u>
 Total	 21,029,793	 20,848,797
 Less: Accumulated Depreciation	 <u>(8,170,030)</u>	 <u>(7,675,486)</u>
 Total	 <u>\$ 12,859,763</u>	 <u>\$ 13,173,311</u>

LONG TERM LIABILITIES

At June 30, 2014 the District had \$5,026,758 of long term liabilities. Of this amount \$4,876,279 is for serial bonds; \$60,365 is for capital leases and lease purchase agreements; and \$90,114 is for compensated absences. For fiscal year 2014 total outstanding long-term debt decreased by \$406,996. The following is a comparison of the June 30, 2014 and 2013 balances.

**Long-Term Debt Outstanding
as of June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Bond Payable (including premium)	\$ 4,876,279	\$ 5,274,697
Capital Leases Payable	30,491	-
Lease Purchase Agreements	29,874	59,190
Compensated Absences Payable	<u>90,114</u>	<u>99,867</u>
 Total	 <u>\$ 5,026,758</u>	 <u>\$ 5,433,754</u>

ORADELL BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2014

FACTORS BEARING ON THE DISTRICT'S FUTURE

While many factors influence the district's future, the availability of funding for special education needs, student enrollment, condition of school facilities and the economy will have the most impact on educational and fiscal decisions in the future.

These factors were considered by the District's administration during the process of developing the fiscal year 2014-2015 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were considered when adopting the budget for fiscal year 2014-2015. Budgeted expenditures in the General Fund increased 2 percent to \$10,935,427 in fiscal year 2014-2015.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Business Office, Oradell Board of Education, 350 Prospect Avenue, Oradell, NJ 07649.

DISTRICT-WIDE FINANCIAL STATEMENTS

**ORADELL BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,789,471	\$ 113,221	\$ 1,902,692
Receivables, net	185,309	799	186,108
Capital Assets, Not Being Depreciated	10,492		10,492
Capital Assets, Being Depreciated, Net	<u>12,849,271</u>	<u>-</u>	<u>12,849,271</u>
Total Assets	<u>14,834,543</u>	<u>114,020</u>	<u>14,948,563</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	<u>266,535</u>	<u>-</u>	<u>266,535</u>
Total Assets and Deferred Outflows of Resources	<u>15,101,078</u>	<u>114,020</u>	<u>15,215,098</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	140,514	8,880	149,394
Payable to Other Governments	64,775		64,775
Accrued Interest Payable	54,855		54,855
Unearned Revenue	56,633	67,540	124,173
Noncurrent Liabilities			
Due Within One Year	431,969		431,969
Due Beyond One Year	<u>4,594,789</u>	<u>-</u>	<u>4,594,789</u>
Total Liabilities	<u>5,343,535</u>	<u>76,420</u>	<u>5,419,955</u>
NET POSITION			
Net Investment in Capital Assets	8,219,528		8,219,528
Restricted for			
Capital Projects	527,949		527,949
Plant Maintenance	300,000		300,000
Debt Services	26,790		26,790
Unrestricted	<u>683,276</u>	<u>37,600</u>	<u>720,876</u>
Total Net Position	<u>\$ 9,757,543</u>	<u>\$ 37,600</u>	<u>\$ 9,795,143</u>

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

**ORADELL BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 4,699,308		\$ 635,059		\$ (4,064,249)		\$ (4,064,249)
Special Education	1,673,792	\$ 195,350	693,860		(784,582)		(784,582)
Other Instruction	538,289				(538,289)		(538,289)
School Sponsored Activities and Athletics	24,073				(24,073)		(24,073)
Support Services							
Student and Instruction Related Services	1,800,615		149,272		(1,651,343)		(1,651,343)
General Administrative Services	400,855				(400,855)		(400,855)
School Administrative Services	585,470		57,392		(528,078)		(528,078)
Central and Other Support Services	399,492		21,632		(377,860)		(377,860)
Plant Operations and Maintenance	1,457,602		11,860	\$ 1,960	(1,443,782)		(1,443,782)
Pupil Transportation	90,365		9,707		(80,658)		(80,658)
Interest on Debt	148,673	-	-	-	(148,673)	-	(148,673)
Total Governmental Activities	11,818,534	195,350	1,578,782	1,960	(10,042,442)	-	(10,042,442)
Business-Type Activities							
Summer Program	79,812	\$ 80,285				\$ 473	473
Food Service	18,749	9,792	4,444	-	-	(4,513)	(4,513)
Total Business-Type Activities	98,561	90,077	4,444	-	-	(4,040)	(4,040)
Total Primary Government	\$ 11,917,095	\$ 285,427	\$ 1,583,226	\$ 1,960	(10,042,442)	(4,040)	(10,046,482)
General Revenues							
Taxes:							
Property Taxes, Levied for General Purposes, Net					10,043,194		10,043,194
Property Taxes, Levied for Debt Service, Net					504,138		504,138
Investment Earnings					2,076		2,076
Miscellaneous Income					45,847	-	45,847
Total General Revenues					10,595,255	-	10,595,255
Change in Net Position					552,813	(4,040)	548,773
Net Position, Beginning of Year					9,204,730	41,640	9,246,370
Net Position, End of Year					\$ 9,757,543	\$ 37,600	\$ 9,795,143

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

FUND FINANCIAL STATEMENTS

**ORADELL BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2014**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 1,688,044	\$ 15,097	\$ 59,540	\$ 26,790	\$ 1,789,471
Intergovernmental Receivables	70,127	59,377	42,960		172,464
Other Accounts Receivable	12,187				12,187
Due from Other Funds	<u>658</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>658</u>
Total Assets	<u>\$ 1,771,016</u>	<u>\$ 74,474</u>	<u>\$ 102,500</u>	<u>\$ 26,790</u>	<u>\$ 1,974,780</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 3,593	\$ 316			\$ 3,909
Accrued Salaries and Wages	136,605				136,605
Payable to Other Governments - State		64,775			64,775
Unearned Revenue	<u>6,250</u>	<u>9,383</u>	<u>41,000</u>	<u>-</u>	<u>56,633</u>
Total Liabilities	<u>146,448</u>	<u>74,474</u>	<u>41,000</u>	<u>-</u>	<u>261,922</u>
Fund Balances					
Restricted:					
Capital Reserve	466,449				466,449
Maintenance Reserve	300,000				300,000
Emergency Reserve	250,000				250,000
Reserved Excess Surplus	162,353				162,353
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	160,000				160,000
Capital Projects			\$ 61,500		61,500
Debt Service				\$ 26,790	26,790
Assigned:					
Year End Encumbrances	86,839				86,839
Unassigned	<u>198,927</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>198,927</u>
Total Fund Balances	<u>1,624,568</u>	<u>-</u>	<u>61,500</u>	<u>26,790</u>	<u>1,712,858</u>
Total Liabilities and Fund Balances	<u>\$ 1,771,016</u>	<u>\$ 74,474</u>	<u>\$ 102,500</u>	<u>\$ 26,790</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$21,029,793 and the accumulated depreciation is \$8,170,030. 12,859,763

Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt. 266,535

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is: (54,855)

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. Long-term liabilities at year end consist of the following:

Bonds Payable	\$ (4,876,279)
Capital Leases Payable	(30,491)
Lease - Purchase Agreements	(29,874)
Compensated Absences	<u>(90,114)</u>
	<u>(5,026,758)</u>

Net Position of Governmental Activities \$ 9,757,543

**ORADELL BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 10,043,194			\$ 504,138	\$ 10,547,332
Tuition	195,350				195,350
Interest	2,076				2,076
Miscellaneous	45,847	\$ 26,272	-	-	72,119
Total - Local Sources	10,286,467	26,272	-	504,138	10,816,877
Intergovernmental					
State Sources	1,268,374	69,242	\$ 1,960		1,339,576
Federal Sources	-	214,894	-	-	214,894
Total Revenues	11,554,841	310,408	1,960	504,138	12,371,347
EXPENDITURES					
Current					
Instruction					
Regular Instruction	4,684,974	36,094			4,721,068
Special Education Instruction	1,486,370	182,281			1,668,651
Other Instruction	538,289				538,289
School-Sponsored Activities and Athletics	24,073				24,073
Support Services					
Student and Instruction Related Services	1,699,173	92,033			1,791,206
General Administrative Services	399,883				399,883
School Administrative Services	587,838				587,838
Central and Other Support Services	398,254				398,254
Plant Operations and Maintenance	968,487				968,487
Pupil Transportation	87,321				87,321
Debt Service					
Principal	35,619			345,000	380,619
Interest and Other Charges	2,095			159,138	161,233
Capital Outlay	176,096	-	4,900	-	180,996
Total Expenditures	11,088,472	310,408	4,900	504,138	11,907,918
Excess (Deficiency) of Revenues Over (Under) Expenditures	466,369	-	(2,940)	-	463,429
OTHER FINANCING SOURCES (USES)					
Capital Lease Proceeds	36,794				36,794
Transfers In	-		64,440		64,440
Transfers Out	(64,440)	-	-	-	(64,440)
Total Other Financing Sources and Uses	(27,646)	-	64,440	-	36,794
Net Change in Fund Balances	438,723	-	61,500	-	500,223
Fund Balance, Beginning of Year	1,185,845	-	-	26,790	1,212,635
Fund Balance, End of Year	\$ 1,624,568	\$ -	\$ 61,500	\$ 26,790	\$ 1,712,858

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**ORADELL BOARD OF EDUCATION
ILLUSTRATIVE RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 500,223

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.

Capital Outlay	\$ 180,996	
Depreciation Expense	<u>(494,544)</u>	
		(313,548)

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

Decrease in Compensated Absences	9,753
----------------------------------	-------

Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

Bond Principal	345,000	
Capital Leases	6,303	
Lease Purchase Agreement	<u>29,316</u>	
		380,619

The issuance of long-term debt provides current financial resources to governmental funds, but it increases long-term liabilities in the statement of net position and does not affect the statement of activities.

Capital Lease Proceeds	(36,794)
------------------------	----------

Governmental funds report the effect of premiums and other such items related to the refunding bonds when they are first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Bond Premium	53,418	
Amortization of Deferred Amounts on Refunding	<u>(45,739)</u>	
		7,679

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

Decrease in accrued interest	<u>4,881</u>
------------------------------	--------------

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 552,813

**ORADELL BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014**

	Business-Type Activities Enterprise Funds		
	<u>Extended Year Summer Program</u>	<u>Non-Major Food Service Fund</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 99,710	\$ 13,511	\$ 113,221
Intergovernmental Receivable	<u>-</u>	<u>799</u>	<u>799</u>
Total Current Assets	<u>99,710</u>	<u>14,310</u>	<u>114,020</u>
LIABILITIES			
Current Liabilities			
Accounts Payable		8,880	8,880
Unearned Revenue	<u>67,540</u>	<u>-</u>	<u>67,540</u>
	<u>67,540</u>	<u>8,880</u>	<u>76,420</u>
NET POSITION			
Unrestricted	<u>32,170</u>	<u>5,430</u>	<u>37,600</u>
Total Net Position	<u>\$ 32,170</u>	<u>\$ 5,430</u>	<u>\$ 37,600</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**ORADELL BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Business-Type Activities Enterprise Funds		<u>Total</u>
	<u>Extended Year Summer Program</u>	<u>Non-Major Food Service Fund</u>	
OPERATING REVENUES			
Charges for Services			
Daily Sales-Special Milk Program		\$ 9,792	\$ 9,792
Program Fees	\$ 80,285	-	80,285
Total Operating Revenues	<u>80,285</u>	<u>9,792</u>	<u>90,077</u>
OPERATING EXPENSES			
Salaries and Benefits	59,989	3,000	62,989
Cost of Sales		15,749	15,749
Supplies and Materials	9,883		9,883
Miscellaneous	9,940	-	9,940
Total Operating Expenses	<u>79,812</u>	<u>18,749</u>	<u>98,561</u>
Operating Income (Loss)	<u>473</u>	<u>(8,957)</u>	<u>(8,484)</u>
NONOPERATING REVENUES			
Federal Sources			
Special Milk Program	-	4,444	4,444
Total Nonoperating Revenues	<u>-</u>	<u>4,444</u>	<u>4,444</u>
Change in Net Position	473	(4,513)	(4,040)
Net Position, Beginning of Year	<u>31,697</u>	<u>9,943</u>	<u>41,640</u>
Net Position, End of Year	<u>\$ 32,170</u>	<u>\$ 5,430</u>	<u>\$ 37,600</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**ORADELL BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Business-Type Activities Enterprise Funds		
	<u>Extended Year Summer Program</u>	<u>Non-Major Food Service Fund</u>	<u>Total</u>
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 68,965	\$ 9,792	\$ 78,757
Cash Payments for Employees Salaries and Benefits	(59,989)	(3,000)	(62,989)
Cash Payments to Suppliers for Goods and Services	(19,823)	(6,869)	(26,692)
Net Cash Used by Operating Activities	(10,847)	(77)	(10,924)
Cash Flows from Noncapital Financing Activities			
Cash Received from State and Federal Subsidy Reimbursements	-	4,507	4,507
Net Cash Provided by Noncapital Financing Activities	-	4,507	4,507
Net Increase (Decrease) in Cash and Cash Equivalents	(10,847)	4,430	(6,417)
Cash and Cash Equivalents, Beginning of Year	110,557	9,081	119,638
Cash and Cash Equivalents, End of Year	\$ 99,710	\$ 13,511	\$ 113,221
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities			
Operating Income (Loss)	\$ 473	\$ (8,957)	\$ (8,484)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities			
Change in Assets and Liabilities			
Increase/(Decrease) in Accounts Payable		8,880	8,880
Increase/(Decrease) in Unearned Revenue	(11,320)	-	(11,320)
Total Adjustments	(11,320)	8,880	(2,440)
Net Cash Used by Operating Activities	\$ (10,847)	\$ (77)	\$ (10,924)

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**ORADELL BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2014**

	Unemployment Compensation <u>Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 7,891	\$ 261,782
Total Assets	<u>7,891</u>	<u>\$ 261,782</u>
LIABILITIES		
Intergovernmental Payables - State	554	
Payroll Deductions and Withholdings		\$ 63,474
Accrued Salaries and Wages		1,616
Employee Deposits Payable		156,471
Flexible Spending Deposits		292
Due to Student Groups		40,271
Due to Other Funds	<u>-</u>	<u>658</u>
Total Liabilities	<u>554</u>	<u>\$ 262,782</u>
NET POSITION		
Held in Trust for Unemployment Claims	<u>\$ 7,337</u>	

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**ORADELL BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Unemployment</u>
ADDITIONS	
Contributions	
Board Contribution	\$ 7,990
Employees	10,676
Investment Earnings	
Interest	64
	18,730
Total Additions	18,730
DEDUCTIONS	
Unemployment Claims and Contributions	35,259
	35,259
Total Deductions	35,259
Change in Net Position	(16,529)
Net Position, Beginning of Year	23,866
Net Position, End of Year	\$ 7,337

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

NOTES TO THE FINANCIAL STATEMENTS

**ORADELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Oradell Board of Education (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Oradell Board of Education this includes general operations, extended year summer program, food service, and student related activities of the District.

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

B. New Accounting Standards

During fiscal year 2014, the District adopted the following GASB statement:

- GASB 66, *Technical Corrections – 2012, an Amendment of GASB Statements 10 and 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

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

- GASB 68, *Accounting and Financial Reporting for Pensions*, will be effective beginning with the fiscal year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

**ORADELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB 69, *Government Combinations and Disposals of Government Operations* will be effective beginning with the fiscal year ending June 30, 2015. The objective of this Statement is to establish accounting and financial reporting standards for mergers, acquisitions, and transfers of operations (i.e., government combinations). The Statement also provides guidance on how to determine the gain or loss on a disposal of government operations. This Statement applies to all state and local governmental entities. The District does not expect this statement to impact its financial statements.

C. Basis of Presentation - Financial Statements

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

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

ORADELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

The District reports the following major governmental funds:

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

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

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

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

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

The *extended year summer program fund* accounts for the activities of the District's summer program which provides students with various instructional and non-instructional programs during summer break.

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

The *food service fund* accounts for the activities of the school cafeteria, which provides milk to students.

Additionally, the government reports the following fund types:

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

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

**ORADELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

**ORADELL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

4. Capital Assets

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

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

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

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	50
Building Improvements	40
Heavy Equipment	15
Office Equipment and Furniture	10
Vehicles	8
Computer Equipment	5

**ORADELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. *Deferred Outflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred amounts on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. A deferred charge on debt refunding results from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

6. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements. There were no liabilities reported in the proprietary funds at year end.

7. *Long-Term Obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Losses resulting from debt refundings are classified as deferred outflows of resources. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. Losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

In the fund financial statements, governmental fund types recognize bond premiums, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. *Net Position/Fund Balance*

District-Wide Statements

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

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.

ORADELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

District-Wide Statements (Continued)

- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

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

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

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2B.)

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

Emergency Reserve – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education.

Reserved Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2014 audited excess surplus that is required to be appropriated in the 2015/2016 original budget certified for taxes.

Reserved Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2013 audited excess surplus that was appropriated in the 2014/2015 original budget certified for taxes.

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

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

ORADELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

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

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

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

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

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

Tuition Expenditures - Tuition charges for the fiscal years 2012-2013 and 2013-2014 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**ORADELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

4. *Proprietary Funds, Operating and Non-Operating Revenues and Expenses*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the extended year summer program and food service enterprise funds, are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 25, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2013/2014. Also, during 2013/2014 the Board increased the original budget by \$500,790. The increase was funded by an appropriation of capital reserve fund balance, additional grant awards and the reappropriation of prior year general fund encumbrances.

**ORADELL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

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

B. Capital Reserve

A capital reserve account was established by the District on October, 2000. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

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

The activity of the capital reserve for the fiscal year ended June 30, 2014 is as follows:

Balance, July 1, 2013	\$ 280,889
Deposits:	
Approved by Board Resolution	250,000
	<u>530,889</u>
Withdrawals:	
Approved by Board Resolution	64,440
	<u>64,440</u>
Balance, June 30, 2014	<u>\$ 466,449</u>

The withdrawal from the capital reserve was for use in a state approved facilities project, consistent with the District's Long Range Facilities Plan.

**ORADELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved 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 reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2014 is \$322,353. Of this amount, \$160,000 was designated and appropriated in the 2014/2015 original budget certified for taxes and the remaining amount of \$162,353 will be appropriated in the 2015/2016 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2014, the book value of the Board's deposits were \$2,172,365 and bank and brokerage firm balances of the Board's deposits amounted to \$2,617,417. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>2,617,417</u>
---------	---------------------

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2014 none of the Board's bank balances were exposed to custodial credit risk.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2014, the Board had no outstanding investments.

**ORADELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

B. Receivables

Receivables as of June 30, 2014 for the district’s individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Nonmajor Food Service</u>	<u>Total</u>
Receivables:					
Intergovernmental					
Local	\$ 49,323				\$ 49,323
State	20,804		42,960		63,764
Federal		\$ 59,377		\$ 799	60,176
Accounts	12,187	-	-	-	12,187
Gross Receivables	82,314	59,377	42,960	799	185,450
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 82,314</u>	<u>\$ 59,377</u>	<u>\$ 42,960</u>	<u>\$ 799</u>	<u>\$ 185,450</u>

C. Unearned Revenue

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

	<u>Unearned</u>
General Fund	
Prepaid Tuition	\$ 6,250
Special Revenue Fund	
Unencumbered Grant Draw Downs	9,383
Capital Projects Fund	
Unrealized School Facilities Grant	41,000
Total Unearned Revenue for Governmental Funds	<u>\$ 56,633</u>

**ORADELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	<u>Balance, July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2014</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 5,592			\$ 5,592
Construction in Progress	-	\$ 4,900	\$ -	4,900
Total Capital Assets, Not Being Depreciated	<u>5,592</u>	<u>4,900</u>	<u>-</u>	<u>10,492</u>
Capital Assets, Being Depreciated:				
Land Improvements	52,200			52,200
Building and Building Improvements	19,971,233	136,993		20,108,226
Machinery and Equipment	819,772	39,103	-	858,875
Total Capital Assets Being Depreciated	<u>20,843,205</u>	<u>176,096</u>	<u>-</u>	<u>21,019,301</u>
Less Accumulated Depreciation for:				
Land Improvements	(45,302)	(986)		(46,288)
Building and Building Improvements	(7,327,801)	(468,284)		(7,796,085)
Machinery and Equipment	(302,383)	(25,274)	-	(327,657)
Total Accumulated Depreciation	<u>(7,675,486)</u>	<u>(494,544)</u>	<u>-</u>	<u>(8,170,030)</u>
Total Capital Assets, Being Depreciated, Net	<u>13,167,719</u>	<u>(318,448)</u>	<u>-</u>	<u>12,849,271</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,173,311</u>	<u>\$ (313,548)</u>	<u>\$ -</u>	<u>\$ 12,859,763</u>

**ORADELL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental Activities:

Instruction

Regular	\$ 1,525
Special Education	276
Total Instruction	<u>1,801</u>

Support Services

General Administration	972
Operations and Maintenance of Plant	488,728
Pupil Transportation	3,043
Total Support Services	<u>492,743</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 494,544</u>
--	-------------------

Construction Commitments

The District has the following active construction projects as of June 30, 2014:

<u>Project</u>	<u>Remaining Commitment</u>
Security Improvements to School Entrance Lobby	<u>\$ 93,500</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2014, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Payoll Agency Fund	\$ 658
		<u>\$ 658</u>

The above balances are the result of revenues received in one fund which are due to another fund.

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

**ORADELL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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

Interfund transfers

	<u>Transfer In:</u>
	Capital Projects
Transfer Out:	
General Fund	\$ 64,440
Total	<u>\$ 64,440</u>

The above transfers are the result of restricted fund balances in one fund to finance expenditures in another fund.

F. Leases

Operating Leases

The District leases copiers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2014 were \$18,764. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2015	\$ 18,764
2016	<u>18,764</u>
Total	<u>\$ 37,528</u>

Capital Leases and Lease-Purchase Agreements

The District is leasing copiers totaling \$36,794 under a capital lease. The capital lease is for a term of 5 years. In addition, the District is leasing computers (supplies) totaling \$126,284 under a lease-purchase agreement. The lease-purchase agreement is for a term of 3 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Machinery and Equipment	<u>\$ 36,794</u>
	<u>\$ 36,794</u>

**ORADELL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Capital Leases and Lease-Purchase Agreements (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		
	<u>Capital Lease</u>	<u>Lease-Purchase Agreement</u>	<u>Total</u>
2015	\$ 7,987	\$ 30,393	\$ 38,380
2016	7,987		7,987
2017	7,987		7,987
2018	7,987		7,987
2019	666	-	666
Total minimum lease payments	32,614	30,393	63,007
Less: amount representing interest	2,123	519	2,642
Present value of minimum lease payments	<u>\$ 30,491</u>	<u>\$ 29,874</u>	<u>\$ 60,365</u>

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2014 are comprised of the following issues:

\$4,260,000, 2012 Bonds, due in annual installments of \$375,000 to \$435,000 through February 15, 2025, interest at 2.00% to 4.00%	<u>\$4,565,000</u>
---	--------------------

**ORADELL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

General Obligation Bonds (Continued)

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

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2015	\$ 375,000	\$ 146,200	\$ 521,200
2016	385,000	138,700	523,700
2017	400,000	127,150	527,150
2018	410,000	115,150	525,150
2019	425,000	102,850	527,850
2020-2024	2,155,000	281,400	2,436,400
2025-2027	<u>415,000</u>	<u>12,450</u>	<u>427,450</u>
	<u>\$ 4,565,000</u>	<u>\$ 923,900</u>	<u>\$ 5,488,900</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2014 was as follows:

2.5% of Equalized Valuation Basis (Municipal)	\$ 42,020,986
Less: Net Debt	<u>4,565,000</u>
Remaining Borrowing Power	<u>\$ 37,455,986</u>

**ORADELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2014, was as follows:

	Balance July 30 <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2014</u>	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 4,910,000		\$ 345,000	\$ 4,565,000	\$ 375,000
Deferred Amounts:					
Add: Original Issue Premium	<u>364,697</u>	<u>-</u>	<u>53,418</u>	<u>311,279</u>	<u>-</u>
Total Bonds Payable	5,274,697	-	398,418	4,876,279	375,000
Capital Leases Payable		\$ 36,794	6,303	30,491	7,095
Lease-Purchase Agreements	59,190		29,316	29,874	29,874
Compensated Absences	<u>99,867</u>	<u>32,102</u>	<u>41,855</u>	<u>90,114</u>	<u>20,000</u>
Governmental Activity Long-Term Liabilities	<u>\$ 5,433,754</u>	<u>\$ 68,896</u>	<u>\$ 475,892</u>	<u>\$ 5,026,758</u>	<u>\$ 431,969</u>

For the governmental activities, the liabilities for compensated absences and leases are generally liquidated by the general fund.

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur

The District is a member of the Northeast Bergen County School Board Insurance Group (NESBIG or Group). The Group is a risk sharing public entity pool, established for the purpose of insuring against property, liability, student activity, worker's compensation and surety bond claims.

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

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

**ORADELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

Fiscal Year Ended <u>June 30</u>	District <u>Contributions</u>	Employee <u>Contributions</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2013-2014	\$ 7,990	\$ 10,676	\$ 35,259	\$ 7,338
2012-2013	None	11,095	29,406	23,866
2011-2012	297	9,871	5,518	42,009

B. Contingent Liabilities

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2014, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2014, the District has not estimated its arbitrage earnings due to the IRS, if any.

**ORADELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. PERS is a cost sharing multi-employer defined benefit pension plan.

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

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

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

Other Pension Funds

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

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

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

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

**ORADELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Basis of Accounting

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

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

The legislation's provisions impacting employee pension and health benefits include:

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Investment Valuation

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

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

Funding Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 64.5 percent with an unfunded actuarial accrued liability of \$47.2 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 56.7 percent and \$34.4 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 76.1 percent and \$12.8 billion.

**ORADELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress (Continued)

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

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

Actuarial Methods and Assumptions

In the July 1, 2012 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems from 7.95 percent to 7.90 percent and (b) projected salary increases of 4.22 percent for the PERS and 3.51 % percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.6% for PERS, 6.6% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2014 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**ORADELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

During the fiscal years ended June 30, 2014, 2013 and 2012 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2014	\$ 104,361	\$ 192,299	\$ 6,821
2013	110,844	296,264	8,016
2012	134,835	150,727	6,074

During fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$192,299 for normal cost pension and NCGI premium. For fiscal years 2012/2013 and 2011/2012, the state contributed \$296,264 and \$150,727, respectively for normal cost pension, accrued liability and the NCGI premium.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$345,274 during the fiscal year ended June 30, 2014 for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

E. Post-Retirement Medical Benefits

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State’s Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State’s CAFR. The post-retirement benefit programs had a total of 585 state and local participating employers and contributing entities for Fiscal Year 2013.

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

**ORADELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

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

Basis of Accounting

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

Significant Legislation

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the State had a \$51.5 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$19.3 billion for state active and retired members and \$32.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

**ORADELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

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

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

Actuarial Methods and Assumptions

In the July 1, 2012, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2013, there were 100,134, retirees receiving post-retirement medical benefits and the State contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2013.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2014, 2013 and 2012 were \$315,299, \$335,001 and \$303,001, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

BUDGETARY COMPARISON SCHEDULES

**ORADELL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Property Tax Levy	\$ 10,043,194		\$ 10,043,194	\$ 10,043,194	
Tuition	89,794		89,794	195,350	\$ 105,556
Interest	-		-	2,076	2,076
Miscellaneous	25,006	-	25,006	45,847	20,841
Total Local Sources	<u>10,157,994</u>	<u>-</u>	<u>10,157,994</u>	<u>10,286,467</u>	<u>128,473</u>
State Sources					
Special Education Aid	311,029		311,029	311,029	
Security Aid	11,890		11,890	11,890	
Transportation Aid	6,013		6,013	6,013	
Extraordinary Aid	32,000		32,000	100,388	68,388
Nonpublic School Transportation Aid				3,719	3,719
On-behalf TPAF Payments - (Non-Budget)					
Pension Contribution				176,702	176,702
Pension - NCGI Premium				15,597	15,597
Post Retirement Medical Benefits				315,299	315,299
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	345,274	345,274
Total State Sources	<u>360,932</u>	<u>-</u>	<u>360,932</u>	<u>1,285,911</u>	<u>924,979</u>
Total Revenues	<u>10,518,926</u>	<u>-</u>	<u>10,518,926</u>	<u>11,572,378</u>	<u>1,053,452</u>
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	461,438	(15,364)	446,074	423,881	22,193
Grades 1-5	2,206,930	(101,087)	2,105,843	2,065,468	40,375
Grades 6-8	536,425	42,384	578,809	578,809	
Regular Program - Home Instruction					
Other Salaries for Instruction	2,550	-	2,550		2,550
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	10,569	(1,400)	9,169	-	9,169
Purchased Professional - Educational Services	9,000	(2,000)	7,000	5,890	1,110
Purchased Technical Services	16,800	(11,236)	5,564	816	4,748
Other Purchased Services	18,700	6,426	25,126	22,787	2,339
General Supplies	361,045	(77,276)	283,769	264,672	19,097
Total Regular Programs	<u>3,623,457</u>	<u>(159,553)</u>	<u>3,463,904</u>	<u>3,362,323</u>	<u>101,581</u>
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	106,065	3,892	109,957	109,957	-
Other Salaries for Instruction	42,275	24,429	66,704	66,704	-
Purchased Professional-Educational Services	40,000	(9,379)	30,621	30,621	-
General Supplies	9,000	(5,573)	3,427	3,427	-
Total Learning and/or Language Disabilities	<u>197,340</u>	<u>13,369</u>	<u>210,709</u>	<u>210,709</u>	<u>-</u>

**ORADELL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Resource Room/Resource Center					
Salaries of Teachers	\$ 370,899	\$ 51,942	\$ 422,841	\$ 422,841	
General Supplies	3,000	(1,504)	1,496	1,496	-
Total Resource Room/Resource Center	<u>373,899</u>	<u>50,438</u>	<u>424,337</u>	<u>424,337</u>	<u>-</u>
Preschool Disabilities - Part-Time					
Salaries of Teachers	61,951	7,877	69,828	69,828	
Other Salaries for Instruction	21,137	4,519	25,656	25,656	
Purchased Professional-Educational Services	23,000	(18,573)	4,427	4,427	-
General Supplies	2,000	(845)	1,155	1,155	-
Total Preschool Disabilities - Part-Time	<u>108,088</u>	<u>(7,022)</u>	<u>101,066</u>	<u>101,066</u>	<u>-</u>
Total Special Education	<u>679,327</u>	<u>56,785</u>	<u>736,112</u>	<u>736,112</u>	<u>-</u>
Basic Skills/Remedial					
Other Salaries for Instruction	333,041	61,237	394,278	394,278	-
General Supplies	1,200	(258)	942	942	-
Total Basic Skills/Remedial	<u>334,241</u>	<u>60,979</u>	<u>395,220</u>	<u>395,220</u>	<u>-</u>
Bilingual Education					
Salaries of Teachers	44,909	(44,909)	-	-	-
Other Salaries for Instruction	460	(460)	-	-	-
General Supplies	100	(100)	-	-	-
Total Bilingual Education	<u>45,469</u>	<u>(45,469)</u>	<u>-</u>	<u>-</u>	<u>-</u>
School Sponsored Co/Extra-Curricular Activities					
Salaries	9,689	8,021	17,710	16,196	\$ 1,514
Purchased Services	-	2,000	2,000	2,000	-
Total School Sponsored Co/Extra-Curricular Activities	<u>9,689</u>	<u>10,021</u>	<u>19,710</u>	<u>18,196</u>	<u>1,514</u>
Total Instruction	<u>4,692,183</u>	<u>(77,237)</u>	<u>4,614,946</u>	<u>4,511,851</u>	<u>103,095</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State-Special	290,363	26,463	316,826	303,638	13,188
Tuition to CSSD & Reg. Day Schools	78,220	(1,081)	77,139	76,754	385
Tuition to Priv. Sch. for the Disabled Within the State	<u>101,930</u>	<u>(32,052)</u>	<u>69,878</u>	<u>69,878</u>	<u>-</u>
Total Undistributed Expenditures - Instruction	<u>470,513</u>	<u>(6,670)</u>	<u>463,843</u>	<u>450,270</u>	<u>13,573</u>

**ORADELL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 88,715	\$ 13,934	\$ 102,649	\$ 102,649	
Purchased Professional and Technical Services	10,345	(1,158)	9,187	8,335	\$ 852
Supplies and Materials	6,057	(441)	5,616	5,616	
Other Objects	400	171	571	490	81
Total Health Services	105,517	12,506	118,023	117,090	933
Speech, OT, PT & Related Services					
Salaries	127,379	21,476	148,855	148,855	
Purchased Professional-Educational Services	139,214	13,492	152,706	152,706	-
Supplies and Materials	1,000	26	1,026	1,026	-
Total Speech, OT, PT & Related Services	267,593	34,994	302,587	302,587	-
Other Support Serv. Students - Extra. Svcs.					
Salaries	227,441	41,559	269,000	269,000	-
Total Other Support Serv. Students - Extra. Serv.	227,441	41,559	269,000	269,000	-
Child Study Team					
Salaries of Other Professional Staff	314,101	(7,655)	306,446	293,203	13,243
Salaries of Secretarial and Clerical Assistants	59,595	767	60,362	60,362	
Purchased Professional-Educational Services	2,800	(2,797)	3	-	3
Other Purchased Services	2,300	2,503	4,803	4,044	759
Supplies and Materials	5,100	584	5,684	5,654	30
Other Objects	1,800	(65)	1,735	1,733	2
Total Child Study Team	385,696	(6,663)	379,033	364,996	14,037
Educational Media Services/School Library					
Salaries	89,004	1,715	90,719	89,196	1,523
Supplies and Materials	74,500	(1,937)	72,563	68,099	4,464
Total Educational Media Serv./School Library	163,504	(222)	163,282	157,295	5,987
Instructional Staff Training Services					
Other Salaries	9,639	16,098	25,737	24,431	1,306
Purchased Professional/Educational Services	73,803	1,650	75,453	75,453	
Other Purchased Services	37,600	(16,250)	21,350	8,360	12,990
Supplies and Materials	750	(750)	-	-	-
Total Instructional Staff Training Services	121,792	748	122,540	108,244	14,296

**ORADELL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
General Administration					
Salaries	\$ 217,120	\$ (6,615)	\$ 210,505	\$ 169,556	\$ 40,949
Legal Services	50,000	-	50,000	42,472	7,528
Audit Fees	23,500	8,720	32,220	29,520	2,700
Architectural/Engineering Services		250	250	250	-
Other Purchased Professional Services	35,500	6,563	42,063	39,193	2,870
Communications/Telephone	14,700	(5,300)	9,400	8,742	658
BOE Other Purchased Services	3,500	658	4,158	4,028	130
Miscellaneous Purchased Services	1,000	(435)	565	560	5
General Supplies	3,000	325	3,325	3,296	29
Miscellaneous Expenditures	3,000	5,887	8,887	8,807	80
BOE Membership Dues and Fees	6,150	(365)	5,785	5,785	-
Total General Administration	357,470	9,688	367,158	312,209	54,949
School Administration					
Salaries of Principal/Asst. Principals/Prog. Dir.	272,340	21,648	293,988	293,988	-
Salaries of Secretarial and Clerical Assistants	104,761	3,069	107,830	106,056	1,774
Other Salaries	500	4,163	4,663	4,663	-
Other Purchased Services	5,000	1,969	6,969	6,271	698
Supplies and Materials	8,300	(6,113)	2,187	2,187	-
Other Objects	2,000	4,465	6,465	6,465	-
Total School Administration	392,901	29,201	422,102	419,630	2,472
Central Services					
Salaries	210,946	5,829	216,775	214,903	1,872
Purchased Professional Services	1,000	4,320	5,320	2,345	2,975
Purchased Technical Services	1,700	(1,700)	-	-	-
Miscellaneous Purchased Services	2,000	1,422	3,422	3,422	-
Sale/Leaseback Payments	6,551	411	6,962	5,693	1,269
Supplies and Materials	2,000	3,198	5,198	4,443	755
Miscellaneous Expenditures	2,400	62	2,462	2,462	-
Total Central Services	226,597	13,542	240,139	233,268	6,871
Admin. Info. Tech.					
Salaries	10,160	-	10,160	-	10,160
Purchased Technical Services	20,000	57,239	77,239	76,989	250
Other Purchased Services	7,000	56	7,056	1,174	5,882
Supplies and Materials	1,000	-	1,000	52	948
Total Admin. Info. Tech.	38,160	57,295	95,455	78,215	17,240
Required Maintenance for School Facilities					
Salaries	116,241	1,759	118,000	118,000	-
Cleaning, Repair and Maintenance	43,000	13	43,013	42,109	904
General Supplies	40,000	3,937	43,937	28,539	15,398
Other Objects	4,548	-	4,548	963	3,585
Total Required Maintenance for School Fac.	203,789	5,709	209,498	189,611	19,887

**ORADELL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 270,277	\$ (1,759)	\$ 268,518	\$ 239,833	\$ 28,685
Salaries of Non-Instructional Aides	70,000	-	70,000	56,067	13,933
Purchased Prof. And Technical Serv.	2,800	7,089	9,889	9,889	-
Cleaning, Repair and Maint. Serv.	46,400	(3,567)	42,833	11,492	31,341
Other Purchased Property Services	7,000	78	7,078	6,874	204
Insurance	73,216	1,730	74,946	74,946	-
Miscellaneous Purchased Services	1,700	-	1,700	1,217	483
General Supplies	48,500	(10,568)	37,932	15,152	22,780
Energy (Natural Gas)	106,360	(6,425)	99,935	70,988	28,947
Energy (Electricity)	136,326	11,800	148,126	142,199	5,927
Other Objects	1,000	-	1,000	30	970
Total Custodial Services	763,579	(1,622)	761,957	628,687	133,270
Student Transportation Services					
Contracted Services-Vendors					
(Other than Between Home and School) - Vendors	6,600	2,545	9,145	9,145	-
Contracted Services (Spl. Ed. Students)-Vendors	86,000	-	86,000	58,728	27,272
Contracted Serv.-Aid in Lieu of Payments-Non-Public	23,000	(2,545)	20,455	19,448	1,007
Total Student Transportation Services	115,600	-	115,600	87,321	28,279
Unallocated Benefits - Employee Benefits					
Social Security Contributions	127,000	3,448	130,448	123,818	6,630
Other Retirement Contributions-PERS	145,000	-	145,000	104,361	40,639
Other Retirement Contributions-DICRP	6,100	1,472	7,572	6,821	751
Unemployment Compensation	10,000	-	10,000	7,990	2,010
Workmen's Compensation	84,727	-	84,727	81,971	2,756
Health Benefits	1,668,853	(126,444)	1,542,409	1,424,840	117,569
Tuition Reimbursement	20,000	(2,302)	17,698	8,153	9,545
Other Employee Benefits	41,650	3,477	45,127	45,127	-
Total Unallocated Benefits - Employee Benefits	2,103,330	(120,349)	1,982,981	1,803,081	179,900
On-behalf TPAF Payments - (Non-Budget):					
Pension Contribution				176,702	(176,702)
Pension - NCGI Premium				15,597	(15,597)
Post Retirement Medical Benefits				315,299	(315,299)
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	345,274	(345,274)
Total On-Behalf Payments	-	-	-	852,872	(852,872)
Total Undistributed Expenditures	5,943,482	69,716	6,013,198	6,374,376	(361,178)
Total Expenditures - Current Expenditures	10,635,665	(7,521)	10,628,144	10,886,227	(258,083)

**ORADELL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures:					
Instruction		\$ 33,161	\$ 33,161	\$ 2,309	\$ 30,852
Non-Instructional	-	4,450	4,450	-	4,450
Total Equipment	-	37,611	37,611	2,309	35,302
Facilities Acquisition and Construction Services					
Construction Services		145,000	145,000	136,993	8,007
Other Purchased Professional and Tech. Services	\$ 43,261	(25,949)	17,312	-	17,312
Assessment for Debt Service on SDA Funding	-	27,149	27,149	26,149	1,000
Total Facilities Acquisition and Construction Services	43,261	146,200	189,461	163,142	26,319
Assets Acquired Under Capital Leases (Non-Budget)					
Regular Instruction				18,397	(18,397)
Child Study Team				9,199	(9,199)
School Administrative	-	-	-	9,198	(9,198)
Total Assets Acquired Under Capital Leases (Non-Budget)	-	-	-	36,794	(36,794)
Total Capital Outlay	43,261	183,811	227,072	202,245	24,827
Total Expenditures	10,678,926	176,290	10,855,216	11,088,472	(233,256)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(160,000)	(176,290)	(336,290)	483,906	820,196
Other Financing Sources (Uses)					
Lease Purchase Proceeds				36,794	36,794
Transfer Out-Capital Projects Fund	-	(64,440)	(64,440)	(64,440)	-
Total Other Financing Sources (Uses)	-	(64,440)	(64,440)	(27,646)	36,794
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(160,000)	(240,730)	(400,730)	456,260	856,990
Fund Balance, Beginning of Year	1,291,488	-	1,291,488	1,291,488	-
Fund Balance, End of Year	\$ 1,131,488	\$ (240,730)	\$ 890,758	\$ 1,747,748	\$ 856,990
Restricted Fund Balance:					
Capital Reserve				\$ 466,449	
Maintenance Reserve				300,000	
Emergency Reserve				250,000	
Reserved Excess Surplus				162,353	
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				160,000	
Assigned Fund Balance:					
Year End Encumbrances				86,839	
Unassigned Fund Balance				322,107	
Reconciliation to Governmental Funds Statements (GAAP):				1,747,748	
Less: State Aid Revenue Not Recognized on GAAP Basis				(123,180)	
Fund Balance Per Governmental Funds (GAAP)				\$ 1,624,568	

**ORADELL BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Modified Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State		\$ 134,017	\$ 134,017	\$ 69,242	\$ (64,775)
Federal	\$ 132,340	92,333	224,673	214,894	(9,779)
Other	-	33,710	33,710	26,272	(7,438)
Total Revenues	<u>132,340</u>	<u>260,060</u>	<u>392,400</u>	<u>310,408</u>	<u>(81,992)</u>
EXPENDITURES					
Instruction					
Tuition	132,340	48,848	181,188	181,063	125
General Supplies		40,155	40,155	30,181	9,974
Textbooks	-	7,131	7,131	7,131	-
Total Instruction	<u>132,340</u>	<u>96,134</u>	<u>228,474</u>	<u>218,375</u>	<u>10,099</u>
Support Services					
Purchased Professional/Educational Services		25,909	25,909	25,306	603
Other Purchased Services		63,880	63,880	46,544	17,336
Miscellaneous Purchased Services	-	74,137	74,137	20,183	53,954
Total Support Services	<u>-</u>	<u>163,926</u>	<u>163,926</u>	<u>92,033</u>	<u>71,893</u>
Total Student Transportation Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>132,340</u>	<u>260,060</u>	<u>392,400</u>	<u>310,408</u>	<u>81,992</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ORADELL BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

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

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 11,572,378	\$ 310,408
Difference - Budget to GAAP:		
State Aid payment recognized for GAAP purposes, not recognized for Budgetary statements (2012/2013 State Aid)	105,643	
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2013/2014 State Aid)	<u>(123,180)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 11,554,841</u>	<u>\$ 310,408</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$ 11,088,472</u>	<u>\$ 310,408</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 11,088,472</u>	<u>\$ 310,408</u>

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

**ORADELL BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Local Donations	Nonpublic Chapter 192		Nonpublic Chapter 193			Nonpublic Textbooks	To Exhibit E-1A
		Compensatory Education	ESL	Corrective Speech	Exam. & Classification	Supplemental Instruction		
REVENUES								
Intergovernmental								
State		\$ 26,193	\$ 1,048	\$ 15,155	\$ 3,980	\$ 3,400	\$ 7,131	\$ 56,907
Federal								-
Other	\$ 26,272	-	-	-	-	-	-	26,272
Total Revenues	\$ 26,272	\$ 26,193	\$ 1,048	\$ 15,155	\$ 3,980	\$ 3,400	\$ 7,131	\$ 83,179
EXPENDITURES								
Instruction								
Tuition								
General Supplies	\$ 26,272							\$ 26,272
Textbooks	-	-	-	-	-	-	7,131	7,131
Total Instruction	26,272	-	-	-	-	-	7,131	33,403
Support Services								
Purchased Professional/Educational Services								
Other Purchased Services		\$ 26,193				\$ 3,400		29,593
Miscellaneous Purchased Services			\$ 1,048	\$ 15,155	\$ 3,980			20,183
Total Support Services	-	26,193	1,048	15,155	3,980	3,400	-	49,776
Total Expenditures	\$ 26,272	\$ 26,193	\$ 1,048	\$ 15,155	\$ 3,980	\$ 3,400	\$ 7,131	\$ 83,179

**ORADELL BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Exhibit E-1 Subtotal</u>	<u>Nonpublic Nursing</u>	<u>Nonpublic Technology</u>	<u>NCLB Title II A</u>	<u>NCLB Title III</u>	<u>I.D.E.A. Basic</u>	<u>I.D.E.A. Preschool</u>	<u>Grand Total</u>
REVENUES								
Intergovernmental								
State	\$ 56,907	\$ 9,735	\$ 2,600					\$ 69,242
Federal				\$ 16,691	\$ 2,691	\$ 182,586	\$ 12,926	214,894
Other	<u>26,272</u>	-	-	-	-	-	-	<u>26,272</u>
Total Revenues	<u>\$ 83,179</u>	<u>\$ 9,735</u>	<u>\$ 2,600</u>	<u>\$ 16,691</u>	<u>\$ 2,691</u>	<u>\$ 182,586</u>	<u>\$ 12,926</u>	<u>\$ 310,408</u>
EXPENDITURES								
Instruction								
Tuition						\$ 168,137	\$ 12,926	181,063
General Supplies	\$ 26,272				\$ 2,691	1,218		30,181
Textbooks	<u>7,131</u>	-	-	-	-	-	-	<u>7,131</u>
Total Instruction	<u>33,403</u>	-	-	-	<u>2,691</u>	<u>169,355</u>	<u>12,926</u>	<u>218,375</u>
Support Services								
Purchased Professional/Educational Services			\$ 2,600	\$ 16,691		6,015		25,306
Other Purchased Services	29,593	\$ 9,735				7,216		46,544
Miscellaneous Purchased Services	<u>20,183</u>	-	-	-	-	-	-	<u>20,183</u>
Total Support Services	<u>49,776</u>	<u>9,735</u>	<u>2,600</u>	<u>16,691</u>	-	<u>13,231</u>	-	<u>92,033</u>
Total Expenditures	<u>\$ 83,179</u>	<u>\$ 9,735</u>	<u>\$ 2,600</u>	<u>\$ 16,691</u>	<u>\$ 2,691</u>	<u>\$ 182,586</u>	<u>\$ 12,926</u>	<u>\$ 310,408</u>

**ORADELL BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGET VS. ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**ORADELL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<u>Project</u>	<u>Appropriations</u>	<u>Expenditures to Date Current Year</u>	<u>Unexpended Balance, June 30, 2013</u>
Security Improvements to School Entrance Lobby	\$ 107,400	\$ 4,900	\$ 102,500
	<u>\$ 107,400</u>	<u>\$ 4,900</u>	<u>\$ 102,500</u>
Project Balance			\$ 102,500
Less: Unrealized Grant Awards			<u>(41,000)</u>
Fund Balance - GAAP, June 30, 2014			<u>\$ 61,500</u>
<u>Reconciliation to GAAP</u>			
Restricted for Capital Projects:			
Year End Encumbrances			\$ 93,500
Available for Capital Projects			<u>(32,000)</u>
Total Fund Balance - Restricted for Capital Projects			<u>\$ 61,500</u>

**ORADELL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Revenues and Other Financing Sources

Revenues		
State Sources - SDA Grant	\$	42,960
Other Financing Sources		
Transfer In - Capital Reserve Local Contribution		<u>64,440</u>
Total Revenues and Other Financing Sources		<u>107,400</u>

Expenditures and Other Financing Uses

Capital Outlays		
Architectural/Engineering Services		<u>4,900</u>
Total Expenditures and Other Financing Uses		<u>4,900</u>

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses		102,500
Fund Balance- Beginning of Year		<u>-</u>
Fund Balance- End of Year	\$	<u>102,500</u>

Reconciliation to GAAP

Fund Balance - End of Year - Budgetary Basis	\$	102,500
Less: Unearned Grant Revenue		<u>(41,000)</u>
Fund Balance, June 30, 2014 - GAAP	\$	<u>61,500</u>

**ORADELL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SECURITY IMPROVEMENTS TO SCHOOL ENTRANCE LOBBY
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant		\$ 42,960	\$ 42,960	\$ 42,960
Transfer from Capital Reserve Local Contribution	-	64,440	64,440	64,440
Total Revenues and Other Financing Sources	-	107,400	107,400	107,400
Expenditures and Other Financing Uses				
Architectural/Engineering Service		\$ 4,900	4,900	8,400
Construction Services	-	-	-	99,000
Total Expenditures and Other Financing Uses	-	4,900	4,900	107,400
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses				
	\$ -	\$ 102,500	\$ 102,500	\$ -

Additional project information:

SDA Project Number	SP#3870-050-14-G1FK
Grant Number	GS-4894
Grant Date	June 30, 2014
Original Authorized Cost	\$ 107,400
Revised Authorized Cost	\$ 107,400

Percentage Completion	0.00%
Original Target Completion Date	October 2014
Revised Target Completion Date	October 2014

ENTERPRISE FUND

**ORADELL BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Financial Statements are Presented on Exhibit B-4

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Financial Statements are Presented on Exhibit B-5

**PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Financial Statements are Presented on Exhibit B-6

FIDUCIARY FUNDS

AGENCY FUNDS

**ORADELL BOARD OF EDUCATION
AGENCY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AS OF JUNE 30, 2014**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 40,271	\$ 221,511	\$ 261,782
Total Assets	<u>\$ 40,271</u>	<u>\$ 221,511</u>	<u>\$ 261,782</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 63,474	\$ 63,474
Accrued Salaries and Wages		1,616	1,616
Employee Deposits Payable		156,471	156,471
Flexible Spending Deposits		292	292
Due to Student Groups	\$ 40,271		40,271
Due to Other Funds	<u>-</u>	<u>658</u>	<u>658</u>
Total Liabilities	<u>\$ 40,271</u>	<u>\$ 222,511</u>	<u>\$ 262,782</u>

**ORADELL BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Balance, July 1, 2013</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2014</u>
Student Activity Fund - Elementary	\$ 46,077	\$ 59,604	\$ 68,312	\$ 37,369
6th Grade Commencement	<u>1,101</u>	<u>29,393</u>	<u>27,592</u>	<u>2,902</u>
 Total All Schools	 <u>\$ 47,178</u>	 <u>\$ 88,997</u>	 <u>\$ 95,904</u>	 <u>\$ 40,271</u>

**ORADELL BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Balance, July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2014</u>
ASSETS				
Cash	\$ 220,307	\$ 7,258,206	\$ 7,256,002	\$ 222,511
 Total Assets	 <u>\$ 220,307</u>	 <u>\$ 7,258,206</u>	 <u>\$ 7,256,002</u>	 <u>\$ 222,511</u>
 LIABILITIES				
Payroll Deductions and Withholdings	\$ 43,368	\$ 3,274,027	\$ 3,253,921	\$ 63,474
Accrued Salaries and Wages	1,616	3,810,295	3,810,295	1,616
Employee Deposits Payable	169,821	156,475	169,825	156,471
Flexible Spending Deposits	290	6,075	6,073	292
Due to Other Funds	<u>5,212</u>	<u>11,334</u>	<u>15,888</u>	<u>658</u>
 Total Liabilities	 <u>\$ 220,307</u>	 <u>\$ 7,258,206</u>	 <u>\$ 7,256,002</u>	 <u>\$ 222,511</u>

LONG-TERM DEBT

**ORADELL BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2013</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2014</u>
			<u>Date</u>	<u>Amount</u>					
School Bonds	12/08/2004	\$ 7,217,000				\$ 345,000		\$ 345,000	
Refunding School Bonds	5/10/2012	4,620,000	2/15/2015	375,000	2.00%				
			2/15/2016	385,000	3.00%				
			2/15/2017	400,000	3.00%				
			2/15/2018	410,000	3.00%				
			2/15/2019	425,000	3.00%				
			2/15/2020	435,000	4.00%				
			2/15/2021	435,000	4.00%				
			2/15/2022	430,000	4.00%				
			2/15/2023	430,000	3.00%				
			2/15/2024	425,000	3.00%				
			2/15/2025	415,000	3.00%				
						<u>4,565,000</u>	\$ -	-	<u>\$ 4,565,000</u>
						<u>\$ 4,910,000</u>	<u>\$ -</u>	<u>\$ 345,000</u>	<u>\$ 4,565,000</u>

**ORADELL BOARD OF EDUCATION
LONG-TERM DEBT
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 504,138	-	\$ 504,138	\$ 504,138	-
Total Revenues	<u>504,138</u>	<u>-</u>	<u>504,138</u>	<u>504,138</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Interest on Bonds	159,138	-	159,138	159,138	
Redemption of Bond Principal	<u>345,000</u>	<u>-</u>	<u>345,000</u>	<u>345,000</u>	<u>-</u>
Total Expenditures	<u>504,138</u>	<u>-</u>	<u>504,138</u>	<u>504,138</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	<u>26,790</u>	<u>-</u>	<u>26,790</u>	<u>26,790</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 26,790</u>	<u>\$ -</u>	<u>\$ 26,790</u>	<u>\$ 26,790</u>	<u>\$ -</u>

Recapitulation of Fund Balance

Restricted for Debt Service	
Available for Debt Service	<u>\$ 26,790</u>
Total Fund Balance Restricted for Debt Service	<u>\$ 26,790</u>

**ORADELL BOARD OF EDUCATION
SCHEDULE OF LEASE PURCHASE AGREEMENTS AND CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<u>Purpose</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance, June 30, 2013</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2014</u>
Leases - Purchase Agreements						
Computers -2013	\$ 89,490	1.88%	\$ 59,190		\$ 29,316	\$ 29,874
Capital Leases						
Copiers -2014	36,794	1.88%	<u> -</u>	<u>\$ 36,794</u>	<u> 6,303</u>	<u> 30,491</u>
			<u>\$ 59,190</u>	<u>\$ 36,794</u>	<u>\$ 35,619</u>	<u>\$ 60,365</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. J-16 to J-20

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

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

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net Investment in capital assets	\$ 2,930,375	\$ 4,407,484	\$ 7,071,295	\$ 7,808,063	\$ 8,341,191	\$ 8,598,561	\$ 8,627,897	\$ 8,336,538	\$ 8,210,888	\$ 8,219,528
Restricted	4,843	4,845	115	32,853	33,709	200,555	96,759	163,275	357,679	854,739
Unrestricted	683,260	581,493	465,529	194,475	48,856	254,361	476,468	578,511	636,163	683,276
Total governmental activities net position	<u>\$ 3,618,478</u>	<u>\$ 4,993,822</u>	<u>\$ 7,536,939</u>	<u>\$ 8,035,391</u>	<u>\$ 8,423,756</u>	<u>\$ 9,053,477</u>	<u>\$ 9,201,124</u>	<u>\$ 9,078,324</u>	<u>\$ 9,204,730</u>	<u>\$ 9,757,543</u>
Business-type activities										
Net Investment in capital assets										
Restricted										
Unrestricted	\$ 65,540	\$ 59,924	\$ 48,774	\$ 26,788	\$ 6,688	\$ 9,698	\$ 5,320	\$ 24,442	\$ 41,640	\$ 37,600
Total business-type activities net position	<u>\$ 65,540</u>	<u>\$ 59,924</u>	<u>\$ 48,774</u>	<u>\$ 26,788</u>	<u>\$ 6,688</u>	<u>\$ 9,698</u>	<u>\$ 5,320</u>	<u>\$ 24,442</u>	<u>\$ 41,640</u>	<u>\$ 37,600</u>
District-wide										
Net Investment in capital assets	\$ 2,930,375	\$ 4,407,484	\$ 7,071,295	\$ 7,808,063	\$ 8,341,191	\$ 8,598,561	\$ 8,627,897	\$ 8,336,538	\$ 8,210,888	\$ 8,219,528
Restricted	4,843	4,845	115	32,853	33,709	200,555	96,759	163,275	357,679	854,739
Unrestricted	748,800	641,417	514,303	221,263	55,544	264,059	481,788	602,953	677,803	720,876
Total district net position	<u>\$ 3,684,018</u>	<u>\$ 5,053,746</u>	<u>\$ 7,585,713</u>	<u>\$ 8,062,179</u>	<u>\$ 8,430,444</u>	<u>\$ 9,063,175</u>	<u>\$ 9,206,444</u>	<u>\$ 9,102,766</u>	<u>\$ 9,246,370</u>	<u>\$ 9,795,143</u>

Note 1 - Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

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

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities										
Instruction										
Regular	\$ 3,978,458	\$ 4,026,119	\$ 4,340,287	\$ 4,552,618	\$ 4,518,582	\$ 4,666,175	\$ 4,752,019	\$ 4,949,084	\$ 5,303,666	\$ 4,699,308
Special education	1,153,701	1,137,188	1,163,057	1,207,437	1,205,103	1,317,169	1,566,078	1,535,110	1,523,479	1,673,792
Other instruction	212,819	180,059	210,827	276,003	291,203	289,864	331,567	472,303	502,686	538,289
School Sponsored Activities and Athletics	16,258	23,588	11,272	15,909	13,525	16,714	10,046	15,539	22,012	24,073
Support Services:										
Student & instruction related services	1,175,979	1,442,631	1,564,639	1,679,212	1,798,338	1,848,616	1,517,744	1,718,687	1,653,852	1,800,615
General administrative services	427,708	456,562	462,160	543,539	443,166	427,481	452,224	532,384	484,917	400,855
School administrative services	402,216	414,681	366,595	437,696	455,758	444,138	462,343	494,753	641,922	585,470
Central and other support services	347,517	364,747	396,595	403,909	386,714	400,064	406,208	427,165	371,353	399,492
Plant operations and maintenance	928,217	1,031,246	1,327,775	1,676,225	1,610,572	1,576,341	1,467,668	1,510,225	1,461,758	1,457,602
Pupil transportation	102,701	135,608	124,830	113,618	110,634	124,098	107,961	134,795	94,559	90,365
Interest on long-term debt	175,844	577,644	384,632	440,442	300,670	253,354	235,140	174,266	150,163	148,673
Total governmental activities expenses	<u>\$ 8,921,418</u>	<u>\$ 9,790,073</u>	<u>\$ 10,352,669</u>	<u>\$ 11,346,608</u>	<u>\$ 11,134,265</u>	<u>\$ 11,364,014</u>	<u>\$ 11,308,998</u>	<u>\$ 11,964,311</u>	<u>\$ 12,210,367</u>	<u>\$ 11,818,534</u>
Business-type activities:										
Food service	8,680	6,702	7,925	4,747	8,161	8,760	18,518	8,567	6,056	18,749
Summer Program	59,972	84,226	51,363	86,432	106,732	87,869	94,132	83,780	77,571	79,812
Total business-type activities expense	<u>68,652</u>	<u>90,928</u>	<u>59,288</u>	<u>91,179</u>	<u>114,893</u>	<u>96,629</u>	<u>112,650</u>	<u>92,347</u>	<u>83,627</u>	<u>98,561</u>
Total district expenses	<u>\$ 8,990,070</u>	<u>\$ 9,881,001</u>	<u>\$ 10,411,957</u>	<u>\$ 11,437,787</u>	<u>\$ 11,249,158</u>	<u>\$ 11,460,643</u>	<u>\$ 11,421,648</u>	<u>\$ 12,056,658</u>	<u>\$ 12,293,994</u>	<u>\$ 11,917,095</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 78,421	\$ 80,809	\$ 36,942				\$ 50,820	\$ 98,468	\$ 121,578	\$ 195,350
Operating grants and contributions	1,370,995	1,425,605	1,664,165	\$ 1,663,294	\$ 1,479,247	\$ 1,749,404	1,260,179	1,482,695	1,730,288	1,578,782
Capital grants and contributions	88,018	660,947	1,939,940	252,280		193,097	108,802	4,362		1,960
Total governmental activities program revenues	<u>1,537,434</u>	<u>2,167,361</u>	<u>3,641,047</u>	<u>1,915,574</u>	<u>1,479,247</u>	<u>1,942,501</u>	<u>1,419,801</u>	<u>1,585,525</u>	<u>1,851,866</u>	<u>1,776,092</u>
Business-type activities:										
Charges for services										
Food service	\$ 4,471	\$ 4,190	\$ 6,310	\$ 7,234	\$ 4,671	\$ 6,979	\$ 11,038	\$ 8,731	\$ 6,796	\$ 9,792
Summer Program	64,861	78,920	39,385	59,565	88,517	89,760	93,294	98,665	91,395	80,285
Operating grants and contributions	3,048	2,202	2,443	2,394	1,605	2,900	3,940	4,073	2,634	4,444
Total business-type activities program revenues	<u>72,380</u>	<u>85,312</u>	<u>48,138</u>	<u>69,193</u>	<u>94,793</u>	<u>99,639</u>	<u>108,272</u>	<u>111,469</u>	<u>100,825</u>	<u>94,521</u>
Total district program revenues	<u>\$ 1,609,814</u>	<u>\$ 2,252,673</u>	<u>\$ 3,689,185</u>	<u>\$ 1,984,767</u>	<u>\$ 1,574,040</u>	<u>\$ 2,042,140</u>	<u>\$ 1,528,073</u>	<u>\$ 1,696,994</u>	<u>\$ 1,952,691</u>	<u>\$ 1,870,613</u>
Net (Expense)/Revenue										
Governmental activities	\$ (7,383,984)	\$ (7,622,712)	(6,711,622)	(9,431,034)	(9,655,018)	(9,421,513)	(9,889,197)	(10,378,786)	(10,358,501)	(10,042,442)
Business-type activities	3,728	(5,615)	(11,150)	(21,986)	(20,100)	3,010	(4,378)	19,122	17,198	(4,040)
Total district-wide net expense	<u>\$ (7,380,256)</u>	<u>\$ (7,628,328)</u>	<u>\$ (6,722,772)</u>	<u>\$ (9,453,020)</u>	<u>\$ (9,675,118)</u>	<u>\$ (9,418,503)</u>	<u>\$ (9,893,575)</u>	<u>\$ (10,359,664)</u>	<u>\$ (10,341,303)</u>	<u>\$ (10,046,482)</u>

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

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 7,066,923	\$ 7,326,968	\$ 7,681,644	\$ 8,352,058	\$ 8,686,141	\$ 9,453,471	\$ 9,463,926	\$ 9,653,205	\$ 9,846,269	\$ 10,043,194
Property taxes levied for debt service, net	806,580	1,358,518	1,331,741	1,333,482	1,333,211	555,564	547,720	570,501	567,127	504,138
Unrestricted grants and contributions	42,652	43,206	78,044	94,583	1,657					
Donation of capital assets	39,744	-								
Accrued interest on sale of bonds	4,733									
Investment earnings	128,632	249,368	149,842	125,332	15,918	10,332	11,314	2,553	734	2,076
Miscellaneous income	24,767	19,996	13,468	24,031	6,456	31,867	43,884	29,727	70,777	45,847
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	8,114,031	8,998,056	9,254,739	9,929,486	10,043,383	10,051,234	10,066,844	10,255,986	10,484,907	10,595,255
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-	-	-	-	-	-
Total business-type activities	-	-	-	-	-	-	-	-	-	-
Total district-wide	\$ 8,114,031	\$ 8,998,056	\$ 9,254,739	\$ 9,929,486	\$ 10,043,383	\$ 10,051,234	\$ 10,066,844	\$ 10,255,986	\$ 10,484,907	\$ 10,595,255
Change in Net Position										
Governmental activities	\$ 730,047	\$ 1,375,344	\$ 2,543,117	\$ 498,452	\$ 388,365	\$ 629,721	\$ 177,647	\$ (122,800)	\$ 126,406	\$ 552,813
Business-type activities	3,728	(5,616)	(11,150)	(21,986)	(20,100)	3,010	(4,378)	19,122	17,198	(4,040)
Total district	\$ 733,775	\$ 1,369,728	\$ 2,531,967	\$ 476,466	\$ 368,265	\$ 632,731	\$ 173,269	\$ (103,678)	\$ 143,604	\$ 548,773

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

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 755,982	\$ 569,297	\$ 582,531	\$ 266,610	\$ 92,181	\$ 385,149				
Unreserved	196,052	345,865	233,872	245,381	248,827	281,571				
Restricted							\$ 457,982	\$ 609,511	\$ 786,205	\$ 1,338,802
Committed							19,464		145,000	-
Assigned							52,637	17,166	55,574	86,839
Unassigned							221,132	206,368	199,066	198,927
Total general fund	<u>\$ 952,034</u>	<u>\$ 915,162</u>	<u>\$ 816,403</u>	<u>\$ 511,991</u>	<u>\$ 341,008</u>	<u>\$ 666,720</u>	<u>\$ 751,215</u>	<u>\$ 833,045</u>	<u>\$ 1,185,845</u>	<u>\$ 1,624,568</u>
All Other Governmental Funds										
Reserved	\$ 934,466	\$ 7,441,995	\$ 1,133,482	\$ 388,688	\$ 384,375					
Unreserved	6,639,378	(1,401,882)	(128,359)	32,738	33,594	\$ 23,594				
Restricted	-	-	-	-	-	-	\$ 9,543	\$ 3,000	\$ 26,790	\$ 88,290
Total all other governmental funds	<u>\$ 7,573,844</u>	<u>\$ 6,040,113</u>	<u>\$ 1,005,123</u>	<u>\$ 421,426</u>	<u>\$ 417,969</u>	<u>\$ 23,594</u>	<u>\$ 9,543</u>	<u>\$ 3,000</u>	<u>\$ 26,790</u>	<u>\$ 88,290</u>

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

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

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Property Tax levy	\$ 7,873,503	\$ 8,685,486	\$ 9,013,385	\$ 9,685,540	\$ 10,019,352	\$ 10,009,035	\$ 10,011,646	\$ 10,223,706	\$ 10,413,396	\$ 10,547,332
Tuition charges	78,421	80,809	36,942	-	-	-	50,820	98,468	121,578	195,350
Interest earnings	128,632	249,368	149,842	125,332	15,918	10,332	11,314	2,553	734	2,076
Miscellaneous	65,030	19,996	13,468	37,118	6,458	40,991	62,245	58,951	82,012	72,119
State sources	1,266,654	1,928,289	3,461,626	1,795,625	1,281,566	1,605,781	1,077,186	1,236,468	1,524,693	1,339,576
Federal sources	194,748	201,469	220,523	201,445	199,336	327,596	273,434	221,365	194,360	214,894
Total revenue	9,606,988	11,165,417	12,895,786	11,845,060	11,522,630	11,993,735	11,486,645	11,841,511	12,336,773	12,371,347
Expenditures										
Instruction										
Regular Instruction	3,703,164	3,809,852	4,308,130	4,538,289	4,534,085	4,651,855	4,743,336	4,946,407	5,252,297	4,721,068
Special education instruction	1,148,426	1,136,093	1,141,132	1,206,925	1,231,477	1,318,396	1,563,623	1,539,610	1,518,463	1,668,651
Other instruction	212,819	180,059	210,827	276,003	291,203	289,864	331,567	472,303	502,686	538,289
School sponsored activities and athletics	16,258	23,588	11,272	15,715	13,460	16,714	10,046	15,539	22,012	24,073
Support Services:										
Student & inst. related services	1,170,898	1,442,588	1,564,640	1,679,005	1,798,062	1,853,723	1,517,251	1,718,687	1,653,852	1,791,206
General administrative services	420,295	449,619	460,160	529,506	432,141	417,731	445,112	458,172	484,817	399,883
School administrative services	400,171	414,464	352,510	437,588	455,650	441,447	462,235	497,229	639,371	587,838
Central and other support services	347,517	364,747	396,595	403,909	386,714	400,064	406,208	427,165	371,353	398,254
Plant operations and maintenance	924,486	1,031,624	1,102,205	1,213,735	1,135,933	1,088,343	965,203	949,116	937,429	968,487
Pupil transportation	102,701	135,608	124,830	111,843	107,591	121,055	105,171	131,498	91,516	87,321
Capital outlay	322,817	2,374,259	7,020,760	897,816	30,750	487,136	272,004	28,989	5,240	180,996
Debt service:										
Principal	640,000	890,000	940,000	970,000	1,040,123	713,655	353,085	354,967	440,300	380,619
Interest and other charges	221,615	483,519	396,474	452,835	311,711	262,415	241,360	226,542	130,337	161,233
Cost of Issuance	-	-	-	-	-	-	-	72,481	-	-
Advanced Refunding Escrow	-	-	-	-	-	-	-	354,315	-	-
Total expenditures	9,631,167	12,736,020	18,029,535	12,733,169	11,768,900	12,062,398	11,416,201	12,193,020	12,049,673	11,907,918
Excess (Deficiency) of revenues over (under) expenditures	(24,179)	(1,570,603)	(5,133,749)	(888,109)	(246,270)	(68,663)	70,444	(351,509)	287,100	463,429
Other Financing sources (uses)										
Proceeds from Bonds/Lease - Purchase	7,217,000	-	-	-	71,830	-	-	4,620,000	89,490	36,794
Premium on Bonds	-	-	-	-	-	-	-	413,796	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-	-	(4,607,000)	-	-
Accrued Interest	4,733	-	-	-	-	-	-	-	-	-
Transfers in	187,116	150,498	117,418	114,528	7,228	876,682	169,768	6,951	3,000	64,440
Transfers out	(187,116)	(150,498)	(117,418)	(114,528)	(7,228)	(876,682)	(169,768)	(6,951)	(3,000)	(64,440)
Total other financing sources (uses)	7,221,733	-	-	-	71,830	-	-	426,796	89,490	36,794
Net change in fund balances	\$ 7,197,554	\$ (1,570,603)	\$ (5,133,749)	\$ (888,109)	\$ (174,440)	\$ (68,663)	\$ 70,444	\$ 75,287	\$ 376,590	\$ 500,223
Debt service as a percentage of noncapital expenditures	9.26%	13.26%	12.14%	12.02%	11.52%	8.43%	5.33%	4.78%	4.74%	4.62%

* Noncapital expenditures are total expenditures less capital outlay.

**ORADELL BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN YEARS
(Unaudited)**

Fiscal Year Ended June 30,	<u>Tuition</u>	<u>Interest Earned</u>	<u>Refunds/ Reimbursements</u>	<u>E-Rate</u>	<u>Rents</u>	<u>Miscellaneous</u>	<u>Total</u>
2005	\$ 78,421	\$ 124,133				\$ 24,767	\$ 227,321
2006	80,809	222,892				19,996	323,697
2007	36,942	32,424				13,468	82,834
2008		12,937	\$ 1,785	\$ 1,721		20,525	36,968
2009	1,323	13,003		200		4,933	19,459
2010		10,313	8,954	3,121		19,792	42,180
2011	50,820	11,291	24,154	1,709		18,021	105,995
2012	98,468	2,543	24,221	2,303		3,203	130,738
2013	121,578	734	36,627		\$ 12,750	21,400	193,089
2014	195,350	2,076	9,035		14,398	22,414	243,273

**ORADELL BOARD OF EDUCATION
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 (Unaudited)**

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2005	\$ 2,219,100	\$ 729,239,000	\$ 101,714,700	\$ 187,100	\$ 3,722,200	\$ 837,082,100	\$ 862,613	\$ 837,944,713	\$ 1,500,416,024	\$ 1
2006	2,623,700	731,683,700	101,921,000	187,100	3,575,900	839,991,400	702,978	840,694,378	1,705,042,614	1.073
2007	2,623,700	733,704,800	99,879,500	187,100	3,575,900	839,971,000	843,283	840,814,283	1,833,122,692	1.152
2008	2,479,300	739,384,400	94,623,000	187,100	3,575,900	840,249,700	838,401	841,088,101	1,834,187,339	1.191
2009 (A)	4,151,900	1,400,052,700	205,794,900		8,253,800	1,618,612,300	838,401	1,619,450,701	1,818,510,684	0.618
2010	4,769,900	1,400,255,300	205,949,300		8,253,800	1,619,228,300	1,782,462	1,621,010,762	1,806,117,582	0.618
2011	3,901,100	1,408,484,200	201,008,500		8,137,800	1,621,531,600	1,736,535	1,623,268,135	1,761,002,376	0.630
2012	3,637,800	1,401,620,300	208,127,400		8,137,800	1,621,523,300	1,724,316	1,623,247,616	1,732,579,488	0.642
2013	3,565,500	1,242,733,700	193,823,300		7,298,700	1,447,421,200	1,728,300	1,449,149,500	1,571,313,680	0.728
2014	3,565,500	1,246,404,200	189,737,100		7,298,700	1,447,005,500	1,337,625	1,448,343,125	1,630,493,967	0.747

(A) Borough undertook a revaluation of real property.

Source: County Abstract of Ratables

ORADELL BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(Unaudited)
(rate per \$100 of assessed value)

Overlapping Rates

Calendar Year	Total Direct School Tax Rate	River Dell Regional High School District	Municipality of Oradell	Municipal Library	County of Bergen	Total Direct and Overlapping Tax Rate
2005	\$ 1.037	\$ 1.302	\$ 0.870		\$ 0.341	\$ 3.550
2006	1.073	1.393	0.945		0.369	3.780
2007	1.152	1.458	0.997		0.383	3.990
2008	1.191	1.429	1.019		0.404	4.043
2009	(A) \$ 0.618	0.758	0.549		0.217	2.142
2010	0.618	0.832	0.570		0.218	2.238
2011	0.630	0.811	0.617		0.226	2.284
2012	0.642	0.818	0.652		0.235	2.347
2013	0.728	0.976	0.732	\$ 0.038	0.249	2.723
2014	0.747	0.993	0.744	0.037	0.263	2.784

(A) Borough undertook a revaluation of real property.

Source: County Abstract of Ratables

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

Taxpayer	2014		2005	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Hajjar Med Off Bldg	\$ 18,618,500	1.29%		
Cranston Associates	17,778,300	1.23%		
600 Kinderkamack Road LLC	14,000,000	0.97%		
Sunrise Multipoint			\$ 10,600,000	1.27%
Cranston Associates			10,414,000	1.24%
Rio Vista Property	9,897,000	0.68%		
Kamack Realty Corp	8,579,800	0.59%	4,412,300	0.53%
Wilmington Trust Company			7,215,500	0.86%
PSE&G	6,808,600	0.47%	3,813,400	0.46%
White Beeches Golf Club	6,171,000	0.43%	4,100,100	0.49%
Emerson Real Estate LLC	5,500,000	0.38%		
Holy Name Real Estate Corp	5,310,000	0.37%		
680-690 Kinderkamack Road, L.P.			4,905,000	0.59%
Oradell Office Plaza	4,800,000	0.33%	3,837,200	0.46%
Rivervale Realty			3,942,700	0.47%
Hackensack Golf Club			3,609,800	0.43%
	<u>\$ 97,463,200</u>	<u>6.74%</u>	<u>\$ 56,850,000</u>	<u>6.80%</u>

Source: Municipal Tax Assessor

**ORADELL BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2005	\$ 7,873,503	\$ 7,873,503	100.00%	
2006	8,685,486	8,685,486	100.00%	
2007	9,013,385	9,013,385	100.00%	
2008	9,685,540	9,685,540	100.00%	
2009	10,019,352	10,019,352	100.00%	
2010	10,009,035	10,009,035	100.00%	
2011	10,011,646	10,011,646	100.00%	
2012	10,223,706	10,223,706	100.00%	
2013	10,547,332	10,547,332	100.00%	

**ORADELL BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST NINE FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities				Total District	Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases and Lease Purchases	Grant Anticipation Note			
2006	\$ 7,157,000	\$ 2,450,000			\$ 9,607,000	7,798	\$ 1,232
2007	6,882,000	1,785,000		\$ 2,700,000	11,367,000	7,773	1,462
2008	6,597,000	1,100,000		500,000	8,197,000	7,755	1,057
2009	6,297,000	375,000	\$ 56,707		6,728,707	7,787	864
2010	5,982,000		33,052		6,015,052	7,987	753
2011	5,652,000		9,967		5,661,967	8,031	705
2012	5,320,000				5,320,000	8,083	658
2013	4,910,000		59,190		4,969,190	8,128	611
2014	4,565,000		60,365		4,625,365	8,128 (E)	569

(E) - Estimate

Source: District records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only nine years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

ORADELL BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2005	\$ 7,397,000		\$ 7,397,000	0.88%	\$ 939
2006	7,157,000		7,157,000	0.85%	918
2007	6,882,000		6,882,000	0.82%	885
2008	6,597,000		6,597,000	0.78%	851
2009	6,297,000		6,297,000	0.39%	809
2010	5,982,000		5,982,000	0.37%	749
2011	5,652,000		5,652,000	0.35%	704
2012	5,320,000		5,320,000	0.33%	658
2013	4,910,000	\$ 26,790	4,883,210	0.34%	601
2014	4,565,000	26,790	4,538,210	0.31%	558

Source: District records

**ORADELL BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES BONDED DEBT
AS OF DECEMBER 31, 2013
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt:	
Oradell Board of Education (as of June 30, 2014)	\$ 4,565,000
Regional High School - Oradell's Share	6,384,446
Borough of Oradell	<u>21,289,801</u>
Total Direct Debt	<u>32,239,247</u>
Overlapping Debt Apportioned to the Municipality:	
Bergen County:	
County of Bergen (A)	8,088,728
Bergen County Utilities Authority - Wastewater (B)	<u>2,823,128</u>
Total Overlapping Debt	<u>10,911,856</u>
Total Direct and Overlapping Debt	<u>\$ 43,151,103</u>

Source:

Borough of Oradell's 2013 Annual Debt Statement
 County of Bergen's 2013 Annual Debt Statement
 Bergen County Utilities Authority's 2013 Annual Audit

(A) The debt for this entity was apportioned to Oradell by dividing the municipality's 2013 equalized value by the total 2013 equalized value for Bergen County.

(B) The debt was computed based upon usage

**ORADELL BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

Legal Debt Margin Calculation for Fiscal Year 2014

		Equalized valuation basis
	2013	\$ 1,627,047,212
	2012	1,687,680,371
	2011	<u>1,727,790,730</u>
		<u>\$ 5,042,518,313</u>
Average equalized valuation of taxable property		\$ 1,680,839,438
Debt limit (2.5 % of average equalization value)		42,020,986
Total Net Debt Applicable to Limit		<u>4,565,000</u>
Legal debt margin		<u>\$ 37,455,986</u>

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 34,160,377	\$ 37,854,465	\$ 41,831,824	\$ 44,610,341	\$ 45,558,251	\$ 45,644,111	\$ 44,689,519	\$ 44,013,328	\$ 43,075,178	\$ 42,020,986
Total net debt applicable to limit	<u>7,217,524</u>	<u>6,997,524</u>	<u>6,742,524</u>	<u>6,477,000</u>	<u>6,197,000</u>	<u>5,907,000</u>	<u>5,602,000</u>	<u>5,295,000</u>	<u>4,910,000</u>	<u>4,565,000</u>
Legal debt margin	<u>\$ 26,942,853</u>	<u>\$ 30,856,941</u>	<u>\$ 35,089,300</u>	<u>\$ 38,133,341</u>	<u>\$ 39,361,251</u>	<u>\$ 39,737,111</u>	<u>\$ 39,087,519</u>	<u>\$ 38,718,328</u>	<u>\$ 38,165,178</u>	<u>\$ 37,455,986</u>
Total net debt applicable to the limit as a percentage of debt limit	21.13%	18.49%	16.12%	14.52%	13.60%	12.94%	12.54%	12.03%	11.40%	10.86%

Source: Annual Debt Statements

**ORADELL BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2005	7,879	\$ 56,706	2.90%
2006	7,798	62,714	2.80%
2007	7,773	67,394	2.50%
2008	7,755	68,227	3.30%
2009	7,787	63,198	5.90%
2010	7,987	65,486	6.10%
2011	8,031	65,486	6.00%
2012	8,083	66,096	6.10%
2013	8,128	69,919	4.70%
2014	8,128 (E)	69,919 (E)	4.70% (E)

Source: New Jersey State Department of Education

(E) Estimate

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

<u>Employer</u>	<u>2014</u>		<u>2005</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Instruction										
Regular	50.0	50.0	57.5	48.6	48.6	48.6	48.6	51.7	51.7	51.7
Special Education	13.0	10.0	9.0	9.5	9.5	9.5	9.5	9.5	9.5	9.5
Support Services:										
Student & instruction related services	8.2	7.0	8.0	9.6	10.6	10.6	10.6	9.0	9.0	9.0
General administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administrative services	4.0	4.0	2.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Central services	3.0	3.0	3.6	3.6	3.6	3.6	3.4	3.4	3.4	3.4
Administrative Information Technology		1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	5.0	5.0	7.2	7.0	7.0	7.0	6.0	6.0	6.0	6.0
Total	<u>85.2</u>	<u>82.0</u>	<u>90.3</u>	<u>85.3</u>	<u>86.3</u>	<u>86.3</u>	<u>85.1</u>	<u>86.6</u>	<u>86.6</u>	<u>86.6</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teacher/Pupil Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary				
2005	765	\$ 8,446,735	\$ 11,041	4.36%	65	1:11	765	747	2.14%	97.65%
2006	770	9,006,949	11,697	5.94%	63	1:11	770	751	0.65%	97.53%
2007	791	9,672,301	12,228	4.54%	63	1:11	786	752	2.08%	95.67%
2008	794	10,412,518	13,114	7.25%	67	1:11	794	763	1.02%	96.10%
2009	790	10,386,316	13,147	0.25%	63	1:11	790	759	1.04%	96.08%
2010	782	10,599,192	13,554	3.09%	63	1:11	782	759	1.03%	97.06%
2011	805	10,549,752	13,105	-3.31%	63	1:11	804	773	2.81%	96.14%
2012	801	11,155,726	13,927	6.27%	63	1:11	788	759	-1.99%	96.32%
2013	817	11,473,796	14,044	7.16%	63	1:11	784	751	-2.49%	95.79%
2014	805	11,185,070	13,894	-0.24%	65	1:11	782	751	-0.76%	96.04%

Sources: District records

ORADELL BOARD OF EDUCATION
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS
 (Unaudited)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2004</u>
<u>District Building</u>										
<u>Elementary</u>										
Square Feet	99,440	99,440	99,440	113,440	113,440	113,440	113,440	113,440	113,440	113,440
Capacity (students)	795	795	795	853	853	853	853	853	853	853
Enrollment	765	770	791	794	790	782	805	801	801	801

Number of Schools at June 30, 2013
 Elementary = 1

Source: District Records

**ORADELL BOARD OF EDUCATION
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN YEARS
(Unaudited)**

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

<u>School Facilities</u>	<u>Project No.</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Oradell Elementary School	N/A	\$ 92,849	\$ 156,501	\$ 155,015	\$ 128,970	\$ 105,627	\$ 92,313	\$ 163,490	\$ 158,256	\$ 162,089	\$ 189,611

Source: District Records

**ORADELL BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2014
(Unaudited)**

	<u>Coverage (A)</u>	<u>Deductible (A)</u>
Northeast Bergen County School Board Group		
School Package Policy		
Property-Blanket Building & Contents (Oradell School Only)	\$ 25,351,995	\$ 5,000
Flood/Earthquake	5,000,000	50,000
General Liability	2,000,000	
Employee Benefit Liability	1,000,000	1,000
School Board Legal Liability	1,000,000	
Commercial Automobile Liability	1,000,000	1,000
Commercial Umbrella Coverage	9,000,000	10,000
Commercial Umbrella Excess Coverage	50,000,000	
Public Employee Dishonesty		
Per Employee (Primary)	100,000	5,000
Per Loss (Excess)	400,000	
Forgery or Alteration	50,000	1,000
Educators Legal Liability	1,000,000	5,000
Employment Practice Liability	1,000,000	10,000
Environmental Liability	3,000,000	15,000
Public Employees' Faithful Performance Blanket		
Position Bonds		
Board Secretary	200,000	
Treasurer	200,000	

(A) Coverage represents total amount covered for all members of the Northeast Bergen County School Board Group unless otherwise noted.

Source: District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA
VOLNEY V. JACKSON, CPA
CHYNNA C. DESTEFANO, CPA, PSA
KEVIN LOMSKI, CPA
EDWARD P. MURPHY, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oradell Board of Education as of and for the fiscal year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Oradell Board of Education's basic financial statements and have issued our report thereon dated November 21, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Oradell Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

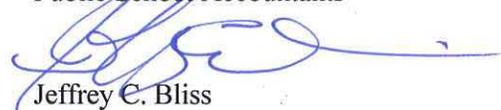
We noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Oradell Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 21, 2014.

Purpose of this Report

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

Lerch, Vinci & Higgins, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
November 21, 2014



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA
VOLNEY V. JACKSON, CPA
CHYNNA C. DESTEFANO, CPA, PSA
KEVIN LOMSKI, CPA
EDWARD P. MURPHY, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 04-04**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Oradell Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Oradell Board of Education's major state programs for the fiscal year ended June 30, 2014. The Oradell Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Oradell Board of Education's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Oradell Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Oradell Board of Education's compliance.

Opinion on Each Major State Program

In our opinion, the Oradell Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the Oradell Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Oradell Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Oradell Board of Education's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04

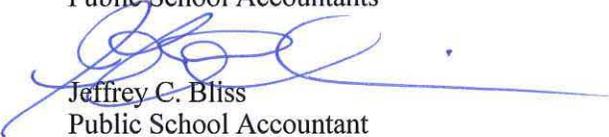
We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oradell Board of Education, as of and for the fiscal year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 21, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

LERCH, VINCI & HIGGINS, LLP

LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants

Public School Accountants


Jeffrey C. Bliss

Public School Accountant

PSA Number CS00932

Fair Lawn, New Jersey
November 21, 2014

**ORADELL BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2013			Carryover/ (Walkover)		Cash Received	Budgetary Expenditures	Adjustments	Refund of Prior Years' Balances	Balance, June 30, 2014			(Memo) GAAP Receivable
					(Accounts Receivable)	Deferred Revenue	Due to Grantor	Amount Def. Rev.	Accounts Receivable					(Account Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Agriculture Passed-through State Department of Education																	
Special Milk Program	10.556	N/A	7/1/13-6/30/14	\$ 4,444						\$ 3,645	\$ 4,444			\$ (799)			\$ (799)
Special Milk Program	10.556	N/A	7/1/12-6/30/13	2,635	\$ (862)	-	-	-	-	862	-	-	-	-	-	-	-
Total U.S. Department of Education					(862)	-	-	-	-	4,507	4,444	-	-	(799)	-	-	(799)
U.S. Department of Education Passed-through State Department of Education																	
Title IIA	84.367A	NCLB153008	7/1/13-6/30/14	16,691						16,691	16,691						
Title III	84.365A	NCLB153004	7/1/13-6/30/14	4,637						4,637	2,691						
I.D.E.A. Part B, Basic Regular	84.027	FT-3870-12	7/1/13-8/31/14	180,207				\$ 9,460	\$ (9,460)	135,213	182,586			\$ 1,946			(47,373)
I.D.E.A. Part B, Basic Regular	84.027	FT-3870-12	9/1/12-8/31/13	185,765	(26,961)	\$ 9,460		(9,460)	9,460	17,501				(54,454)	7,081		(12,004)
I.D.E.A. Preschool	84.173	PS-3870-09	7/1/13-8/31/14	13,038				640	(627)	922	12,926	\$ (13)		(12,756)	752		(12,004)
I.D.E.A. Preschool	84.173	PS-3870-09	9/1/12-8/31/13	13,424	(1,549)	640	-	(640)	627	922	-	-	-	-	-	-	-
Total U.S. Department of Education					(28,510)	10,100	-	-	-	175,886	214,894	(13)	-	(67,210)	9,779	-	(59,377)
Total Federal Awards					\$ (29,372)	\$ 10,100	\$ -	\$ -	\$ -	\$ 180,393	\$ 219,338	\$ (13)	\$ -	\$ (68,009)	\$ 9,779	\$ -	\$ (60,176)

Note: This schedule was not subject to a Federal Single Audit in accordance with OMB Circular A-133.

See accompanying notes to schedule of expenditures of federal awards and state financial assistance.

**ORADELL BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

State/Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2013	Carryover Amount	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2014			GAAP Receivable	Memo Cumulative Total Expenditures
									(Accounts Receivable)	Unearned Revenue	Due to Grantor		
State Department of Education													
General Fund:													
Special Education Aid	14-495-034-5120-089	7/1/13-6/30/14	\$ 311,029			\$ 289,478	\$ 311,029		\$ (21,551)			*	\$ 311,029
Special Education Aid	13-495-034-5120-089	7/1/12-6/30/13	311,915	(21,750)		21,750						*	
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	11,890			11,066	11,890		(824)			*	11,890
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	11,391	(794)		794						*	
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	6,013			5,596	6,013		(417)			*	6,013
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	5,626	(392)		392						*	
Extraordinary Aid	14-100-034-5120-473	7/1/13-6/30/14	100,388				100,388		(100,388)			*	100,388
Extraordinary Aid	13-100-034-5120-473	7/1/12-6/30/13	82,707	(82,707)		82,707						*	
Nonpublic School Transportation Aid	N/A	7/1/13-6/30/14	3,719				3,719		(3,719)			*	\$ (3,719)
Nonpublic School Transportation Aid	N/A	7/1/12-6/30/13	4,002	(4,002)		4,002						*	
Reimbursed TPAF Social Security Contribution	14-495-034-5095-002	7/1/13-6/30/14	345,274			328,189	345,274		(17,085)			*	(17,085)
Reimbursed TPAF Social Security Contribution	13-495-034-5095-002	7/1/12-6/30/13	388,441	(17,873)		17,873						*	
TPAF Pension Benefit Contributions	14-495-034-5095-006	7/1/13-6/30/14	176,702			176,702	176,702					*	176,702
TPAF Pension - NCGI Premium	14-100-034-5095-007	7/1/13-6/30/14	15,597			15,597	15,597					*	15,597
TPAF Pension-Post Retirement Medical	14-100-034-5095-001	7/1/13-6/30/14	315,299			315,299	315,299					*	315,299
Total General Fund				(127,518)	-	1,269,445	1,285,911	-	(145,984)	-	-	*	(20,804)
New Jersey Nonpublic Aid													
Textbook Aid	14-100-034-5120-064	7/1/13-6/30/14	7,131			7,131	7,131					*	7,131
Textbook Aid	13-100-034-5120-064	7/1/12-6/30/13	7,662	2,071				\$ 2,071				*	
Technology Aid	13-100-034-5120-373	7/1/12-6/30/13	2,600			2,600	2,600					*	2,600
Technology Aid	14-100-034-5120-373	7/1/13-6/30/14	2,828	461				461				*	
Nursing Services	14-100-034-5120-070	7/1/13-6/30/14	10,036			10,036	9,735				\$ 301	*	9,735
Auxiliary Services												*	
Compensatory Education	14-100-034-5120-067	7/1/13-6/30/14	33,383			33,383	26,193				7,190	*	26,193
Compensatory Education	13-100-034-5120-067	7/1/12-6/30/13	27,591	10,787				10,787				*	
English as a Second Language	14-101-034-5120-067	7/1/13-6/30/14	2,182			2,182	1,048				1,134	*	1,048
English as a Second Language	13-101-034-5120-067	7/1/12-6/30/13	3,325	1,876				1,876				*	
Transportation	13-100-034-5120-068	7/1/12-6/30/13	8,820	8,820				8,820				*	
Handicapped Services												*	
Examination and Classification	14-100-034-5120-066	7/1/13-6/30/14	46,175			46,175	3,980				42,195	*	3,980
Examination and Classification	13-100-034-5120-066	7/1/12-6/30/13	7,961	3,661				3,661				*	
Corrective Speech	14-100-034-5120-066	7/1/13-6/30/14	25,780			25,780	15,155				10,625	*	15,155
Corrective Speech	13-100-034-5120-066	7/1/12-6/30/13	17,265	781				781				*	
Supplementary Instruction	14-100-034-5120-066	7/1/13-6/30/14	6,730			6,730	3,400				3,330	*	3,400
Supplementary Instruction	13-100-034-5120-066	7/1/12-6/30/13	4,163	1,180				1,180				*	
Total Special Revenue Fund				29,637	-	134,017	69,242	29,637	-	-	64,775	*	69,242
State of New Jersey Schools Development Authority:													
Capital Projects													
Entrance Lobby at Front of School Security	SP#3870-050-14-GIFK	N/A	42,960	-	-	-	1,960	-	(42,960)	\$ 41,000	-	*	(42,960)
Total Capital Projects				-	-	-	1,960	-	(42,960)	41,000	-	*	(42,960)
Total State Financial Assistance				(97,881)	-	1,403,462	1,357,113	29,637	(186,944)	41,000	64,775	*	(62,764)
State Financial Assistance Not Subject to Single Audit Determination													
General Fund													
TPAF Pension Contributions	14-495-034-5095-006	7/1/13-6/30/14	176,702			(176,702)	(176,702)					*	(176,702)
TPAF Pension - NCGI Premium	14-100-034-5095-007	7/1/13-6/30/14	15,597			(15,597)	(15,597)					*	(15,597)
TPAF Pension-Post Retirement Medical	14-100-034-5095-001	7/1/13-6/30/14	315,299			(315,299)	(315,299)					*	(315,299)
Total State Financial Assistance Subject to Single Audit Determination				\$ (97,881)	\$ -	\$ 895,864	\$ 849,515	\$ 29,637	\$ (186,944)	\$ 41,000	\$ 64,775	*	\$ (62,764)

See accompanying notes to schedule of expenditures of federal awards and state financial assistance.

**ORADELL BOARD OF EDUCATION
 NOTES TO THE SCHEDULES OF EXPENDITURES OF
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Oradell Board of Education. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$17,537 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,268,374	\$ 1,268,374
Special Revenue Fund	\$ 214,894	69,242	284,136
Capital Projects Fund		1,960	1,960
Food Service Fund	4,444	-	4,444
	<u> </u>	<u> </u>	<u> </u>
Total Financial Assistance	<u>\$ 219,338</u>	<u>\$ 1,339,576</u>	<u>\$ 1,558,914</u>

**ORADELL BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6 OTHER INFORMATION

TPAF Social Security contributions in the amount of \$345,274 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2014. The amount reported as TPAF Pension System Contributions in the amount of \$192,299 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$315,299 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2014.

NOTE 7 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

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

ORADELL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Part I – Summary of Auditor’s Results

Financial Statement Section

- A) Type of auditor's report issued: Unmodified
- B) Internal control over financial reporting:
- 1) Material weakness(es) identified? yes X no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X none reported
- C) Noncompliance material to the basic financial statements noted? yes X no

Federal Awards Section

NOT APPLICABLE

**ORADELL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Part I – Summary of Auditor’s Results

State Awards Section

J) Dollar threshold used to distinguish Type A and Type B programs: \$ 300,000

K) Auditee qualified as low-risk auditee? X yes no

L) Type of auditors' report on compliance for major programs: Unmodified

M) Internal Control over compliance:

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

2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X none reported

N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04, as amended? yes X none

O) Identification of major programs:

GMIS Number(s)	Name of State Program
<u>14-495-034-5095-002</u>	<u>Reimbursed TPAF Social Security Contributions</u>
<u>14-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>14-495-034-5120-084</u>	<u>Security Aid</u>
<u> </u>	<u> </u>

**ORADELL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

There are none.

**ORADELL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR FEDERAL AWARDS

Not Applicable.

CURRENT STATE FEDERAL AWARDS

There are none.

**ORADELL BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

There were none.