

WEST ORANGE BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

West Orange, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

West Orange Board of Education

West Orange, New Jersey

For The Fiscal Year Ended June 30, 2017

Prepared by

Business Office

**WEST ORANGE BOARD OF EDUCATION
TABLE OF CONTENTS**

	<u>Page</u>
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
Management's Discussion and Analysis	4-16
Basic Financial Statements	
A. District-wide Financial Statements	
A-1 Statement of Net Position	17
A-2 Statement of Activities	18-19
B. Fund Financial Statements	
<i>Governmental Funds</i>	
B-1 Balance Sheet	20-21
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	22
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds	23
<i>Proprietary Funds</i>	
B-4 Statement of Net Position	24
B-5 Statement of Revenues, Expenses, and Changes in Net Position	25
B-6 Statement of Cash Flows	26
<i>Fiduciary Funds</i>	
B-7 Statement of Fiduciary Net Position	27
B-8 Statement of Changes in Fiduciary Net Position	28
Notes to the Financial Statements	29-65
REQUIRED SUPPLEMENTARY INFORMATION - PART II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – General Fund	66-71
C-2 Budgetary Comparison Schedule – Special Revenue Fund	72
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART II	
C-3 Budgetary Comparison Schedule – Note to Required Supplementary Information	73

**WEST ORANGE BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

REQUIRED SUPPLEMENTARY INFORMATION - PART III

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

L-1	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System	74
L-2	Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	75
L-3	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	76
L-4	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Board of Education Employees’ Pension of Essex County	77
L-5	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Board of Education Employees’ Pension of Essex County	78
L-6	Notes to Required Supplementary Information	79

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	80-81
E-2	Schedule of Preschool Education Aid Expenditures – Budgetary Basis	82

F. Capital Projects Fund

F-1	Summary Schedule of Project Expenditures	83
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	84
F-2a – F-2c	Schedule of Project Revenues, Expenditures and Project Balances and Project Status – Budgetary Basis	85-86

G. Proprietary Funds

Enterprise Fund

G-1	Statement of Net Position (Not Applicable)	87
G-2	Statement of Revenues, Expenses and Changes in Net Position (Not Applicable)	87
G-3	Statement of Cash Flows (Not Applicable)	87

Internal Service Fund – Not Applicable

**WEST ORANGE BOARD OF EDUCATION
TABLE OF CONTENTS**

	<u>Page</u>
H. Fiduciary Funds	
H-1 Combining Statement of Agency Assets and Liabilities	88
H-2 Combining Statement of Changes in Net Position – Not Applicable	88
H-3 Student Activity Agency Fund Statement of Receipts and Disbursements	89
H-4 Payroll Agency Fund Statement of Receipts and Disbursements	89
I. Long-Term Debt	
I-1 Schedule of Serial Bonds Payable	90
I-2 Schedule of Obligations Under Lease Purchase Agreements	91
I-3 Schedule of Obligations Under Capital Leases/Lease Purchase Agreements	92
I-4 Budgetary Comparison Schedule	93
J. STATISTICAL SECTION (Unaudited)	
Introduction to the Statistical Section	
Financial Trends	
J-1 Net Position by Component	94
J-2 Changes in Net Position	95-96
J-3 Fund Balances – Governmental Funds	97
J-4 Changes in Fund Balances – Governmental Funds	98
J-5 Governmental Fund Other Local Revenue by Source	99
Revenue Capacity	
J-6 Assessed Value and Actual Value of Taxable Property	100
J-7 Direct and Overlapping Property Tax Rates	101
J-8 Principal Property Taxpayers	102
J-9 Property Tax Levies and Collections	103
Debt Capacity	
J-10 Ratios of Outstanding Debt by Type	104
J-11 Ratios of Net General Bonded Debt Outstanding	105
J-12 Direct and Overlapping Government Activities Debt	106
J-13 Legal Debt Margin Information	107
Demographic and Economic Information	
J-14 Demographic Statistics	108
J-15 Principal Employers	109
Operating Information	
J-16 Full Time Equivalent District Employees by Function/Program	110
J-17 Operating Statistics	111
J-18 School Building Information	112-113
J-19 Schedule of Required Maintenance for School Facilities	114
J-20 Schedule of Insurance	115-116

**WEST ORANGE BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

K. SINGLE AUDIT SECTION

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	117-118
K-2	Report on Compliance with Requirements for each Major Federal and State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards as Required by the U. S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 15-08-Independent Auditor's Report	119-121
K-3	Schedule of Expenditures of Federal Awards	122
K-4	Schedule of Expenditures of State Financial Assistance	123-124
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	125-126
K-6	Schedule of Findings and Questioned Costs – Part 1 – Summary of Auditor's Results	127-128
K-7	Schedule of Findings and Questioned Costs – Part 2 – Schedule of Financial Statement Findings	129
K-7	Schedule of Findings and Questioned Costs – Part 3 – Schedule of Federal and State Award Findings and Questioned Costs	130-131
K-8	Summary Schedule of Prior Year Findings	132

INTRODUCTORY SECTION

West Orange Board of Education

West Orange, New Jersey

Jeffrey S. Rutzky
Superintendent of Schools

John Calavano
Business Administrator

October 12, 2017

The Honorable President and Members
of the Board of Education
West Orange School District
County of Essex, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report of the West Orange School District (the "District") for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and U.S. Uniform Guidance, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The West Orange School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The West Orange School District and its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 12 for the students residing in West Orange Township. These include regular as well as special education for handicapped youngsters. The District completed the 2016-2017 fiscal year with an enrollment of 6,632 students.

2) ECONOMIC CONDITION AND OUTLOOK: West Orange continues to react to the adverse economic condition of the State of New Jersey and the country. West Orange School District has enjoyed a positive reputation in the education community due primarily to the success of our graduates. State testing continues to demonstrate the District's ability to meet the needs of our community. The trend of additional financial support from the state and federal governments has continued, if somewhat lessened. This money combined with the great support of the community through property taxes continues to provide for an exemplary school system.

The Honorable President and Members of
the Board of Education
West Orange School District
Page 2
October 12, 2017

3) MAJOR INITIATIVES: Coping with the financial restraints imposed by the State of New Jersey is the major challenge for the Board of Education and administration of the District. The needs of the students are increasing as well as the expectations on these students as they enter the workplace or ongoing education environments.

The goal of the business office to identify and achieve cost savings in all areas of the budget. Some items utilized include:

- Ongoing cooperative purchasing with other schools in the state to acquire office, instructional and custodial supplies.
- Ongoing cooperation with the Township of West Orange for the purchase of fuel and road salt and shared expenditures such as emergency shelter and lining of fields.
- Participating with Ed-Data, educational service commissions and utilizing NJ State contracts to reduce costs in other areas of purchasing.

Other initiatives pursued by the District include:

- Develop a 5 year plan that addresses the current overcrowding at the elementary school level and prepare the district for potential increases in student enrollment.
- Adopt a new K-5 and 6-8 science program that align to the Next Generation Science Standards (NJGSS).
- Develop an assessment framework that includes the development and implementation of quality benchmark assessments and frequent and consistent progress monitoring that will close gaps in student performance.
- Align curriculum in English Language Arts and Mathematics to the newly adopted Student Learning Standards.
- Continue the expansion of the K-12 STEAM curriculum that combines problem solving project-based learning.
- Update facilities to support current and future technological needs in PreK-12 and ensure access for every student.
- Increase student achievement to ensure that all students are challenged and engaged in quality instructional programs, as measured by statewide assessments.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these

objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2017.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements", Note 1.

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

8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found on Exhibit J-20.

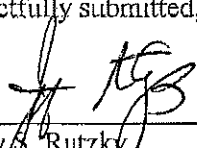
The Honorable President and Members of
the Board of Education
West Orange School District
Page 4
October 12, 2017

The District is insured through Glatfelter Public Practice. Glatfelter utilizes the American Alternative Insurance Company (AAIC) for the Districts Property, General Liability, Automobile, School Board Legal Liability and Umbrella coverage's. The District also has Pollution Liability coverage, Student Accident coverage and Excess coverage. The Board has chosen a self-insured program for its workers' compensation claims up to \$500,000 (individually and in the aggregate) and has purchased commercial excess coverage for all claims above the self-insured retention amount.

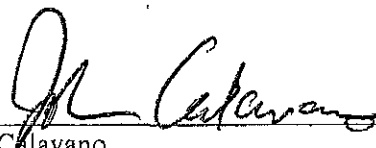
10) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and the related U.S. Uniform Guidance, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

11) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the West Orange 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 preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

Respectfully submitted,

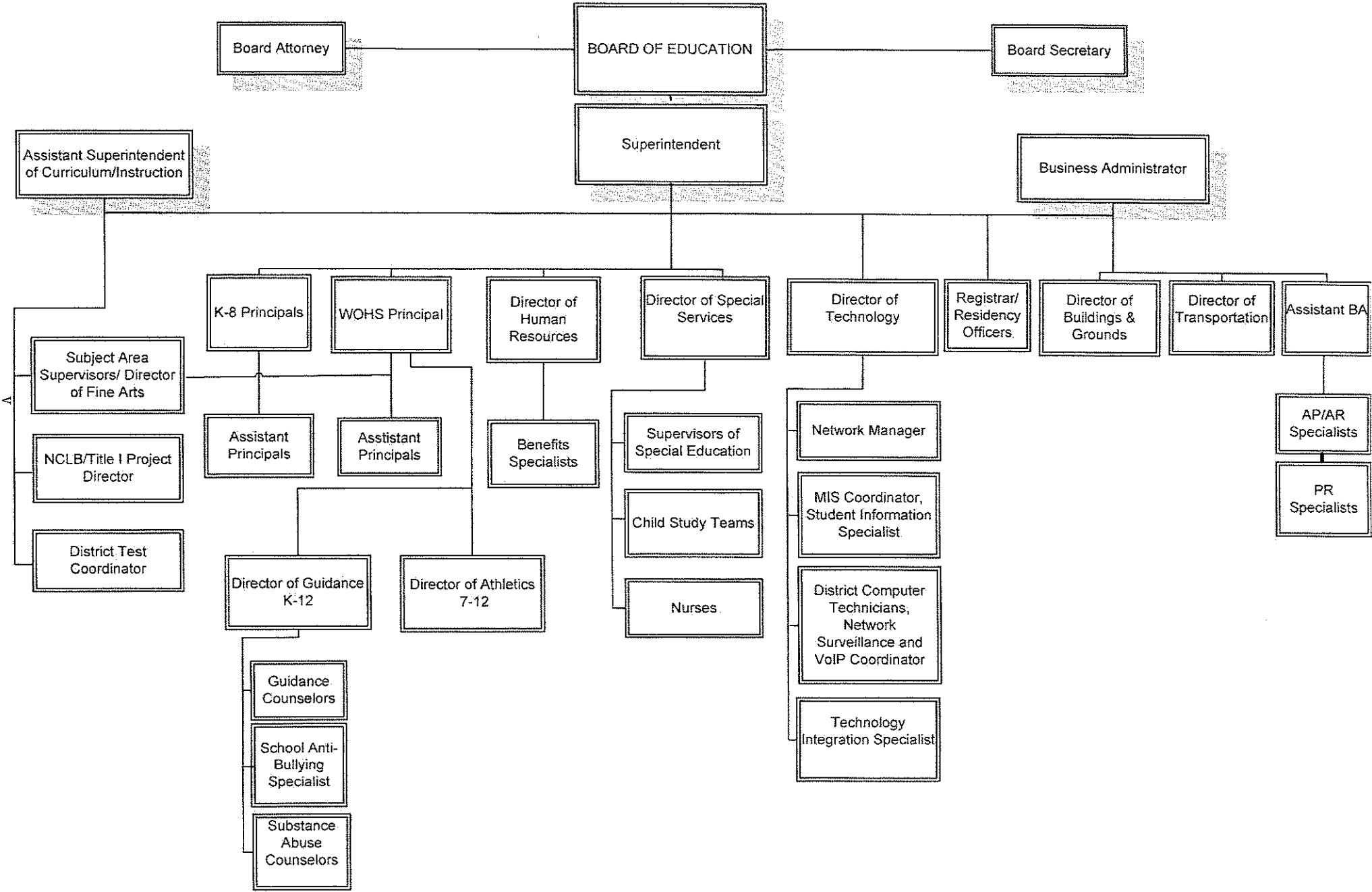


Jeffrey S. Rutzky
Superintendent of Schools



John Calavano
Business Administrator/Board Secretary

WEST ORANGE PUBLIC SCHOOLS
ORGANIZATION CHART



**WEST ORANGE SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2017**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Sandra Mordecai, President	2020
Irving Schwarzbaum, Vice President	2019
Laura Lab	2018
Ronald Charles	2019
Mark Robertson	2020

<u>Other Officers</u>	<u>Title</u>
Jeffrey Rutzky	Superintendent of Schools
John Calavano	Board Secretary/School Business Administrator
Joseph Antonucci	Treasurer
Matthew Giacobbe, Esq.	Board Attorney

WEST ORANGE SCHOOL DISTRICT
Consultants and Advisors

Attorney

Matthew Giacobbe, Esq.
Cleary Giacobbe Alfieri Jacobs LLC
5 Ravine Drive
Matawan, NJ 07747

Auditor

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

Bond Counsel

McManimon & Scotland, L.L.C.
75 Livingston Avenue
2nd Floor
Roseland, New Jersey 07068

Official Depositories

PNC Bank
Main Street Branch
West Orange, New Jersey 07052

TD Bank
Pleasant Valley Way
West Orange, New Jersey 07052

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA, PSA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
West Orange Board of Education
West Orange, 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 West Orange Board of Education, as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the West Orange Board of Education as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension 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 West Orange Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the West Orange 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 October 12, 2017 on our consideration of the West Orange Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the West Orange Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the West Orange 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

Donna L. Japhet

Donna L. Japhet
Public School Accountant
PSA Number CS02314

Fair Lawn, New Jersey
October 12, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

**WEST ORANGE BOARD OF EDUCATION
WEST ORANGE, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

This section of the West Orange Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2016-2017) and the prior year (2015-2016) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2016-2017 fiscal year include the following:

- The liabilities and deferred inflows of resources of the West Orange Board of Education exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$45,062,497 (deficit net position).
- Overall revenues were \$199,162,283. General revenues accounted for \$136,529,349 or 69% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$62,632,934 or 31% of total revenues.
- The school district had \$203,711,764 in expenses for governmental activities; only \$58,836,574 of these expenses was offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$136,529,239 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 \$2,016,278.
- The General Fund fund balance at June 30, 2017 was \$1,214,605, a decrease of \$3,495,546 when compared with the beginning balance at July 1, 2016 of \$4,710,151.

**WEST ORANGE BOARD OF EDUCATION
WEST ORANGE, NEW JERSEY**

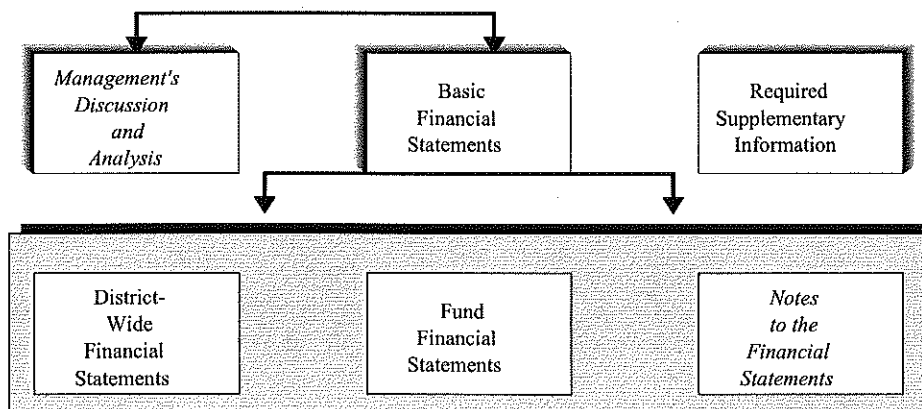
**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The chart below shows how the various parts of this annual report are arranged and related to one another.



**WEST ORANGE BOARD OF EDUCATION
WEST ORANGE, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

The 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 regular and special education and building maintenance, food service and community education.	Activities the district operates similar to private businesses: Enterprise funds	Instances in which the district administers resources on behalf of someone else, such as Unemployment, Payroll Agency, and Student Activities
Required financial statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund balances	Statement of Net Position Statement of Revenue, Expenses, and Changes in Fund Net Position Statement of Cash Flows	Statements of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability/Deferred inflows/outflows of resources information	All asset, liabilities, and deferred inflows/outflows, both financial and capital short-term and long-term	Generally assets expected to be utilized and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All asset, liabilities, and deferred inflows/outflows, both financial and capital short-term and long-term	All assets and liabilities, both short-term and long-term funds do not currently contain capital assets
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 Financial Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflows/inflows of resources and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

**WEST ORANGE BOARD OF EDUCATION
WEST ORANGE, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

District-Wide Financial Statements (continued)

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

- *Governmental Activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration and plant operations and maintenance. Property taxes and state aids finance most of these activities.
- *Business Type Activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The District's Food Service Fund and Summer Enrichment Fund are included under this category.

Fund Financial Statements

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

- Some funds are required by State law and bond covenants.
- The District establishes other funds 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.

**WEST ORANGE BOARD OF EDUCATION
WEST ORANGE, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

Fund Financial Statements (continued)

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:

- Food Service (Cafeteria)
- Summer Enrichment Fund

• *Fiduciary funds* – The District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the Financial Statements

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

Other Information

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

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

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by (\$45,062,497) and (\$36,771,211) as of June 30, 2017 and June 30, 2016, respectively.

**WEST ORANGE BOARD OF EDUCATION
WEST ORANGE, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Net Position
As of June 30, 2017 and 2016**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current Assets	\$ 5,819,957	\$ 15,814,060	\$ 1,478,562	\$ 917,136	\$ 7,298,519	\$ 16,731,196
Capital Assets, Net	<u>74,993,945</u>	<u>71,236,094</u>	<u>616,162</u>	<u>717,879</u>	<u>75,610,107</u>	<u>71,953,973</u>
Total Assets	<u>80,813,902</u>	<u>87,050,154</u>	<u>2,094,724</u>	<u>1,635,015</u>	<u>82,908,626</u>	<u>88,685,169</u>
Deferred Amounts on Refunding of Debt	2,750,132	2,979,785	-	-	2,750,132	2,979,785
Deferred Amounts on Net Pension Liability	<u>21,601,842</u>	<u>8,018,314</u>	-	-	<u>21,601,842</u>	<u>8,018,314</u>
Total Deferred Outflows of Resources	<u>24,351,974</u>	<u>10,998,099</u>	-	-	<u>24,351,974</u>	<u>10,998,099</u>
Total Assets and Deferred Outflows of Resources	<u>105,165,876</u>	<u>98,048,253</u>	<u>2,094,724</u>	<u>1,635,015</u>	<u>107,260,600</u>	<u>99,683,268</u>
Long-Term Liabilities	146,623,161	131,680,792	-	-	146,623,161	131,680,792
Other Liabilities	<u>4,556,401</u>	<u>3,142,283</u>	<u>817,778</u>	<u>412,734</u>	<u>5,374,179</u>	<u>3,555,017</u>
Total Liabilities	<u>151,179,562</u>	<u>134,823,075</u>	<u>817,778</u>	<u>412,734</u>	<u>151,997,340</u>	<u>135,235,809</u>
Deferred Amounts on Net Pension Liability	<u>325,757</u>	<u>1,218,670</u>	-	-	<u>325,757</u>	<u>1,218,670</u>
Total Deferred Inflows of Resources	<u>325,757</u>	<u>1,218,670</u>	-	-	<u>325,757</u>	<u>1,218,670</u>
Total Liabilities and Deferred Inflows of Resources	<u>151,505,319</u>	<u>136,041,745</u>	<u>817,778</u>	<u>412,734</u>	<u>152,323,097</u>	<u>136,454,479</u>
Net Investment in Capital Assets	5,142,084	5,013,062	616,162	717,879	5,758,246	5,730,941
Restricted	53,823	367,589			53,823	367,589
Unrestricted	<u>(51,535,350)</u>	<u>(43,374,143)</u>	<u>660,784</u>	<u>504,402</u>	<u>(50,874,566)</u>	<u>(42,869,741)</u>
Total Net Position	<u>\$ (46,339,443)</u>	<u>\$ (37,993,492)</u>	<u>\$ 1,276,946</u>	<u>\$ 1,222,281</u>	<u>\$ (45,062,497)</u>	<u>\$ (36,771,211)</u>

**WEST ORANGE BOARD OF EDUCATION
WEST ORANGE, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

**Changes in Net Position
For The Fiscal Years Ended June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues						
Charges for Services	\$ 657,964	\$ 332,145	\$ 1,765,791	\$ 1,769,320	\$ 2,423,755	\$ 2,101,465
Operating Grants and Contributions	58,171,326	42,770,535	2,030,569	2,080,794	60,201,895	44,851,329
Capital Grants and Contributions	7,284				7,284	
General Revenues						
Property Taxes	133,854,378	131,410,895			133,854,378	131,410,895
State Aid	2,192,832	2,268,165			2,192,832	2,268,165
Other	482,029	591,431	110	34	482,139	591,465
Total Revenues	195,365,813	177,373,171	3,796,470	3,850,148	199,162,283	181,223,319
Expenses						
Instruction						
Regular	85,732,467	74,210,221			85,732,467	74,210,221
Special Education	37,600,641	32,776,729			37,600,641	32,776,729
Vocational Education-Tuition	154,935	175,783			154,935	175,783
School Sponsored Activities and Athletics	6,539,288	5,293,464			6,539,288	5,293,464
Other Instruction	3,670,117	2,687,502			3,670,117	2,687,502
Support Services						
Student and Instruction Related Services	23,297,639	21,589,825			23,297,639	21,589,825
School Administrative Services	10,176,873	8,729,484			10,176,873	8,729,484
General Administrative Services	2,429,170	2,373,226			2,429,170	2,373,226
Plant Operations and Maintenance	16,440,143	16,421,279			16,440,143	16,421,279
Pupil Transportation	9,598,354	9,025,725			9,598,354	9,025,725
Business and Other Support Services	5,394,327	4,484,056			5,394,327	4,484,056
Interest on Long-Term Debt	2,677,810	3,222,707			2,677,810	3,222,707
Food Service	-	-	3,601,613	3,679,776	3,601,613	3,679,776
Other-Summer Enrichment	-	-	140,192	127,773	140,192	127,773
Total Expenses	203,711,764	180,990,001	3,741,805	3,807,549	207,453,569	184,797,550
Change in Net Position	(8,345,951)	(3,616,830)	54,665	42,599	(8,291,286)	(3,574,231)
Net Position, Beginning of Year	(37,993,492)	(34,376,662)	1,222,281	1,179,682	(36,771,211)	(33,196,980)
Net Position, End of Year	\$ (46,339,443)	\$ (37,993,492)	\$ 1,276,946	\$ 1,222,281	\$ (45,062,497)	\$ (36,771,211)

**WEST ORANGE BOARD OF EDUCATION
WEST ORANGE, NEW JERSEY**

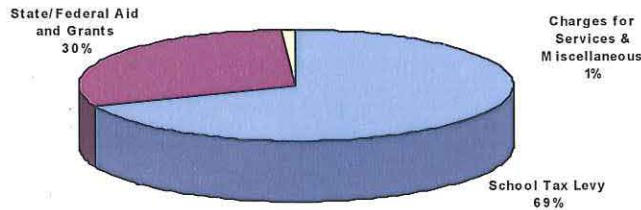
**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$195,365,813 and \$177,373,171 for the fiscal years ended June 30, 2017 and June 30, 2016, respectively. Property taxes of \$133,854,378 and \$131,410,895 represented 69% and 74% of revenues. Another portion of revenues came from State and Federal aid; total State, Federal and formula aid was \$60,364,158 and \$45,038,700 which was represented 30% and 25% of the revenues for fiscal years ended June 30, 2017 and 2016, respectively. The significant increase in this revenue type is attributable to the adjustment to the On-Behalf TPAF contribution to recognize the actuarially determined amount that should have been contributed on behalf of the District. This adjustment increases both the revenues and expenses of the governmental activities. Capital contributions of \$7,284 for the fiscal year ended June 30, 2017 resulted from insurance recovery proceeds for equipment replacement. The balance of revenues for fiscal year June 30, 2017 and 2016, respectively is charges for services (\$657,964 and \$332,145) and miscellaneous income (\$471,473 and \$584,629), and investment earning (\$10,556 and \$6,802).

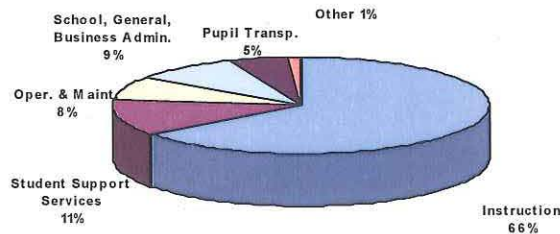
The total cost of all governmental activities programs and services was \$203,711,764 and \$180,990,001 for the fiscal years ended June 30, 2017 and 2016, respectively. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$133,697,448 and \$115,143,699 (66% and 64%) of total expenses for each of the fiscal years, respectively. Student and Instruction Related Services totaled \$23,297,639 and \$21,589,825 or (11% and 12%) of total expenses. Plant operations and maintenance services totaled \$16,440,143 and \$16,421,279 (8% and 9%) of total expenses. Administrative services were \$18,000,370 and \$15,586,766 or (9% and 9%) of total expenses. Pupil transportation totaled \$9,598,354 and \$9,025,725 (5%), respectively of total expenses. Interest on long-term debt accounted for \$2,677,810 and \$3,222,707 (1%) of total expenses.

Total governmental activities expenses exceed revenues resulting in net position decreasing \$8,345,951 from the previous year.

Revenues by Source- Governmental Activities
For Fiscal Year 2017



Expenses by Type- Governmental Activities
For Fiscal Year 2017



**WEST ORANGE BOARD OF EDUCATION
WEST ORANGE, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

Total and Net Cost of Governmental Activities. The District's total cost of services was \$203,711,764 and \$180,990,001 for the fiscal years ended June 30, 2017 and 2016. After applying program revenues, derived from charges for services of \$657,964 and \$332,145, operating grants and contributions of \$58,171,326 and \$42,770,535 and capital contributions of \$7,284 and \$0, the net cost of services of the District is \$144,875,190 and \$137,887,321, respectively

**Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2017 and 2016**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Instruction				
Regular	\$ 85,732,467	\$ 74,210,221	\$ 54,195,670	\$ 51,230,062
Special Education	37,600,641	32,776,729	18,984,587	18,844,168
Vocational Education-Tuition	154,935	175,783	154,935	175,783
School Sponsored Activities and Athletics	6,539,288	5,293,464	4,174,011	3,658,736
Other Instruction	3,670,117	2,687,502	2,496,532	2,005,212
Support Services				
Student and Instruction Related Services	23,297,639	21,589,825	22,071,841	20,675,812
School Administrative Services	10,176,873	8,729,484	7,980,020	7,183,884
General Administrative Services	2,429,170	2,373,226	2,429,170	2,373,226
Plant Operations and Maintenance	16,440,143	16,421,279	15,816,145	16,036,569
Pupil Transportation	9,598,354	9,025,725	8,955,583	8,479,524
Business and Other Support Services	5,394,327	4,484,056	5,394,327	4,484,056
Interest on Long-Term Debt	<u>2,677,810</u>	<u>3,222,707</u>	<u>2,222,369</u>	<u>2,740,289</u>
Total	<u>\$ 203,711,764</u>	<u>\$ 180,990,001</u>	<u>\$ 144,875,190</u>	<u>\$ 137,887,321</u>

Business-Type Activities – The District's total business-type activities revenues were \$3,796,470 and \$3,850,148 for the fiscal years ended June 30, 2017 and 2016, respectively. Charges for services accounted for 47% and 46% of total revenues for the fiscal years, respectively. Operating grants and contributions of \$2,030,569 and \$2,080,794 accounted for 53% and 54% of total revenue for each of the fiscal years. The balance of the revenues, \$110 and \$34, represents investment earnings.

The total cost of all business-type activities programs and services was \$3,741,805 and \$3,807,549 for the fiscal years ended June 30, 2017 and 2016. The District's expenses are related to Food Service programs provided to all students, teachers and administrators and the operation of the Summer Enrichment Program within the District.

Total business-type activities revenues exceeded expenses increasing net position by \$54,665 over the last year.

**WEST ORANGE BOARD OF EDUCATION
WEST ORANGE, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year ended June 30, 2017, its governmental funds reported a combined fund balance of \$2,016,278. At June 30, 2016, the fund balance was \$13,529,814.

Revenues and other financing sources for the District's governmental funds were \$172,456,729, while total expenditures and other financing uses were \$183,970,265 thereby decreasing fund balance by \$11,513,536 for the fiscal year ended June 30, 2017. A large portion of this decrease (\$7,850,718) is attributable to the expenditures incurred in the Capital Projects Fund for the ESIP project. The lease purchase proceeds for this project were received in the prior year.

General Fund - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students from pre-kindergarten through grade 12 including pupil transportation activities and capital outlay projects.

The following schedule presents a summary of General Fund Revenues.

	Fiscal Year Ended <u>June 30, 2017</u>	Fiscal Year Ended <u>June 30, 2016</u>	Amount of Increase <u>(Decrease)</u>	Percent <u>Change</u>
Local Sources				
Property Tax Levy	\$ 128,852,883	\$ 126,326,356	\$ 2,526,527	2%
Interest	8,586	6,362	2,224	35%
State/Federal Sources	26,910,118	22,583,368	4,326,750	19%
Miscellaneous	<u>1,129,437</u>	<u>916,774</u>	<u>212,663</u>	23%
 Total General Fund Revenues	 <u>\$ 156,901,024</u>	 <u>\$ 149,832,860</u>	 <u>\$ 7,068,164</u>	 5%

Total General Fund Revenues increased by \$7,068,164 or 5% over the previous year.

Local property taxes increased 2% over the previous year. State and federal aid revenues increased \$4,326,750 or 19% predominantly attributable to an increase in state On-Behalf TPAF pension costs contributed by the state.

**WEST ORANGE BOARD OF EDUCATION
WEST ORANGE, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

Interest income revenues increased due to an increase in interest rates on bank balances and higher available cash balances.

Miscellaneous revenues increased primarily due to an increase in tuition revenues.

The following schedule presents a summary of General Fund expenditures.

	Fiscal Year Ended <u>June 30, 2017</u>	Fiscal Year Ended <u>June 30, 2016</u>	Amount of Increase (Decrease)	Percent Change
Instruction	\$ 103,084,091	\$ 94,424,437	\$ 8,659,654	9%
Support and Undistributed Services	55,994,196	54,523,000	1,471,196	3%
Capital Outlay	490,026	893,225	(403,199)	-45%
Debt Service	<u>1,466,407</u>	<u>781,939</u>	<u>684,468</u>	88%
Total Expenditures	<u>\$ 161,034,720</u>	<u>\$ 150,622,601</u>	<u>\$ 10,412,119</u>	7%

Total General Fund expenditures increased \$10,412,119 or 7% from the previous year.

The District realized significant increases in instruction costs. The increase in debt service expenditures related to the commencement of repayment of the lease purchase for the Energy Savings Improvement Program. The decrease in capital outlay was largely due to the decline in construction services for the fiscal year ended June 30, 2017.

In 2016-2017, General Fund expenditures exceeded revenues by \$3,495,546. As a result, total fund balance decreased to \$1,214,605 at June 30, 2017. After deducting transfers and reserves, the unrestricted, unassigned fund balance decreased from a deficit of \$314,101 at June 30, 2016 to a deficit balance of \$143,511 at June 30, 2017.

Special Revenue Fund - The Special Revenue Fund includes all restricted Federal, State and Local sources utilized in the operations of the district in providing educational services to students with special needs.

Revenues of the Special Revenue Fund were \$3,551,959 for the year ended June 30, 2017. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 83% of the total revenue for the year.

Total Special Revenue Fund revenues increased \$245,312 or 7% from the previous year. State sources increased \$83,154 or 17% and Federal sources increased \$122,831 or 4%. Local sources increased \$39,327.

Expenditures of the Special Revenue Fund were \$3,551,959. Instructional expenditures were \$3,479,026 or 98% of total expenditures.

Capital Projects - The capital projects expenditures and other financing uses were more than revenues by \$7,850,718 decreasing fund balance to \$754,371 at June 30, 2017. The decrease is primarily due to energy savings improvement program funds that were expended during the 2016/17 school year.

**WEST ORANGE BOARD OF EDUCATION
WEST ORANGE, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

Proprietary Funds

The District maintains the Enterprise Funds to account for activities which are supported in part through user fees.

Enterprise Fund - The District uses Enterprise Funds to report activities related to the Food Services program as well as the Summer Enrichment Program. The District's Enterprise Funds provides the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of this Fund have already been addressed in the discussion of the District's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to New Jersey Department of Education guidelines, and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgetary fund is the General Fund.

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

- Implementing budgets for specially funded projects, which include both federal and state grants and reinstating prior year purchase orders being carried over.

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2017 amounts to \$75,610,107 (net of accumulated depreciation). The capital assets consist of land improvements, buildings and building improvements, construction in progress, computers, specialized machinery and various other types of equipment. Depreciation charges for fiscal year 2016-2017 amounted to \$4,392,605 for governmental activities and \$117,399 for business-type activities.

Capital Assets at June 30, 2017 and 2016
(Net of Accumulated Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 4,565,829	\$ 4,565,829			\$ 4,565,829	\$ 4,565,829
Construction in Progress	10,045,826	2,706,332			10,045,826	2,706,332
Site Improvements	5,128,939	5,627,681			5,128,939	5,627,681
Building and Building Improvements	49,724,907	51,619,253			49,724,907	51,619,253
Machinery and Equipment	<u>5,528,444</u>	<u>6,716,999</u>	\$ 616,162	\$ 717,879	<u>6,144,606</u>	<u>7,434,878</u>
Total Capital Assets, Net	<u>\$ 74,993,945</u>	<u>\$ 71,236,094</u>	<u>\$ 616,162</u>	<u>\$ 717,879</u>	<u>\$ 75,610,107</u>	<u>\$ 71,953,973</u>

Additional information on the District's capital assets are presented in the "Notes to the Financial Statements" of this report.

**WEST ORANGE BOARD OF EDUCATION
WEST ORANGE, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

LONG TERM LIABILITIES

At year end, the District's long-term liabilities of the governmental activities consisted of compensated absences payable of \$2,047,833, bonds payable of \$29,510,000, lease purchase agreements ("COPS") payable of \$28,800,000, capital leases/lease purchase agreements payable of \$12,543,775, deferred pension obligation payable of \$424,041, net pension liability – Essex County of \$223,800 and net pension liability – PERS payable of \$69,826,044.

Additional information on the District's long-term liabilities is presented in the "Notes to the Financial Statements" of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2017-2018 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing special education costs, out of district tuition, tuition for charter schools, energy and employee related benefit costs.

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, West Orange Board of Education, 179 Eagle Rock Ave., West Orange, NJ 07052.

BASIC FINANCIAL STATEMENTS

**WEST ORANGE BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2017**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,501,764	\$ 1,284,537	\$ 3,786,301
Restricted Cash with Fiscal Agents	1,012,211		1,012,211
Receivables, net			
Receivables from Other Governments	2,102,674	147,563	2,250,237
Accounts Receivable	203,308	24,767	228,075
Prepaid Expenses		51	51
Inventory		21,644	21,644
Capital Assets			
Not Being Depreciated	14,611,655		14,611,655
Being Depreciated, net	<u>60,382,290</u>	<u>616,162</u>	<u>60,998,452</u>
Total Assets	<u>80,813,902</u>	<u>2,094,724</u>	<u>82,908,626</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding of Debt	2,750,132	-	2,750,132
Deferred Amounts on Net Pension Liability	<u>21,601,842</u>	<u>-</u>	<u>21,601,842</u>
Total Deferred Outflows of Resources	<u>24,351,974</u>	<u>-</u>	<u>24,351,974</u>
Total Assets and Deferred Outflows of Resources	<u>105,165,876</u>	<u>2,094,724</u>	<u>107,260,600</u>
LIABILITIES			
Accounts Payable and Other Liabilities	3,721,427	653,304	4,374,731
Intergovernmental Payable	48,581		48,581
Accrued Interest Payable	752,722		752,722
Unearned Revenue	33,671	164,474	198,145
Noncurrent Liabilities			
Due Within One Year	5,452,440		5,452,440
Due Beyond One Year	<u>141,170,721</u>	<u>-</u>	<u>141,170,721</u>
Total Liabilities	<u>151,179,562</u>	<u>817,778</u>	<u>151,997,340</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>325,757</u>	<u>-</u>	<u>325,757</u>
Total Liabilities and Deferred Inflows of Resources	<u>151,505,319</u>	<u>817,778</u>	<u>152,323,097</u>
NET POSITION			
Net Investment in Capital Assets	5,142,084	616,162	5,758,246
Restricted for:			
Capital Projects	4,209		4,209
Other Purposes	49,614		49,614
Unrestricted	<u>(51,535,350)</u>	<u>660,784</u>	<u>(50,874,566)</u>
Total Net Position	<u>\$ (46,339,443)</u>	<u>\$ 1,276,946</u>	<u>\$ (45,062,497)</u>

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

**WEST ORANGE BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Net (Expense) Revenue and
Changes in Net Position

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:							
Instruction							
Regular	\$ 85,732,467	\$ 50,560	\$ 31,486,237		\$ (54,195,670)		\$ (54,195,670)
Special Education	37,600,641	488,361	18,127,693		(18,984,587)		(18,984,587)
Vocational-Instruction	154,935				(154,935)		(154,935)
Other Instruction	6,539,288		2,365,277		(4,174,011)		(4,174,011)
School Sponsored Activities and Athletics	3,670,117		1,173,585		(2,496,532)		(2,496,532)
Support Services							
Student and Instruction Related Services	23,297,639		1,225,798		(22,071,841)		(22,071,841)
School Administrative Services	10,176,873		2,196,853		(7,980,020)		(7,980,020)
General Administrative Services	2,429,170				(2,429,170)		(2,429,170)
Plant Operations and Maintenance	16,440,143	119,043	497,671	\$ 7,284	(15,816,145)		(15,816,145)
Pupil Transportation	9,598,354		642,771		(8,955,583)		(8,955,583)
Business and Other Support Services	5,394,327				(5,394,327)		(5,394,327)
Interest on Long-Term Debt and Other Charges	2,677,810	-	455,441	-	(2,222,369)	-	(2,222,369)
Total Governmental Activities	<u>203,711,764</u>	<u>657,964</u>	<u>58,171,326</u>	<u>7,284</u>	<u>(144,875,190)</u>	<u>-</u>	<u>(144,875,190)</u>
Business-Type Activities:							
Summer Enrichment	140,192	150,529				\$ 10,337	10,337
Food Service	3,601,613	1,615,262	2,030,569	-	-	44,218	44,218
Total Business-Type Activities	<u>3,741,805</u>	<u>1,765,791</u>	<u>2,030,569</u>	<u>-</u>	<u>-</u>	<u>54,555</u>	<u>54,555</u>
Total Primary Government	<u>\$ 207,453,569</u>	<u>\$ 2,423,755</u>	<u>\$ 60,201,895</u>	<u>\$ 7,284</u>	<u>(144,875,190)</u>	<u>54,555</u>	<u>(144,820,635)</u>

Continued

WEST ORANGE BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Net (Expense) Revenue and Changes in Net Position		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Total Primary Government (Carried Forward)	\$ (144,875,190)	\$ 54,555	\$ (144,820,635)
General Revenues			
Taxes:			
Property Taxes, Levied for General Purposes	128,852,883		128,852,883
Taxes Levied for Debt Service	5,001,495		5,001,495
Unrestricted State Aid	1,737,391		1,737,391
State Aid Restricted for Debt Service	455,441		455,441
Investment Earnings	10,556	110	10,666
Miscellaneous Income	471,473	-	471,473
Total General Revenues	<u>136,529,239</u>	<u>110</u>	<u>136,529,349</u>
Change in Net Position	(8,345,951)	54,665	(8,291,286)
Net Position Beginning of Year	<u>(37,993,492)</u>	<u>1,222,281</u>	<u>(36,771,211)</u>
Net Position End of Year	<u>\$ (46,339,443)</u>	<u>\$ 1,276,946</u>	<u>\$ (45,062,497)</u>

FUND FINANCIAL STATEMENTS

**WEST ORANGE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
ASSETS					
Cash and Cash Equivalents	\$ 2,454,462			\$ 47,302	\$ 2,501,764
Receivables, Net					
Receivables From Other Governments	777,433	\$ 1,325,241			2,102,674
Accounts	185,976				185,976
Due from Other Funds	713,049				713,049
Restricted Cash with Fiscal Agents	<u>-</u>	<u>-</u>	\$ 1,012,211	<u>-</u>	<u>1,012,211</u>
 Total Assets	 <u>\$ 4,130,920</u>	 <u>\$ 1,325,241</u>	 <u>\$ 1,012,211</u>	 <u>\$ 47,302</u>	 <u>\$ 6,515,674</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 1,914,826	\$ 558,955	\$ 257,840		\$ 2,731,621
Accrued Salaries and Wages	529,503				529,503
Due to Other Funds		695,717			695,717
Payable to State Governments		43,475			43,475
Payable to Federal Governments		5,106			5,106
Unearned Revenue	11,683	21,988		-	33,671
Deposits Payable	2,000				2,000
Claims and Judgments Payable	<u>458,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>458,303</u>
 Total Liabilities	 <u>2,916,315</u>	 <u>1,325,241</u>	 <u>257,840</u>	 <u>-</u>	 <u>4,499,396</u>
Fund Balances					
Restricted					
Capital Reserve	4,209				4,209
Capital Projects			752,059		752,059
Debt Service			2,312	\$ 47,302	49,614
Assigned					
Purchases on Order	453,907				453,907
Designated for Subsequent Year's Budget (2017/18 Budget)	900,000				900,000
Unassigned	<u>(143,511)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(143,511)</u>
 Total Fund Balances	 <u>1,214,605</u>	 <u>-</u>	 <u>754,371</u>	 <u>47,302</u>	 <u>2,016,278</u>
 Total Liabilities and Fund Balances	 <u>\$ 4,130,920</u>	 <u>\$ 1,325,241</u>	 <u>\$ 1,012,211</u>	 <u>\$ 47,302</u>	 <u>\$ 6,515,674</u>

**WEST ORANGE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2017**

Total Fund Balance (Exhibit B-1) \$ 2,016,278

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 \$135,955,701 and the accumulated depreciation is \$60,961,756. 74,993,945

The District has financed capital assets through the issuance of serial bonds, certificates of participation, and capital leases/lease purchase obligations.
The interest accrual at year end is: (752,722)

Long-term liabilities, including bonds payable and net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 2A) (146,623,161)

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. 2,750,132

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.

Deferred Outflows of Resources	\$ 21,601,842	
Deferred Inflows of Resources	<u>(325,757)</u>	
		<u>21,276,085</u>

Net Position of Governmental Activities (Exhibit A-1) **\$ (46,339,443)**

**WEST ORANGE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 128,852,883			\$ 5,001,495	\$ 133,854,378
Tuition	524,819				524,819
Rents	119,043				119,043
Interest	8,586		\$ 1,970		10,556
Miscellaneous	485,575	\$ 53,915	-	-	539,490
Total - Local Sources	129,990,906	53,915	1,970	5,001,495	135,048,286
State Sources	26,669,608	558,413		910,882	28,138,903
Federal Sources	240,510	2,939,631	-	-	3,180,141
Total Revenues	156,901,024	3,551,959	1,970	5,912,377	166,367,330
EXPENDITURES					
Current					
Regular Instruction	65,555,893	1,511,240			67,067,133
Special Education Instruction	29,321,225	1,967,786			31,289,011
Vocational Instruction- Tuition	154,935				154,935
Other Instruction	5,097,364				5,097,364
School Sponsored Activities and Athletics	2,954,674				2,954,674
Support Services					
Student and Instruction Related Services	19,657,261	-	22,383		19,679,644
General Administrative Services	2,072,895				2,072,895
School Administrative Services	8,106,505				8,106,505
Plant Operations and Maintenance	12,361,866	62,736	179,974		12,604,576
Pupil Transportation	9,262,691				9,262,691
Business and Other Support Services	4,532,978				4,532,978
Debt Service					
Principal	943,471			3,895,000	4,838,471
Interest	522,936			2,184,649	2,707,585
Cost of Issuance				171,579	171,579
Capital Outlay	490,026	10,197	7,650,233	-	8,150,456
Total Expenditures	161,034,720	3,551,959	7,852,590	6,251,228	178,690,497
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,133,696)	-	(7,850,620)	(338,851)	(12,323,167)
OTHER FINANCING SOURCES (USES)					
Refunding COPs Proceeds				4,970,000	4,970,000
Premium on Refunding				481,347	481,347
Transfer to Escrow Agent- COPs	-	-	-	(5,279,768)	(5,279,768)
Transfers In	98				98
Transfers Out	-	-	(98)	-	(98)
Insurance Recovery - Capital Asset	7,284				7,284
Lease Purchase Proceeds (Non-Budget)	630,768	-	-	-	630,768
Total Other Financing Sources (Uses)	638,150	-	(98)	171,579	809,631
Net Change in Fund Balances	(3,495,546)	-	(7,850,718)	(167,272)	(11,513,536)
Fund Balance, Beginning of Year	4,710,151	-	8,605,089	214,574	13,529,814
Fund Balance, End of Year	\$ 1,214,605	\$ -	\$ 754,371	\$ 47,302	\$ 2,016,278

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

**WEST ORANGE BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) **\$ (11,513,536)**

Amounts reported for governmental activities in the statement of activities (A-2) 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 capital outlay exceeds depreciation in the current period.

Depreciation Expense	\$ (4,392,605)	
Capital Outlay	<u>8,150,456</u>	3,757,851

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Additionally, governmental funds report the effect of premiums, discounts and similar items when the debt is issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount represents the net effect of these activities (See Note 2B) 4,036,124

In the statement of activities, certain operating expenses- compensated absences, claims and judgements for self insurance claims and net pension expense- are measured by the amounts earned or incurred 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, Net	89,870	
Decrease in Claims and Judgements for Self Insurance Claims	311,992	
Net Increase in Pension Expense-PERS	(5,260,020)	
Net Increase in Pension- Essex County	(3,190)	
Net Decrease in Deferred Pension Obligation	<u>33,604</u>	(4,827,744)

Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement activities.

Amortization of Original Issue Premium		430,460
Amortization of Deferred Amount on Refunding of Debt		<u>(334,421)</u>

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>105,315</u>
------------------------------	--	----------------

Change in Net Position of Governmental Activities (Exhibit A-2) **\$ (8,345,951)**

WEST ORANGE BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2017

	Business-Type Activities		
	Enterprise Fund		
	<u>Food Services</u>	<u>Other Non-Major Summer Enrichment</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash	\$ 1,074,317	\$ 210,220	\$ 1,284,537
Intergovernmental Receivable			
State	5,901		5,901
Federal	141,662		141,662
Other	24,767	-	24,767
Prepaid Expenses		51	51
Inventories	21,644	-	21,644
 Total Current Assets	 <u>1,268,291</u>	 <u>210,271</u>	 <u>1,478,562</u>
Capital Assets			
Furniture, Machinery and Equipment	2,039,758		2,039,758
Less: Accumulated Depreciation	<u>(1,423,596)</u>	<u>-</u>	<u>(1,423,596)</u>
 Total Capital Assets, Net	 <u>616,162</u>	 <u>-</u>	 <u>616,162</u>
 Total Assets	 <u>1,884,453</u>	 <u>210,271</u>	 <u>2,094,724</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	653,304	-	653,304
Unearned Revenue	<u>11,064</u>	<u>153,410</u>	<u>164,474</u>
 Total Current Liabilities	 <u>664,368</u>	 <u>153,410</u>	 <u>817,778</u>
NET POSITION			
Investment in Capital Assets	616,162		616,162
Unrestricted	<u>603,923</u>	<u>56,861</u>	<u>660,784</u>
 Total Net Position	 <u>\$ 1,220,085</u>	 <u>\$ 56,861</u>	 <u>\$ 1,276,946</u>

**WEST ORANGE BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Business-Type Activities		
	Enterprise Fund		
	<u>Food Services</u>	<u>Other Non-Major Summer Enrichment</u>	<u>Total</u>
OPERATING REVENUES			
Charges for Services			
Daily Sales - Reimbursable	\$ 873,820		\$ 873,820
Daily Sales- Non-Reimbursable	623,496		623,496
Special Functions	117,946		117,946
Program Fees	-	\$ 150,529	150,529
	<u>1,615,262</u>	<u>150,529</u>	<u>1,765,791</u>
Total Operating Revenues			
OPERATING EXPENSES			
Salaries and Wages	1,388,390	135,539	1,523,929
Cost of Sales			-
Reimbursable Programs	1,118,388		1,118,388
Non-Reimbursable Programs	242,814		242,814
Repairs	60,810		60,810
Other Expenses	28,081	2,785	30,866
Insurance	106,221		106,221
Supplies	192,098	1,868	193,966
Miscellaneous	73,362		73,362
Depreciation Expense	117,399		117,399
Administrative and Management Fees	274,050	-	274,050
	<u>3,601,613</u>	<u>140,192</u>	<u>3,741,805</u>
Total Operating Expenses			
Operating Income (Loss)	<u>(1,986,351)</u>	<u>10,337</u>	<u>(1,976,014)</u>
NONOPERATING REVENUES			
State Sources			
State School Lunch Program	37,181		37,181
Federal Sources			
School Breakfast Program	290,365		290,365
Federal School Lunch Program	1,411,599		1,411,599
Fresh Fruits & Vegetables Program	32,780	-	32,780
Food Distribution Program	258,644		258,644
Interest Income	110	-	110
	<u>2,030,679</u>	<u>-</u>	<u>2,030,679</u>
Total Nonoperating Revenues			
Change in Net Position	44,328	10,337	54,665
Net Position, Beginning of Year	<u>1,175,757</u>	<u>46,524</u>	<u>1,222,281</u>
Net Position, End of Year	<u>\$ 1,220,085</u>	<u>\$ 56,861</u>	<u>\$ 1,276,946</u>

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

**WEST ORANGE BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Business-Type Activities		
	Enterprise Fund		
	Food Services	Other Non-Major Summer Enrichment	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 1,610,048	\$ 216,258	\$ 1,826,306
Cash Payments for Employees' Salaries and Benefits	(1,388,390)	(135,539)	(1,523,929)
Cash Payments to Suppliers for Goods and Services	(1,483,242)	(10,059)	(1,493,301)
Net Cash Provided (Used) By Operating Activities	(1,261,584)	70,660	(1,190,924)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received from State and Federal Subsidy Reimbursements	1,760,668	-	1,760,668
Net Cash Provided by Noncapital and Related Activities	1,760,668	-	1,760,668
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(15,682)	-	(15,682)
Net Cash Used by Capital Financing Activities	(15,682)	-	(15,682)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	110	-	110
Net Cash Provided by Investing Activities	110	-	110
Net Change in Cash	483,512	70,660	554,172
Cash, Beginning of Year	590,805	139,560	730,365
Cash, End of Year	\$ 1,074,317	\$ 210,220	\$ 1,284,537
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) FOR OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (1,986,351)	\$ 10,337	\$ (1,976,014)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) for Operating Activities			
Depreciation	117,399		117,399
Federal Food Distribution Program	258,644		258,644
Change in Assets and Liabilities			
(Increase)/Decrease in Inventory	12,235		12,235
(Increase)/Decrease in Other Accounts Receivable	(8,821)	640	(8,181)
(Increase)/Decrease in Prepaid Expenses		(51)	(51)
Increase/(Decrease) in Accounts Payable	341,703	(5,355)	336,348
Increase/(Decrease) in Unearned Revenue	3,607	65,089	68,696
Total Adjustments	724,767	60,323	785,090
Net Cash Provided/(Used) By Operating Activities	\$ (1,261,584)	\$ 70,660	\$ (1,190,924)
Non-Cash Investing, Capital and Related Financing Activities			
Fair Value of Food Distribution Program- National School Lunch Program	\$ 258,644		

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

**WEST ORANGE BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2017**

	Unemployment Compensation Trust Fund	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 32,393	\$ 4,382,620
Due from Other Funds	38,898	-
Cash with Fiscal Agent	<u>-</u>	<u>12,944</u>
Total Assets	<u>71,291</u>	<u>\$ 4,395,564</u>
LIABILITIES		
Accrued Salaries and Wages		\$ 19,660
Payroll Deductions and Withholdings		3,857,183
Reserve for Flexible Spending		12,944
Due to Other Funds		56,230
Accounts Payable		9,870
Intergovernmental Payable	\$ 22,087	
Due to Student Groups	<u>-</u>	<u>439,677</u>
Total Liabilities	<u>22,087</u>	<u>\$ 4,395,564</u>
NET POSITION		
Held In Trust For Unemployment Claims	<u>\$ 49,204</u>	

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

**WEST ORANGE BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Unemployment Compensation <u>Trust Fund</u>
ADDITIONS	
Contributions	
District	\$ 125,000
Employee	130,658
Investment Earnings	
Interest	<u>38</u>
Total Additions	<u>255,696</u>
DEDUCTIONS	
Unemployment Claims	<u>302,220</u>
Total Deductions	<u>302,220</u>
Change in Net Position	(46,524)
Net Position Beginning of Year	<u>95,728</u>
Net Position, End of Year	<u>\$ 49,204</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The West Orange Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of five elected officials and is responsible for the fiscal control of the District. A superintendent 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 West Orange Board of Education this includes general operations, food service, summer enrichment program 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 2017, the District adopted the following GASB statements:

- GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 77, *Tax Abatement Disclosures*. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government’s future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government’s financial position and economic condition.
- GASB No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14. *The Financial Reporting Entity, as amended*.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No.67, No.68, and No.73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 85, *Omnibus 2017*, will be effective with the fiscal year ending June 30, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*, will be effective with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

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.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 proprietary fund which is organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

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

The *summer enrichment fund* accounts for the activities of the District's summer enrichment program which provides a continuum that bridges essential skills from one grade level to the next.

Additionally, the government reports the following fund type:

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".

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA.

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

5. Restricted Assets

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

6. Capital Assets

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Site Improvements	20
Furniture and Equipment	10-15
Computer and Related Technology	5
Vehicles	8

7. Deferred Outflows/Inflows of Resources

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

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type of item, which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

8. 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 accumulated 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. 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.

9. Pensions

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

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

10. Long-Term Obligations

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

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

WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

Capital 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.

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.

Purchases on Order – 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.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2017/2018 District budget certified for taxes.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

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, unrestricted state aid, investment earnings and miscellaneous revenues.

2. Property Taxes

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 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 2015-2016 and 2016-2017 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.

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

4. *Proprietary Funds, Operating and Nonoperating Revenues and Expenses*

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

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the district-wide statement of net position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position– governmental activities as reported in the district-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable and net position liability, are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$146,623,161) difference are as follows:

Bonds Payable	\$ (29,510,000)
Add: Issuance premium (to be amortized over life of debt)	(3,247,668)
Lease Purchase Agreements "COPS"	(28,800,000)
Capital Leases/Lease Purchase Agreements	(12,543,775)
Compensated Absences	(2,047,833)
Deferred Pension Obligation	(424,041)
Net Pension Liability - Essex County	(223,800)
Net Pension Liability - PERS	<u>(69,826,044)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ (146,623,161)</u>

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the district-wide statement of activities

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$4,036,124 difference are as follows:

Debt issued or incurred:	
Lease purchase financing	\$ (630,768)
Issuance of Certificates of Participation	(4,970,000)
Add: Issuance premium	(481,347)
Principal repayments:	
General obligation bonds	1,715,000
Certificate of Participations	2,180,000
Down payments on capital leases/lease purchase agreements	943,471
Payment to escrow agent for refunding	<u>5,279,768</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 4,036,124</u>

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. 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 23, 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.

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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 2016/2017. Also, during 2016/2017 the Board increased the original general fund budget by \$2,651,239 and the original special revenue fund budget by \$829,463. The increases were funded by the reappropriation of prior year general fund encumbrance and grant awards, respectively.

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

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

B. Excess Expenditures Over Appropriations

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Capital Outlay			
Equipment – Care and Upkeep of Grounds	\$2,200	\$9,174	\$6,974

The above variance was the result of an audit adjustment to reclassify insurance recovery proceeds and was offset with other available resources.

C. Capital Reserve

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

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

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2017 is as follows:

Balance, July 1, 2016		\$	152,575
Increased by			
Interest Earnings	\$	34	
Unexpended Appropriations Returned		<u>4,000</u>	
Total Increases			<u>4,034</u>
			156,609
Withdrawals			
Approved in District Budget		<u>152,400</u>	
Total Withdrawals			<u>152,400</u>
Balance, June 30, 2017		\$	<u>4,209</u>
Available Capital Reserve		\$	<u>4,209</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2017, the book value of the Board's deposits were \$9,226,469 and bank and brokerage firm balances of the Board's deposits amounted to \$10,760,476. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" or "cash with fiscal agents" are categorized as:

Depository Account

Insured	\$ 10,747,532
Uninsured and Collateralized - Cash with Fiscal Agent	<u>12,944</u>
	<u>\$ 10,760,476</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, 2017 the Board's bank balance of \$12,944 was exposed to custodial credit risk as follows:

Depository Account

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department in the Board's name

\$	<u>12,944</u>
\$	<u>12,944</u>

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, 2017, the Board had no outstanding investments.

B. Receivables

Receivables as of June 30, 2017 for the district's individual major funds are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Accounts	\$ 185,976		\$ 24,767	\$ 210,743
Intergovernmental-				
Federal	-	\$ 1,319,537	141,662	1,461,199
State	<u>777,433</u>	<u>5,704</u>	<u>5,901</u>	<u>789,038</u>
Total Receivables	<u>\$ 963,409</u>	<u>\$ 1,325,241</u>	<u>\$ 172,330</u>	<u>\$ 2,460,980</u>

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

General Fund		
Rental Fees	\$	9,200
Employees Health Insurance Reimbursements		2,483
Special Revenue Fund		
Unencumbered Grant Draw Downs		<u>21,988</u>
Total Unearned Revenue for Governmental Funds	\$	<u>33,671</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	Balance, July 1, 2016	Increases	Decreases	Balance, June 30, 2017
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 4,565,829	-		\$ 4,565,829
Construction in Progress	<u>2,706,332</u>	<u>\$ 7,339,494</u>	<u>-</u>	<u>10,045,826</u>
Total Capital Assets, Not Being Depreciated	<u>7,272,161</u>	<u>7,339,494</u>	<u>-</u>	<u>14,611,655</u>
Capital Assets, Being Depreciated:				
Site Improvements	9,617,411			9,617,411
Buildings and Building Improvements	83,016,676	148,400		83,165,076
Machinery and Equipment	<u>27,898,997</u>	<u>662,562</u>	<u>-</u>	<u>28,561,559</u>
Total Capital Assets Being Depreciated	<u>120,533,084</u>	<u>810,962</u>	<u>-</u>	<u>121,344,046</u>
Less Accumulated Depreciation for:				
Site Improvements	(3,989,730)	(498,742)		(4,488,472)
Buildings and Building Improvements	(31,397,423)	(2,042,746)		(33,440,169)
Machinery and Equipment	<u>(21,181,998)</u>	<u>(1,851,117)</u>	<u>-</u>	<u>(23,033,115)</u>
Total Accumulated Depreciation	<u>(56,569,151)</u>	<u>(4,392,605)</u>	<u>-</u>	<u>(60,961,756)</u>
Total Capital Assets, Being Depreciated, Net	<u>63,963,933</u>	<u>(3,581,643)</u>	<u>-</u>	<u>60,382,290</u>
Governmental Activities Capital Assets, Net	<u>\$ 71,236,094</u>	<u>\$ 3,757,851</u>	<u>\$ -</u>	<u>\$ 74,993,945</u>

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2017</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Furniture and Equipment	\$ 2,024,076	\$ 15,682	-	\$ 2,039,758
Total Capital Assets Being Depreciated	<u>2,024,076</u>	<u>15,682</u>	<u>-</u>	<u>2,039,758</u>
Less Accumulated Depreciation for:				
Furniture and Equipment	(1,306,197)	(117,399)	-	(1,423,596)
Total Accumulated Depreciation	<u>(1,306,197)</u>	<u>(117,399)</u>	<u>-</u>	<u>(1,423,596)</u>
Total Capital Assets, Being Depreciated, Net	<u>(1,306,197)</u>	<u>(117,399)</u>	<u>-</u>	<u>(1,423,596)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 717,879</u>	<u>\$ (101,717)</u>	<u>\$ -</u>	<u>\$ 616,162</u>

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

Governmental Activities:

Instruction		
Regular		\$ 515,031
Total Instruction		<u>515,031</u>
Support Services		
Support Services-Student and Instruction Related Services		509,057
General Administration		228,243
School Administration		228,243
Operations and Maintenance of Plant		2,683,788
Business and Other Support Services		<u>228,243</u>
Total Support Services		<u>3,877,574</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 4,392,605</u>
Business-Type Activities:		
Food Service Fund		<u>\$ 117,399</u>
Total Depreciation Expense-Business-Type Activities		<u>\$ 117,399</u>

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2017:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Energy Savings Improvement Program	\$ 10,767,941	\$ 752,059

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2017, is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 695,717
General Fund	Student Activity Fund	17,332
Unemployment Fund	Payroll Agency Fund	<u>38,898</u>
Total		<u>\$ 751,947</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

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

Interfund transfers

	<u>Transfer In:</u>	
	<u>General Fund</u>	<u>Total</u>
Transfer Out:		
Capital Projects Fund	\$ 98	\$ 98
Total transfers out	<u>\$ 98</u>	<u>\$ 98</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Capital Leases

The District is leasing copiers, buses, computer equipment and various energy incentive program projects totaling \$14,409,943 under capital leases. The leases are for terms of 5 to 19 years.

The capital assets acquired through capital leases/lease purchase agreements are as follows:

	<u>Governmental Activities</u>
Construction in Progress	\$ 10,045,826
Machinery and Equipment	<u>1,269,379</u>
	<u>\$ 11,315,205</u>

The unexpended proceeds from capital leases in the amount of \$1,012,211 at June 30, 2017 are held with the Fiscal Agent.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 were as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>
2018	\$ 1,808,362
2019	1,449,758
2020	823,127
2021	771,756
2022	765,989
2023-2027	3,520,149
2028-2032	3,914,692
2033-2035	<u>2,555,106</u>
Total minimum lease payments	15,608,939
Less: amount representing interest	<u>(3,065,164)</u>
Present value of minimum lease payments	<u>\$ 12,543,775</u>

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Lease Purchase Agreements

The District has entered into lease purchase agreements and issued refunding certificates of participation (“COPS”) as follows:

Improvements to Various Schools	10/22/2015	\$25,475,000
Improvements to Various Schools	7/14/2016	4,970,000

The maturity schedule of the remaining lease payments for principal and interest is as follows:

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	<u>Certificates of Participation</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	\$ 1,865,000	\$ 1,025,894	\$ 2,890,894
2019	1,825,000	979,219	2,804,219
2020	1,875,000	926,494	2,801,494
2021	1,935,000	867,544	2,802,544
2022	1,995,000	802,672	2,797,672
2023-2027	12,190,000	2,356,025	14,546,025
2028-2030	<u>7,115,000</u>	<u>344,250</u>	<u>7,459,250</u>
Total	<u>\$ 28,800,000</u>	<u>\$ 7,302,098</u>	<u>\$ 36,102,098</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, 2017 are comprised of the following issues:

\$31,535,000, 2012 Refunding Bonds, due in annual installments of \$1,775,000 to \$3,575,000 through November 1, 2027, interest at 2.65% to 5.00%	\$27,735,000
\$1,775,000, 2015 Refunding Bonds, due in annual installments of \$330,000 to \$380,000 through July 15, 2021, interest at 3.00% to 4.00%	<u>1,775,000</u>
Total	<u>\$29,510,000</u>

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (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>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	\$ 2,105,000	\$ 1,091,082	\$ 3,196,082
2019	2,275,000	1,005,132	3,280,132
2020	2,380,000	901,906	3,281,906
2021	2,485,000	794,481	3,279,481
2022	2,600,000	681,681	3,281,681
2023-2027	14,090,000	1,877,190	15,967,190
2028	<u>3,575,000</u>	<u>53,625</u>	<u>3,628,625</u>
Total	<u>\$ 29,510,000</u>	<u>\$ 6,405,097</u>	<u>\$ 35,915,097</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2017 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 236,673,670
Less: Net Debt	<u>29,510,000</u>
Remaining Borrowing Power	<u>\$ 207,163,670</u>

Current Refundings of Debt

On July 14, 2016 the District issued \$4,970,000 in School District Refunding Certificates of Participation having an interest rate of 2.00% to 5.00%. These Certificates of Participation ("COPS") were issued in order to currently refund certain principal maturities of the 2006 "COPS". The total principal currently refunded was \$5,175,000. The reacquisition price exceeded the net carrying amount of the old debt by \$104,768. This amount has been reported as Deferred Outflows of Resources on the financial statements and will be amortized over the new debt's life, which is shorter than the refunded debt. This current refunding was undertaken to reduce total debt service payments over the next 9 years by \$365,153 and resulted in an economic gain of \$336,855.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Deferred Pension Obligation

During the 2009/2010 school year the Board elected to contribute only 50% of its normal and accrued liability components of the Public Employee Retirement System (PERS) obligations and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled \$463,202 and is being paid back with interest over 15 years beginning in the 2011/2012 fiscal year. The District is permitted to payoff the deferred PERS pension obligations at any time. It is estimated that the total deferred liability including accrued interest (at 7.90% effective July 1, 2013 and 8.25% prior to July 1, 2013) at June 30, 2017 is \$424,041.

Board of Education Employees' Pension Fund of Essex County

Plan Description

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

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

Benefits Provided

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

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

Contributions

Contributions are made by the members at 3%, the maximum contribution rate required by statute, of their annual compensation. Contributions made by the Boards are determined annually based upon actuarial valuations. The Boards are required to reimburse the Plan for administrative expenses and cost of living increases associated with its retirees. Plan provisions and contribution requirements are established by New Jersey state statute assets. District contributions to the Plan amounted to \$25,280 for fiscal year 2017

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities (Continued)

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

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

At June 30, 2017, the District reported a liability of \$223,800 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the District's proportion was 0.618%, which was a decrease of 0.021% from its proportion measured as of June 30, 2015 of 0.639%.

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2017, was as follows:

	Balance, July 1, 2016	Additions	Reductions	Balance, June 30, 2017	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 31,225,000		\$ (1,715,000)	\$ 29,510,000	\$ 2,105,000
Add: Unamortized Premium	<u>3,196,781</u>	<u>\$ 481,347</u>	<u>(430,460)</u>	<u>3,247,668</u>	<u>-</u>
Total Bonds Payable	34,421,781	481,347	(2,145,460)	32,757,668	2,105,000
Lease-Purchase Agreement ("COPS")	31,185,000	4,970,000	(7,355,000)	28,800,000	1,865,000
Capital Leases/Lease Purchase Agreements	12,856,478	630,768	(943,471)	12,543,775	1,482,440
Claims and Judgments	311,992		(311,992)	-	
Compensated Absences	2,137,703		(89,870)	2,047,833	
Deferred Pension Obligation	457,645		(33,604)	424,041	
Net Pension Liability					
PERS	50,089,583	21,830,940	(2,094,479)	69,826,044	
Essex County	<u>220,610</u>	<u>28,470</u>	<u>(25,280)</u>	<u>223,800</u>	<u>-</u>
Governmental Activities Long-Term Liabilities	<u>\$ 131,680,792</u>	<u>\$ 27,941,525</u>	<u>\$ (12,999,156)</u>	<u>\$ 146,623,161</u>	<u>\$ 5,452,440</u>

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

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 5 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District has established a worker's compensation plan for its employees. Transactions related to the plan are accounted for in the General Fund. The District funds the entire cost of the plan. Claims are paid directly by the plan up to a maximum of \$500,000 for any one accident or occurrence. The District has purchased excess coverage of \$1,000,000 from a commercial carrier for workers' compensation claims which exceed \$500,000 (individually or in the aggregate) self-insured risk retention. The self-insurance program is administered by a third party claims administrator. A contingent liability exists with respect to reinsurance, which would become an actual liability in the event the reinsuring company may not be able to meet their obligations to the District under existing reinsurance agreements.

Estimates of claims payable (case reserves) and of claims incurred, but not reported (IBNR) at June 30, 2017, are reported as claims and judgments payable and accrued liability for insurance claims, respectively. These estimates were determined based on claim information supplied by the claims administrator and actuary. The unpaid claims liability of \$458,303 reported at June 30, 2017 is based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the balances of claims liabilities for the workmen's compensation plan for the fiscal years ended June 30, 2017 and 2016 are as follows:

Governmental Activities:	<u>Fiscal Year Ended</u>	
	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Unpaid Claims, Beginning of Year	\$ 941,086	\$ 1,589,844
Incurred Claims	300,870	298,549
Claim Payments and Claims Adjustments	<u>(783,653)</u>	<u>(947,307)</u>
Unpaid Claims, End of Year	<u>458,303</u>	<u>941,086</u>
General Fund		
Other Current Liabilities	\$ 458,303	\$ 629,094
Governmental Activities		
Noncurrent Liabilities	<u>-</u>	<u>311,992</u>
	<u>\$ 458,303</u>	<u>\$ 941,086</u>

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

The District has obtained commercial package insurance policies for various types of insurance coverage including property, crime, comprehensive general, liability, automobile coverage, student accident, surety bond and other liabilities.

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:

<u>Fiscal</u> <u>Year Ended</u> <u>June 30,</u>	<u>Employee</u> <u>Contributions</u>	<u>District</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2017	\$ 130,658	\$ 125,000	\$ 302,220	\$ 49,204
2016	158,933		341,451	95,728
2015	186,705		110,929	278,064

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, 2017, 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. The District was notified in August 2016 that SDA funded capital projects were incorrectly reported as eligible for Debt Service Aid by the District in the Debt Service Data Collection. The State of New Jersey, Department of Education determined that this error in reporting resulted in an overpayment of \$1,264,697 in Debt Service Aid to the District during fiscal years 2008 through 2017. This finding was noted in the schedule of findings and questioned costs for the fiscal year ended June 30, 2016. The State has approved the repayment of this overclaim through reductions in Debt Service Aid allotted to the District over a period of three years beginning with fiscal year 2018.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 5 OTHER INFORMATION (Continued)

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, 2017, the District had no estimated arbitrage earnings due to the IRS.

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. DCRP is a defined contribution pension plan.

Other Pension Funds

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

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

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, 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.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 5 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.

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 or at www.state.nj/treasury/doinvest.

Funding Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 28 percent with an unfunded actuarial accrued liability of \$108.6 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 22.33 percent and \$79.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 40.14 percent and \$29.6 billion, respectively.

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, 2015 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 of 7.65 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for the PERS and varying percentages based on experience for TPAF.

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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 7.06% for PERS, 7.06% 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, 2017 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.

During the fiscal years ended June 30, 2017, 2016 and 2015 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2017	\$ 2,094,479	\$ 7,183,019	\$ 47,714
2016	1,990,553	4,900,024	36,652
2015	1,931,610	3,233,836	31,599

In addition for fiscal year 2016/2017 the District contributed \$16,274 for PERS and the State contributed \$11,110 for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$4,907,323 during the fiscal year ended June 30, 2017 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS)

At June 30, 2017, the District reported in the statement of net position (accrual basis) a liability of \$69,826,044 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2016, the District's proportionate share was .23576 percent, which was an increase of .01263 percent from its proportionate share measured as of June 30, 2015 of .22313 percent.

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$7,354,499 for PERS. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 1,298,553	
Changes of Assumptions	14,464,227	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,662,531	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>3,176,531</u>	<u>\$ 325,757</u>
Total	<u>\$ 21,601,842</u>	<u>\$ 325,757</u>

At June 30, 2017, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2018	\$ 4,832,372
2019	4,832,372
2020	5,462,054
2021	4,571,049
2022	1,578,238
Thereafter	<u>-</u>
	<u>\$ 21,276,085</u>

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The District's total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.98%

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2034

Municipal Bond Rate * From July 1, 2034
and Thereafter

* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 3.98%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98 percent) or 1-percentage-point higher (4.98 percent) than the current rate:

	1% Decrease <u>(2.98%)</u>	Current Discount Rate <u>(3.98%)</u>	1% Increase <u>(4.98%)</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 85,563,667</u>	<u>\$ 69,826,044</u>	<u>\$ 56,833,272</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2016. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

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

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$28,991,199 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2017 the State's proportionate share of the net pension liability attributable to the District is \$481,449,331. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2016. At June 30, 2016, the state's share of the net pension liability attributable to the District was .61201 percent, which was an increase of .01386 percent from its proportionate share measured as of June 30, 2015 of .59815 percent.

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

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

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

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.22%

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

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2029
Municipal Bond Rate *	From July 1, 2029 and Thereafter

* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 3.22% as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.22 percent) or 1-percentage-point higher (4.22 percent) than the current rate:

	1% Decrease <u>(2.22%)</u>	Current Discount Rate <u>(3.22%)</u>	1% Increase <u>(4.22%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 574,958,093</u>	<u>\$ 481,449,331</u>	<u>\$ 405,087,359</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2016. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2016 was not provided by the pension system.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

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 584 state and local participating employers and contributing entities for Fiscal Year 2016.

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.

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.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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, 2015, the most recent actuarial valuation date, the State had a \$84.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.9 billion for state active and retired members and \$41.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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, 2015, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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, 2016, there were 110,512 , retirees receiving post-retirement medical benefits and the State contributed \$1.37 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 employer paid health benefits to members of PERS and the Alternate Benefit Program (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

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, 2017, 2016 and 2015 were \$5,985,089, \$5,834,575 and \$5,133,717, 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.

F. Tax Abatements

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

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

G. Subsequent Events

On August 30, 2017 the District entered into a lease purchase agreement providing for the acquisition and installation of certain equipment in the amount of \$545,531. The lease term is three years of an annual interest of 1.957%.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**WEST ORANGE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Exhibit C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 128,852,883		\$ 128,852,883	\$ 128,852,883	
Tuition-Other LEAs within the State	300,000		300,000	488,361	\$ 188,361
Tuition-Other Sources				1,238	1,238
Tuition-Individual/Preschool/Child Development Program	50,000		50,000	35,220	(14,780)
Rents and Royalties	170,000		170,000	119,043	(50,957)
Interest				8,552	8,552
Interest on Capital Reserve				34	34
After Care Fees				14,102	14,102
Miscellaneous	230,000	-	230,000	471,473	241,473
Total Local Sources	<u>129,602,883</u>	<u>-</u>	<u>129,602,883</u>	<u>129,990,906</u>	<u>388,023</u>
State Sources					
Special Education Aid	4,143,435		4,143,435	4,143,435	
Equalization Aid	1,731,112		1,731,112	1,731,112	
Security Aid	440,321		440,321	440,321	
PARCC Readiness Aid	70,410		70,410	70,410	
Per Pupil Growth Aid	70,410		70,410	70,410	
Professional Learning Community Aid	67,900		67,900	67,900	
Transportation Aid	524,095		524,095	524,095	
Extraordinary Aid	1,500,000		1,500,000	1,950,811	450,811
Reimbursed Nonpublic Transportation Aid				127,271	127,271
TPAF Pension Contribution (On-Behalf)					
Normal Pension Contribution				6,931,862	6,931,862
NCGI Contributions				251,157	251,157
Long Term Disability Insurance				11,110	11,110
Post Retirement				5,985,089	5,985,089
TPAF Social Security Contribution (On-Behalf)	-	-	-	4,907,323	4,907,323
Total State Sources	<u>8,547,683</u>	<u>-</u>	<u>8,547,683</u>	<u>27,212,306</u>	<u>18,664,623</u>
Federal Source					
Medicaid Reimbursement	150,000	-	150,000	232,647	82,647
Medicaid Reimbursement- ARRA	-	-	-	7,863	7,863
Total Federal Sources	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>240,510</u>	<u>90,510</u>
Total Revenues	<u>138,300,566</u>	<u>-</u>	<u>138,300,566</u>	<u>157,443,722</u>	<u>19,143,156</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	2,045,335	\$ 127,632	2,172,967	2,172,098	869
Grades 1-5	14,926,051	543,854	15,469,905	15,468,815	1,090
Grades 6-8	9,998,754	453,810	10,452,564	10,448,803	3,761
Grades 9-12	13,690,302	22,633	13,712,935	13,710,138	2,797
Home Instruction					
Salaries of Teachers	450,000	(90,323)	359,677	359,621	56
Purchased Professional- Educational Services	100,000	18,000	118,000	114,302	3,698
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	16,193	201,605	217,798	217,621	177
Unused Vacation Payment to Terminated/Retired Staff		6,179	6,179	6,135	44
Purchased Professional- Educational Services	114,060	(16,629)	97,431	74,352	23,079
Purchased Technical Services		5,000	5,000	4,723	277
Other Purchased Services	1,003,932	16,500	1,020,432	1,011,288	9,144
General Supplies	2,090,648	(65,974)	2,024,674	2,016,433	8,241
General Supplies- Acquired Under Lease Purchase (Non-Budgeted)				630,768	(630,768)
Textbooks	189,751	(42,000)	147,751	125,380	22,371
Other Objects	45,000	(19,000)	26,000	12,815	13,185
Total Regular Programs	<u>44,670,026</u>	<u>1,161,287</u>	<u>45,831,313</u>	<u>46,373,292</u>	<u>(541,979)</u>
Special Education					
Cognitive Mild					
Salaries of Teachers	626,010	116,992	743,002	742,134	868
Other Salaries for Instruction	534,302	103,836	638,138	637,439	699
General Supplies	5,138	1,952	7,090	7,062	28
Total Cognitive Mild	<u>1,165,450</u>	<u>222,780</u>	<u>1,388,230</u>	<u>1,386,635</u>	<u>1,595</u>
Learning and/or Language Disabilities					
Salaries of Teachers	2,145,820	(35,973)	2,109,847	2,108,813	1,034
Other Salaries for Instruction	815,289	(30,766)	784,523	783,718	805
General Supplies	9,700	2,137	11,837	11,720	117
Total Learning and/or Language Disabilities	<u>2,970,809</u>	<u>(64,602)</u>	<u>2,906,207</u>	<u>2,904,251</u>	<u>1,956</u>

**WEST ORANGE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Exhibit C-1

	<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)					
Multiple Disabilities					
Salaries of Teachers	\$ 151,519	\$ 17,625	\$ 169,144	\$ 168,802	\$ 342
Other Salaries for Instruction	217,783	106,015	323,798	323,128	670
Total Multiple Disabilities	369,302	123,640	492,942	491,930	1,012
Resource Room/Resource Center					
Salaries of Teachers	5,655,249	518,143	6,173,392	6,172,752	640
Other Salaries for Instruction	1,097,248	(22,828)	1,074,420	1,073,278	1,142
General Supplies	13,300	(550)	14,750	13,184	1,566
Total Resource Room	6,767,797	494,765	7,262,562	7,259,214	3,348
Autistic Program					
Salaries of Teachers	501,605	70,405	572,010	571,196	814
Other Salaries of Instruction	902,170	93,504	995,674	994,823	851
Supplies	9,300	3,361	12,661	12,515	146
Total Autistic Program	1,413,075	167,270	1,580,345	1,578,534	1,811
Preschool Disabilities - Part-Time					
Salaries of Teachers		265,000	265,000	264,945	55
Other Salaries for Instruction	167,979	(43,684)	124,295	123,208	1,087
Total Preschool Disabilities - Part-Time	167,979	221,316	389,295	388,153	1,142
Preschool Disabilities - Full-Time					
Salaries of Teachers	465,771	(261,136)	204,635	204,594	41
Other Salaries for Instruction	518,881	49,477	568,358	567,481	877
General Supplies	7,125	(2,477)	4,648	4,636	12
Total Preschool Disabilities - Full-Time	991,777	(214,136)	777,641	776,711	930
Total Special Education	13,846,189	951,033	14,797,222	14,785,428	11,794
Basic Skills/Remedial					
Salaries of Teachers	2,244,990	(77,125)	2,167,865	2,165,547	2,318
Other Salaries for Instruction		231	231		231
General Supplies	119,775	41,100	160,875	160,802	73
Total Basic Skills/Remedial	2,364,765	(35,794)	2,328,971	2,326,349	2,622
Bilingual Education					
Salaries of Teachers	1,277,128	(75,752)	1,201,376	1,201,039	337
General Supplies	26,901	-	26,901	3,518	23,383
Total Bilingual Education	1,304,029	(75,752)	1,228,277	1,204,557	23,720
School Sponsored Co-Curricular Activities					
Salaries	443,886	99,037	542,923	534,051	8,872
Purchased Services	7,234	16,850	24,084	23,918	166
Supplies and Materials		19,150	19,150	18,583	567
Other Objects	88,157	(61,925)	26,232	25,141	1,091
Total School Sponsored Co-Curricular Activities	539,277	73,112	612,389	601,693	10,696
School Sponsored Athletics - Instruction					
Salaries	776,600	360,832	1,137,432	1,136,356	1,076
Purchased Services	103,383	125,367	228,750	227,664	1,086
Supplies & Materials	150,169	15,320	165,489	154,606	10,883
Other Objects	146,318	(89,000)	57,318	57,122	196
Total School Sponsored Athletics - Instruction	1,176,470	412,519	1,588,989	1,575,748	13,241

**WEST ORANGE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Exhibit C-1

EXPENDITURES	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENDITURES (Continued)					
Total - Instruction	\$ 63,900,756	\$ 2,486,405	\$ 66,387,161	\$ 66,867,067	\$ (479,906)
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs within the State-Reg.	104,175	2,000	106,175	105,668	507
Tuition to Other LEAs within the State-Spec.	1,504,268	(368,000)	1,136,268	1,136,221	47
Tuition to County Vocational School District-Reg.	122,876	(51,765)	71,111	71,111	-
Tuition to County Vocational School District-Spec.	103,180	(19,135)	84,045	83,824	221
Tuition to County Special Services - School Districts & Regional Day Schools	189,823	(20,300)	169,523	165,161	4,362
Tuition to Private Schools - Disabled w/i State	6,562,860	(429,740)	6,133,120	6,089,675	43,445
Tuition to Private Schools- Disabled & Other LEA o/s State	127,000	143,900	270,900	270,298	602
Tuition- State Facilities	17,699	-	17,699	17,699	-
Tuition- Other	59,860	(59,860)	-	-	-
Total Undistributed Expenditures - Instruction	8,791,741	(802,900)	7,988,841	7,939,657	49,184
Attendance and Social Work					
Salaries	92,998	36,316	129,314	129,314	-
Purchased Prof & Tech Svc.	-	500	500	219	281
Other Purchased Services	700	(700)	-	-	-
Supplies & Materials	-	700	700	248	452
Total Attendance and Social Work	93,698	36,816	130,514	129,781	733
Health Services					
Salaries	1,217,686	20,889	1,238,575	1,238,352	223
Purchased Professional & Technical Services	82,000	(9,000)	73,000	72,236	764
Supplies and Materials	35,977	3,000	38,977	38,843	134
Other Objects	-	1,000	1,000	935	65
Total Health Services	1,335,663	15,889	1,351,552	1,350,366	1,186
Speech, OT, PT & Related Services					
Salaries	1,610,057	(89,221)	1,520,836	1,520,835	1
Purchased Professional/Educational Services	185,629	224,000	409,629	406,301	3,328
Supplies and Materials	14,102	2,000	16,102	14,584	1,518
Total Speech, OT, PT & Related Services	1,809,788	136,779	1,946,567	1,941,720	4,847
Other Support Services Std- Extra Serv					
Salaries of Other Professional Staff	1,328,996	(207,574)	1,121,422	1,121,341	81
Purchased Professional- Educational Services	293,000	32,000	325,000	324,165	835
Total Other Support Services Std- Extra Serv	1,621,996	(175,574)	1,446,422	1,445,506	916
Guidance					
Salaries of Other Professional Staff	2,470,579	169,990	2,640,569	2,640,538	11
Salaries of Secretarial and Clerical Assistants	276,956	9,594	286,550	286,493	57
Purchased Professional - Educational Services	54,572	(21,555)	33,017	31,542	1,475
Supplies and Materials	49,734	(8,000)	41,734	26,077	15,657
Other Objects	-	1,500	1,500	1,285	215
Total Guidance	2,851,841	151,529	3,003,370	2,985,955	17,415
Child Study Teams					
Salaries of Other Professional Staff	3,124,885	61,592	3,186,477	3,186,477	-
Salaries of Secretarial and Clerical Assistants	383,827	8,605	392,432	392,373	59
Unused Vac Payment to Term/Retired Staff	-	8,100	8,100	8,013	87
Purchased Prof-Educational Services	39,400	21,600	61,000	60,828	172
Other Purchased Prof & Tech Svc.	-	33,900	33,900	33,871	29
Misc. Purchased Services	9,500	1,600	11,100	10,832	268
Supplies and Materials	39,087	13,548	52,635	48,643	3,992
Total Child Study Teams	3,596,699	148,945	3,745,644	3,741,037	4,607

**WEST ORANGE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Exhibit C-1

EXPENDITURES	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENDITURES (Continued)					
Improvement of Instruction Services/ Other Support Services-Instructional Staff					
Salaries of Supervisor of Instruction	\$ 1,629,828	\$ 89,456	\$ 1,719,284	\$ 1,719,284	\$ -
Salaries of Other Professional Staff	25,000	(23,645)	1,355	1,080	275
Salaries of Secr and Clerical Assist.	119,580	2,633	122,213	122,094	119
Other Purchased Services	-	200	200	195	5
Supplies and Materials	527	500	1,027	997	30
Other Objects	-	1,800	1,800	1,792	8
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	1,774,935	70,944	1,845,879	1,845,442	437
Educational Media Services/School Library					
Salaries	1,103,543	(21,418)	1,082,125	1,081,520	605
Supplies and Materials	106,212	(500)	105,712	92,641	13,071
Other Objects	-	500	500	187	313
Total Educational Media Services/School Library	1,209,755	(21,418)	1,188,337	1,174,348	13,989
Instructional Staff Training Services					
Salaries of Other Professional Staff	44,617	(33,650)	10,967	10,925	42
Purchased Professional- Educational Services	24,000	23,500	47,500	47,494	6
Other Purchased Prof. And Tech. Services	50,000	(30,000)	20,000	18,465	1,535
Supplies and Materials	8,000	-	8,000	7,538	462
Other Objects	42,669	(38,500)	4,169	4,000	169
Total Instructional Staff Training Services	169,286	(78,650)	90,636	88,422	2,214
Support Services General Administration					
Salaries	663,714	(29,951)	633,763	633,729	34
Legal Services	230,000	74,174	304,174	294,216	9,958
Audit Fees	80,000	(1,000)	79,000	70,041	8,959
Architectural/Engineering Services	-	25,600	25,600	24,850	750
Other Purchased Professional Services	35,400	78,192	113,592	58,663	54,929
Purchased Technical Services	15,500	54,600	70,100	69,910	190
Communications/Telephone	342,024	(75,462)	266,562	257,715	8,847
BOE Other Purchased Services	5,000	(1,000)	4,000	3,079	921
Misc. Purchased Services	227,114	28,000	255,114	252,177	2,937
General Supplies	11,300	5,108	16,408	16,136	272
BOE In-House Training/Meeting Supplies	-	6,000	6,000	3,441	2,559
Judgments against the School District	-	118,000	118,000	117,196	804
Miscellaneous Expenditures	24,905	(15,600)	9,305	9,102	203
BOE Membership Dues and Fees	35,263	3,100	38,363	38,268	95
Total Support Services General Administration	1,670,220	269,761	1,939,981	1,848,523	91,458
Support Services School Administration					
Salaries of Principals/Asst. Principals	3,006,325	120,545	3,126,870	3,126,861	9
Salaries of Other Professional Staff	608,552	49,525	658,077	658,066	11
Salaries of Secretarial and Clerical Assistants	1,854,151	(23,093)	1,831,058	1,831,046	12
Unused Vacation Payment to Terminated/Retired Staff	-	10,568	10,568	10,567	1
Purchased Professional and Technical Services	-	2,500	2,500	2,000	500
Other Purchased Services	73,175	(16,974)	56,201	54,234	1,967
Supplies and Materials	74,498	12,200	86,698	86,150	548
Other Objects	-	1,800	1,800	1,395	405
Total Support Services School Administration	5,616,701	157,071	5,773,772	5,770,319	3,453
Central Services					
Salaries	1,517,318	31,916	1,549,234	1,549,228	6
Unused Vacation Payment to Terminated/Retired Staff	-	4,100	4,100	4,039	61
Purchased Technical Services	85,094	35,000	120,094	116,974	3,120
Misc. Purchased Services	35,469	43,703	79,172	70,380	8,792
Supplies and Materials	14,434	16,315	30,749	30,258	491
Miscellaneous Expenditures	31,515	(22,161)	9,354	9,245	109
Total Central Services	1,683,830	108,873	1,792,703	1,780,124	12,579
Administration - Information Technology Services					
Salaries	1,436,249	148,378	1,584,627	1,584,495	132
Unused Vac Payment to Terminated/Retired Staff	-	8,100	8,100	8,049	51
Purchased Technical Services	10,000	-	10,000	4,855	5,145
Other Purchased Services	32,202	(15,000)	17,202	13,369	3,833
Supplies and Materials	50,000	(14,000)	36,000	30,647	5,353
Other Objects	-	2,000	2,000	1,943	57
Total Administration Information Technology Svcs.	1,528,451	129,478	1,657,929	1,643,358	14,571

**WEST ORANGE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Exhibit C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Required Maintenance for School Facilities					
Cleaning, Repair and Maintenance Services	\$ 785,000	\$ 265,700	\$ 1,050,700	\$ 995,555	\$ 55,145
General Supplies	303,846	(35,762)	268,084	259,298	8,786
Other Objects	-	100	100	80	20
Total Required Maint. For School Facilities	1,088,846	230,038	1,318,884	1,254,933	63,951
Custodial Services					
Salaries	3,970,412	69,004	4,039,416	4,034,184	5,232
Salaries of Non-Instructional Aides	566,216	19,372	585,588	585,283	305
Unused Vacation Payment to Terminated/Retired Staff		6,489	6,489	5,938	551
Purchased Professional & Technical Services		23,000	23,000	17,728	5,272
Cleaning, Repair and Maintenance Services	265,000	(72,100)	192,900	185,635	7,265
Rental of Land & Bldgs Other Than Lease	89,628	1,000	90,628	90,599	29
Lease Purchase Payments- Energy Savings		466,000	466,000	465,334	666
Other Purchased Property Services	125,000	4,000	129,000	125,125	3,875
Insurance	209,116	(21,300)	187,816	187,740	76
Miscellaneous Purchased Services	3,000	-	3,000	1,828	1,172
General Supplies	189,200	155,236	344,436	343,856	580
Energy (Natural Gas)	285,000	(21,500)	263,500	262,741	759
Energy (Electricity)	1,700,000	(152,700)	1,547,300	1,543,962	3,338
Energy (Gasoline)	35,000	(1,000)	34,000	26,888	7,112
Other Objects	5,000	23,500	28,500	22,407	6,093
Total Custodial Services	7,442,572	499,001	7,941,573	7,899,248	42,325
Care and Upkeep of Grounds					
Salaries	451,733	110,678	562,411	562,372	39
Cleaning, Repair and Maintenance Svc.	200,000	89,300	289,300	277,022	12,278
General Supplies	40,000	5,800	45,800	42,715	3,085
Total Care and Upkeep of Grounds	691,733	205,778	897,511	882,109	15,402
Security					
Salaries	506,348	12,892	519,240	519,191	49
Cleaning, Repair and Maintenance Svc.	151,162	34,255	185,417	179,222	6,195
General Supplies	98,232	(22,010)	76,222	74,045	2,177
Other Objects	2,950	(1,000)	1,950	-	1,950
Total Security	758,692	24,137	782,829	772,458	10,371
Student Transportation Services					
Non-Instructional Aides	161,096	173,721	334,817	334,727	90
Salaries for Pupil Trans (Bet. Home & Sch)-Reg	607,304	(98,504)	508,800	508,598	202
Salaries for Pupil Trans (Bet. Home & Sch)-Sp Ed.	559,388	258,922	818,310	818,124	186
Unused Vacation Payment to Terminated/Retired Staff		5,403	5,403	5,372	31
Management Fee- ESC & CTSA Trans. Program	57,600	(12,800)	44,800	44,702	98
Other Purchased Professional & Technical Services	15,000	(3,000)	12,000	11,795	205
Cleaning, Repair and Maintenance Svc.	144,200	800	145,000	142,354	2,646
Lease Purchase Payments- School Buses	151,435	-	151,435	151,435	-
Contract Services- Aid in Lieu Pymts-NonPub Sch	336,804	(34,064)	302,740	302,162	578
Contracted Services (Bet. Home and School)- Vendors	3,687,500	(51,400)	3,636,100	3,636,011	89
Contracted Services (Oth. Than Bet Home & School)- Vendors	240,000	(80,000)	160,000	158,432	1,568
Contracted Services (Sp. Ed. Stds)- Vendors	67,386	(30,000)	37,386	36,625	761
Contracted Services (Special Education Students)- Joint Agreements	3,000	-	3,000	-	3,000
Contracted Services (Reg. Students)-ESCs & CTSA	500,000	(80,000)	420,000	407,163	12,837
Contracted Services (Spec. Ed. Students)-ESCs & CTSA	2,180,000	(122,000)	2,058,000	2,046,394	11,606
Misc. Purchased Services	110,313	(28,000)	82,313	80,788	1,525
Transportation Supplies	146,210	(65,557)	80,653	70,394	10,259
Other Objects	8,000	(2,000)	6,000	4,992	1,008
Total Student Transportation Services	8,975,236	(168,479)	8,806,757	8,760,068	46,689
Unallocated Benefits - Employee Benefits					
Group Insurance		2,000	2,000	1,161	839
Social Security Contributions	2,000,000	(134,230)	1,865,770	1,861,918	3,852
Other Retirement Contribution-ERIP	73,000	(45,000)	28,000	25,280	2,720
Other Retirement Contribution-DCRP		48,348	48,348	47,714	634
Other Retirement Contribution-PERS	2,171,894	(61,141)	2,110,753	2,110,753	-
Other Retirement Contribution - PERS Deferred Pension Obligation		71,880	71,880	71,880	-
Unemployment Compensation	200,000	(75,000)	125,000	125,000	-
Worker's Compensation	347,807	223,000	570,807	570,525	282
Health Benefits	17,719,017	(770,539)	16,948,478	16,930,175	18,303
Tuition Reimbursement	325,000	234,343	559,343	256,128	303,215
Other Employee Benefits	17,500	-	17,500	17,447	53
Unused Sick Payment to Terminated/Retired Staff	300,000	(254,135)	45,865	45,221	644
Total Unallocated Benefits - Employee Benefits	23,136,718	(742,974)	22,393,744	22,063,202	330,542

**WEST ORANGE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Exhibit C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
TPAF Pension Contribution (Non Budgeted)					
Normal Pension Contribution				\$ 6,931,862	\$ (6,931,862)
NCGI Contributions				251,157	(251,157)
Long Term Disability Insurance				11,110	(11,110)
Post Retirement				5,985,089	(5,985,089)
TPAF Social Security Contribution (Non Budgeted)	-	-	-	4,907,323	(4,907,323)
	-	-	-	18,086,541	(18,086,541)
Total Undistributed Expenditures	\$ 75,848,401	\$ 195,044	\$ 76,043,445	93,403,117	(17,359,672)
Total Current Expenditures	139,749,157	2,681,449	142,430,606	160,270,184	(17,839,578)
CAPITAL OUTLAY					
Equipment					
Grades 1-5	244,298	(244,298)	-		
Grades 9-12	87,045	167,279	254,324	254,324	-
Multiple Disabilities		4,500	4,500	4,450	50
School Sponsored and Other Instructional Programs	71,000	(16,291)	54,709	54,707	2
Undistributed Expenditures					
Instructional	43,650	(43,650)			-
Custodial Services		13,250	13,250	13,231	19
Care and Upkeep of Grounds		2,200	2,200	9,174	(6,974)
Security	-	5,800	5,800	5,740	60
Total Equipment	445,993	(111,210)	334,783	341,626	(6,843)
Facilities and Acquisitions					
Construction Services	152,400	-	152,400	148,400	4,000
Assessment for Debt Service on SDA Funding	114,991	-	114,991	114,991	-
Total Facilities and Acquisitions	267,391	-	267,391	263,391	4,000
Total Capital Outlay	713,384	(111,210)	602,174	605,017	(2,843)
TRANSFER OF FUNDS TO CHARTER SCHOOLS					
Transfer of Funds to Charter Schools	90,425	81,000	171,425	159,519	11,906
Total Transfer of Funds to Charter Schools	90,425	81,000	171,425	159,519	11,906
Total Expenditures - General Fund	140,552,966	2,651,239	143,204,205	161,034,720	(17,830,515)
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	(2,252,400)	(2,651,239)	(4,903,639)	(3,590,998)	1,312,641
Other Financing Sources (Uses)					
Transfers In					
Proceeds from Insurance Recovery				98	98
Lease Purchase Proceeds				7,284	7,284
				630,768	630,768
Total Other Financing Sources (Uses)	-	-	-	638,150	638,150
Excess (Deficiency) of Revenues Over (Under) Expenditures and Financing Sources	(2,252,400)	(2,651,239)	(4,903,639)	(2,952,848)	1,950,791
Fund Balances, Beginning of Year	6,787,344	-	6,787,344	6,787,344	-
Fund Balances, End of Year	\$ 4,534,944	\$ (2,651,239)	\$ 1,883,705	\$ 3,834,496	\$ 1,950,791
Reconciliation of Fund Balance					
Restricted					
Capital Reserve				\$ 4,209	
Assigned					
Year-End Encumbrances				453,907	
Designated in Subsequent Year's Budget (2017/18 Budget)				900,000	
Unassigned Fund Balance				2,476,380	
				3,834,496	
Less State Aid not Recognized on a GAAP Basis				(2,619,891)	
Fund Balance per Governmental Funds (GAAP)				\$ 1,214,605	

**WEST ORANGE BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources		\$ 75,901	\$ 75,901	\$ 53,915	\$ (21,986)
State Sources	424,723	177,165	601,888	558,413	(43,475)
Federal Sources	2,689,009	576,397	3,265,406	2,931,847	(333,559)
Total Revenues	3,113,732	829,463	3,943,195	3,544,175	(399,020)
EXPENDITURES					
Instruction					
Salaries of Teachers	936,218	(138,022)	798,196	782,862	15,334
Purchased Prof & Technical Services	-	19,007	19,007	19,007	-
Purchased Professional- Educational Services	169,902	94,708	264,610	235,844	28,766
Tuition	1,706,298	(111,645)	1,594,653	1,584,326	10,327
General Supplies	112,080	187,985	300,065	163,403	136,662
Textbooks	73,337	13,411	86,748	80,091	6,657
Other Objects	-	200	200	200	-
Total Instruction	2,997,835	65,644	3,063,479	2,865,733	197,746
Support Services					
Salaries		32,025	32,025	16,285	15,740
Other Salaries		4,305	4,305	4,305	-
Salaries of Program Directors		41,740	41,740	40,835	905
Employee Benefits		222,780	222,780	213,771	9,009
Purchased Prof. and Technical Services	-	20,458	20,458	11,400	9,058
Purchased Professional-Education Services	115,897	314,923	430,820	284,031	146,789
Cleaning, Repair and Maintenance Services		62,950	62,950	62,736	214
Other Purchased Services		35,357	35,357	22,634	12,723
General Supplies	-	18,934	18,934	12,098	6,836
Other Objects	-	150	150	150	-
Total Support Services	115,897	753,622	869,519	668,245	201,274
Facilities Acquisition and Construction Services					
Instructional Equipment	-	10,197	10,197	10,197	-
Total Facilities Acquisition and Construction Services	-	10,197	10,197	10,197	-
Total Expenditures	3,113,732	829,463	3,943,195	3,544,175	399,020
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	-	-	-	-	-
Fund Balances, Beginning of Year					
	-	-	-	-	-
Fund Balances, End of Year					
	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**WEST ORANGE BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	
Sources/Inflows of Resources			
Actual revenue amounts (budgetary basis) (Exhibits C-1 and C-2)	\$ 157,443,722	\$ 3,544,175	
Differences - Budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Encumbrances, June 30, 2016		7,784	
State Aid Payments not recognized for GAAP purposes, not recognized for budgetary statements (2015/16 State Aid)	2,077,193		
State Aid Payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year (2016/2017 State Aid)	<u>(2,619,891)</u>	<u>-</u>	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 156,901,024</u>	<u>\$ 3,551,959</u>	
Uses/Outflows of Resources			
Actual expenditure amounts (budgetary basis) (Exhibits C-1 and C-2)	\$ 161,034,720	\$ 3,544,175	
Differences - Budget to GAAP:			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.			
Encumbrances, June 30, 2016	<u>\$ -</u>	<u>7,784</u>	
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 161,034,720</u>	<u>\$ 3,551,959</u>	

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

Public Employees Retirement System

Last Four Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.23576%	0.22313%	0.21477%	0.22573%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 69,826,044</u>	<u>\$ 50,089,583</u>	<u>\$ 42,264,361</u>	<u>\$ 41,048,410</u>
District's Covered-Employee Payroll	<u>\$ 14,500,632</u>	<u>\$ 14,864,513</u>	<u>\$ 15,149,651</u>	<u>\$ 15,849,310</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	481.54%	336.97%	278.98%	258.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	48.72%	52.08%

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

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

**WEST ORANGE BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

Last Four Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 2,094,479	\$ 1,990,053	\$ 1,931,610	1,687,381
Contributions in Relation to the Contractually Required Contribution	<u>(2,094,479)</u>	<u>(1,990,553)</u>	<u>(1,931,610)</u>	<u>(1,687,381)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	<u>\$ 14,500,632</u>	<u>\$ 14,864,513</u>	<u>\$ 15,149,651</u>	<u>\$ 15,849,310</u>
Contributions as a Percentage of Covered-Employee Payroll	14.44%	13.39%	12.75%	10.65%

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

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

Teachers Pension and Annuity Fund

Last Four Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 481,449,331</u>	<u>\$ 378,058,467</u>	<u>\$ 315,386,995</u>	<u>\$ 298,375,976</u>
District's Covered-Employee Payroll	<u>\$ 63,399,497</u>	<u>\$ 63,894,046</u>	<u>\$ 63,901,803</u>	<u>\$ 61,049,803</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	759.39%	591.70%	493.55%	488.74%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	28.71%	33.64%	33.76%

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

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

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

Board of Education Employees' Pension Fund of Essex County

Last Four Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.618%	0.618%	0.639%	0.667%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 223,800</u>	<u>\$ 220,610</u>	<u>\$ 246,206</u>	<u>\$ 265,826</u>
District's Covered-Employee Payroll	\$ -	\$ -	\$ -	\$ -
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.00%	0.00%	75.92%	76.05%

* Fiduciary Net Position Excludes an Amount Designated for Insurance Benefits of \$18,914,961 for fiscal year ending June 30, 2014 and \$19,628,046 for the fiscal year ending June 30, 2015.

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

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

Board of Education Employees' Pension Fund of Essex County

Last Four Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 25,280	\$ 25,596	\$ 37,410	\$ 31,418
Contributions in Relation to the Contractually Required Contribution	<u>(25,280)</u>	<u>(25,596)</u>	<u>(37,410)</u>	<u>(31,418)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Employee Payroll	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of Covered Employee Payroll	0%	0%	0%	0%

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

**WEST ORANGE BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net position liability and statutorily required employer contribution are presented in Note 4 and Note 5.

SPECIAL REVENUE FUND

**WEST ORANGE BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Title I</u>	<u>Carl A. Perkins</u>	<u>IDEA Basic</u>	<u>IDEA Preschool</u>	<u>Title IIA</u>	<u>Nonpublic Technology</u>	<u>Nonpublic Textbooks</u>	<u>Nonpublic Nursing</u>	<u>Total Page 2</u>	<u>Total</u>
REVENUES										
Local									\$ 53,915	\$ 53,915
State									303,650	558,413
Federal	\$ 882,627	\$ 50,006	\$ 1,680,144	\$ 67,113	\$ 113,339	\$ 38,772	\$ 80,091	\$ 135,900	138,618	2,931,847
Total Revenues	\$ 882,627	\$ 50,006	\$ 1,680,144	\$ 67,113	\$ 113,339	\$ 38,772	\$ 80,091	\$ 135,900	\$ 496,183	\$ 3,544,175
EXPENDITURES										
Instruction										
Salaries of Teachers	\$ 637,212				\$ 84,048				\$ 61,602	\$ 782,862
Purchased Prof. and Technical Services	2,628	\$ 16,379							-	19,007
Purchased Prof-Educational Services									235,844	235,844
Textbooks							\$ 80,091			80,091
Tuition			\$ 1,517,213	\$ 67,113						1,584,326
Supplies	20,121	22,871	14,800	-	-	\$ 35,072	-	-	70,539	163,403
Other Objects	-	-	-	-	-	-	-	-	200	200
Total Instruction	659,961	39,250	1,532,013	67,113	84,048	35,072	80,091	-	368,185	2,865,733
Support Services										
Salaries									16,285	16,285
Other Salaries		4,305								4,305
Salaries of Program Directors	29,500								11,335	40,835
Employee Benefits	180,569	329			26,048				6,825	213,771
Purchased Prof. and Technical Services	8,200								3,200	11,400
Purchase Professional-Educational Services			148,131					\$ 135,900		284,031
Cleaning, Repair and Maintenance Services									62,736	62,736
Other Purchased Services	3,243	2,124			3,243				14,024	22,634
Supplies	1,004								11,094	12,098
Other Objects	150	-	-	-	-	-	-	-	-	150
Total Support Services	222,666	6,758	148,131	-	29,291	-	-	135,900	125,499	668,245
Facilities Acquisition and Construction Services										
Instructional Equipment	-	3,998	-	-	-	3,700	-	-	2,499	10,197
Total Facilities Acquisition and Construction Services	-	3,998	-	-	-	3,700	-	-	2,499	10,197
Total Expenditures	\$ 882,627	\$ 50,006	\$ 1,680,144	\$ 67,113	\$ 113,339	\$ 38,772	\$ 80,091	\$ 135,900	\$ 496,183	\$ 3,544,175

88

**WEST ORANGE BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Title III	Title I- Innovative NJ Competitive Grant	Non Public Chapter 192				Non Public Chapter 193			Local Grants	Total Page 2
			Home Instruction	ESL	Compens. Education	Nonpublic Security	Exam. And Class	Corrective Speech	Supplem. Instruction		
REVENUES											
Local										\$ 53,915	\$ 53,915
State			\$ 5,704	\$ 91	\$ 9,496	\$ 67,806	\$ 139,741	\$ 17,330	\$ 63,482		303,650
Federal	\$ 44,477	\$ 94,141	-	-	-	-	-	-	-	-	138,618
Total Revenues	\$ 44,477	\$ 94,141	\$ 5,704	\$ 91	\$ 9,496	\$ 67,806	\$ 139,741	\$ 17,330	\$ 63,482	\$ 53,915	\$ 496,183
EXPENDITURES											
Instruction											
Salaries of Teachers	\$ 26,910	\$ 34,692									\$ 61,602
Purchased Prof. and Technical Services							\$ 139,741	\$ 17,330	\$ 63,482		-
Purchased Professional-Educational Services			\$ 5,704	\$ 91	\$ 9,496						235,844
Textbooks											-
Supplies	3,973	25,493				\$ 5,070				\$ 36,003	70,539
Other Objects	-	-	-	-	-	-	-	-	-	200	200
Total Instruction	30,883	60,185	5,704	91	9,496	5,070	139,741	17,330	63,482	36,203	368,185
Support Services											
Salaries	720	15,565									16,285
Salaries of Program Directors	1,335	10,000									11,335
Purchased Prof. and Technical Services		3,200									3,200
Employee Benefits	2,215	4,610									6,825
Cleaning, Repair and Maintenance Services						62,736					62,736
Other Purchased Services	4,463									9,561	14,024
Supplies	4,861	581								5,652	11,094
Other Objects	-	-	-	-	-	-	-	-	-	-	-
Total Support Services	13,594	33,956	-	-	-	62,736	-	-	-	15,213	125,499
Facilities Acquisition and Construction											
Instructional Equipment	-	-	-	-	-	-	-	-	-	2,499	2,499
Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	-	-	2,499	2,499
Total Expenditures	\$ 44,477	\$ 94,141	\$ 5,704	\$ 91	\$ 9,496	\$ 67,806	\$ 139,741	\$ 17,330	\$ 63,482	\$ 53,915	\$ 496,183

**WEST ORANGE BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION PROGRAM AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

THIS SCHEDULE IS NOT APPLICABLE

CAPITAL PROJECTS FUND

WEST ORANGE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2017</u>
		<u>Prior Year</u>	<u>Current Year</u>	
Energy Savings Incentive Program	\$ 11,520,000	\$ 3,226,090	\$ 7,541,851	\$ 752,059
Lease Purchase- School Vehicles	<u>310,739</u>	<u>-</u>	<u>310,739</u>	<u>-</u>
	<u>\$ 11,830,739</u>	<u>\$ 3,226,090</u>	<u>\$ 7,852,590</u>	<u>\$ 752,059</u>
Project Balances, June 30, 2017				\$ 752,059
Reserved for Payment of Lease Purchase				<u>2,312</u>
Fund Balance, June 30, 2017 (GAAP Basis)				<u>\$ 754,371</u>
<u>Recapitulation of Fund Balance</u>				
Restricted:				
Year-End Encumbrances				\$ 710,007
Available for Capital Projects				42,052
Reserved for Payment of Lease Purchase				<u>2,312</u>
Total Fund Balance - Restricted for Capital Projects				<u>\$ 754,371</u>

**WEST ORANGE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

REVENUES AND OTHER FINANCING SOURCES

Revenues	
Interest Income	\$ <u>1,970</u>
 Total Revenues	 <u>1,970</u>

EXPENDITURES AND OTHER FINANCING USES

Expenditures	
Construction Services	7,321,325
Purchased Professional and Technical Services	179,974
Vehicles	310,739
Equipment	18,169
Supplies	21,383
Miscellaneous	1,000
Other Financing Uses	
Transfer to General Fund	<u>98</u>
 Total Expenditures and Other Financing Uses	 <u>7,852,688</u>
 Deficiency of Revenues Under Expenditures and Other Financing Uses	 (7,850,718)
 Fund Balance, July 1, 2016	 <u>8,605,089</u>
 Fund Balance, June 30, 2017	 <u>\$ 754,371</u>

**WEST ORANGE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS
2016 ESIP LEASE
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Lease Proceeds	\$ 11,520,000	-	\$ 11,520,000	\$ 11,520,000
 Total Revenues	 <u>11,520,000</u>	 <u>-</u>	 <u>11,520,000</u>	 <u>11,520,000</u>
Expenditures and Other Financing Uses				
Construction Services	2,706,332	\$ 7,321,325	10,027,657	10,779,716
Purchased Professional and Technical Services	519,758	179,974	699,732	699,732
Equipment		18,169	18,169	18,169
Supplies	-	21,383	21,383	21,383
Miscellaneous	-	1,000	1,000	1,000
 Total Expenditures	 <u>3,226,090</u>	 <u>7,541,851</u>	 <u>10,767,941</u>	 <u>11,520,000</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ 8,293,910</u>	 <u>\$ (7,541,851)</u>	 <u>\$ 752,059</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 11,520,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 11,520,000

Percentage Increase Over Original

Authorized Cost	
Percentage Completion	93%
Original Target Completion Date	2016/2017
Revised Target Completion Date	2017/2018

**WEST ORANGE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS
2016 LEASE PURCHASE AGREEMENT- ACQUISITION OF VEHICLES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Lease Purchase Proceeds	\$ 310,739	-	\$ 310,739	\$ 310,739
Total Revenues	<u>310,739</u>	<u>-</u>	<u>310,739</u>	<u>310,739</u>
Expenditures and Other Financing Uses				
Equipment	-	\$ 310,739	310,739	310,739
Purchased Professional and Technical Services	-	-	-	-
Total Expenditures	<u>-</u>	<u>310,739</u>	<u>310,739</u>	<u>310,739</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 310,739</u>	<u>\$ (310,739)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 310,739
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 310,739

Percentage Increase Over Original Authorized Cost	
Percentage Completion	100%
Original Target Completion Date	2016/2017
Revised Target Completion Date	2016/2017

ENTERPRISE FUNDS

**WEST ORANGE BOARD OF EDUCATION
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2017**

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

**COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

THIS SCHEDULE IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

THIS SCHEDULE IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**WEST ORANGE BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2017**

	<u>Student Activity</u>	<u>Agency Payroll</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 466,879	\$ 3,915,741	\$ 4,382,620
Cash with Fiscal Agent	-	12,944	12,944
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 466,879</u>	<u>\$ 3,928,685</u>	<u>\$ 4,395,564</u>
LIABILITIES			
Due to Student Groups	\$ 439,677		\$ 439,677
Interfund Accounts Payable:			
General Fund	17,332		17,332
Unemployment Fund		\$ 38,898	38,898
Accounts Payable	9,870		9,870
Accrued Salaries and Wages		19,660	19,660
Payroll Deductions and Withholdings		3,857,183	3,857,183
Reserve for Flexible Spending	-	12,944	12,944
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ 466,879</u>	<u>\$ 3,928,685</u>	<u>\$ 4,395,564</u>

**FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**WEST ORANGE BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Balance July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2017</u>
Due to Student Groups				
ELEMENTARY SCHOOLS				
Gregory	\$ 5,653	\$ 2,384	\$ 4,883	\$ 3,154
Saint Cloud	12,235	10,816	16,895	6,156
Hazel Avenue	3,673	2,822	1,579	4,916
Kelly School (Formerly Pleasantdale)	7,507	4,812	2,677	9,642
Washington	7,200	1,362	4,783	3,779
Mount Pleasant	7,273	6,074	11,166	2,181
Redwood	5,134	18,434	12,173	11,395
MIDDLE SCHOOLS				
Roosevelt	37,598	185,000	175,537	47,061
Edison	7,386	46,941	47,453	6,874
Liberty	53,142	129,339	135,540	46,941
SENIOR HIGH SCHOOL				
West Orange High School	392,037	298,262	406,682	283,617
ATHLETICS				
High School	4,381	115,948	114,059	6,270
Roosevelt Middle School	2,255	5,002	3,567	3,690
Liberty Middle School	4,001	3,212	3,212	4,001
Interfund Payable		17,332		17,332
Accounts Payable	-	9,870	-	9,870
	<u>\$ 549,475</u>	<u>\$ 857,610</u>	<u>\$ 940,206</u>	<u>\$ 466,879</u>

**PAYROLL AGENCY FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Balance, July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2017</u>
Payroll Deductions and Withholdings	\$ 3,205,552	\$ 51,559,060	\$ 50,907,429	\$ 3,857,183
Interfund Payable/Receivable	94,184	38,898	94,184	38,898
Accrued Salaries and Wages	197,514	55,046,200	55,224,054	19,660
Reserve for Flexible Spending	6,666	156,491	150,213	12,944
	<u>\$ 3,503,916</u>	<u>\$ 106,800,649</u>	<u>\$ 106,375,880</u>	<u>\$ 3,928,685</u>

LONG-TERM DEBT

**WEST ORANGE BOARD OF EDUCATION
LONG TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2016</u>	<u>Retired</u>	<u>Balance, June 30, 2017</u>			
			<u>Date</u>	<u>Amount</u>							
2006 School Bonds	7/19/2006	\$ 4,387,000				\$ 315,000	\$ 315,000	-			
2012 School Refunding Bonds	1/19/2012	31,535,000	11/1/2017	\$ 1,775,000	4.000 %						
			11/1/2018	1,935,000	4.000						
			11/1/2019	2,025,000	5.000						
			11/1/2020	2,115,000	4.000						
			11/1/2021	2,220,000	5.000						
			11/1/2022	2,325,000	4.000						
			11/1/2023	2,425,000	5.000						
			11/1/2024	2,515,000	2.625						
			11/1/2025	3,355,000	2.750						
			11/1/2026	3,470,000	4.000						
			11/1/2027	3,575,000	3.000				29,135,000	1,400,000	\$ 27,735,000
2015 School Refunding	3/13/2015	\$ 1,775,000	7/15/2017	330,000	3.000						
			7/15/2018	340,000	4.000						
			7/15/2019	355,000	4.000						
			7/15/2020	370,000	4.000						
			7/15/2021	380,000	4.000				1,775,000	-	1,775,000
						<u>\$ 31,225,000</u>	<u>\$ 1,715,000</u>	<u>\$ 29,510,000</u>			
Paid by Budget Appropriation							<u>\$ 1,750,000</u>				

06

**WEST ORANGE BOARD OF EDUCATION
LONG TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2017</u>
Construction Improvements- Roosevelt Middle School & West Orange High School	12/15/97	\$ 10,968,000				\$ 260,000		\$ 260,000	
Refunding Certificates	09/26/06	5,610,000				5,450,000		5,450,000	
2015 Refunding Certificates	10/22/15	25,475,000	10/1/17	\$ 1,320,000	2.303 %				
			10/1/18	1,265,000	2.356				
			10/1/19	1,295,000	2.753				
			10/1/20	1,330,000	2.620				
			10/1/21	1,375,000	3.338				
			10/1/22	1,835,000	5.000				
			10/1/23	1,935,000	5.000				
			10/1/24	2,040,000	5.000				
			10/1/25	2,135,000	5.000				
			10/1/26	2,225,000	3.000				
			10/1/27	2,300,000	3.000				
			10/1/28	2,370,000	3.125				
			10/1/29	2,445,000	3.250	25,475,000	\$ -	1,605,000	\$ 23,870,000
2016 Refunding Certificates	7/14/2016	4,970,000	10/1/17	545,000	3.000				
			10/1/18	560,000	3.000				
			10/1/19	580,000	4.000				
			10/1/20	605,000	4.000				
			10/1/21	620,000	4.000				
			10/1/22	645,000	4.000				
			10/1/23	675,000	4.000				
			10/1/24	700,000	4.000				
						-	\$ 4,970,000	40,000	4,930,000
						<u>\$ 31,185,000</u>	<u>\$ 4,970,000</u>	<u>\$ 7,355,000</u>	<u>\$ 28,800,000</u>
								\$ 2,180,000	
								<u>5,175,000</u>	
								<u>\$ 7,355,000</u>	

**WEST ORANGE BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES/LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR JUNE 30, 2017**

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2017</u>
Copier	6.18%	\$ 12,520	\$ 6,550		\$ 4,299	\$ 2,251
Bus Lease #1	2.770%	247,493	148,420		48,113	100,307
Bus Lease #2	2.810%	157,727	94,586		30,647	63,939
Computer Lease	1.050%	540,900	180,390		180,390	-
Energy Savings Improvement Program Lease	2.730%	11,520,000	11,520,000		80,000	11,440,000
Lease Purchase Agreement-Buses	1.982%	310,739	250,739		60,852	189,887
Lease Purchase- Chrome Books (Supplies)	1.313%	989,796	655,793	-	325,859	329,934
Lease Purchase- Chrome Books (Supplies)	1.460%	<u>630,768</u>	<u>-</u>	<u>\$ 630,768</u>	<u>213,311</u>	<u>417,457</u>
		<u>\$ 14,409,943</u>	<u>\$ 12,856,478</u>	<u>\$ 630,768</u>	<u>\$ 943,471</u>	<u>\$ 12,543,775</u>
					<u>\$ 943,471</u>	
				Paid by Budget Appropriation		

**WEST ORANGE BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 5,001,495		\$ 5,001,495	\$ 5,001,495	
State Sources					
Debt Service Aid	910,882	-	910,882	910,882	-
Total Revenues	<u>5,912,377</u>	<u>-</u>	<u>5,912,377</u>	<u>5,912,377</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	3,855,000	\$ 40,000	3,895,000	3,895,000	
Interest	2,266,798	(40,000)	2,226,798	2,184,649	\$ 42,149
Cost of Issuance on Refunding Bonds	-	-	-	171,579	(171,579)
Total Expenditures	<u>6,121,798</u>	<u>-</u>	<u>6,121,798</u>	<u>6,251,228</u>	<u>(129,430)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(209,421)</u>	<u>-</u>	<u>(209,421)</u>	<u>(338,851)</u>	<u>(129,430)</u>
Other Financing Sources (Uses)					
Refunding COPs Proceeds				4,970,000	4,970,000
Premium on Issuance of Refunding COPs				481,347	481,347
Transfer to Escrow Agent - COPS	-	-	-	(5,279,768)	(5,279,768)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>171,579</u>	<u>171,579</u>
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures	<u>(209,421)</u>	<u>-</u>	<u>(209,421)</u>	<u>(167,272)</u>	<u>42,149</u>
Fund Balance, Beginning of Year	<u>214,574</u>	<u>-</u>	<u>214,574</u>	<u>214,574</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 5,153</u>	<u>\$ -</u>	<u>\$ 5,153</u>	<u>\$ 47,302</u>	<u>\$ 42,149</u>

Recapitulation of Fund Balance:

Restricted for Debt Service:

Designed for Subsequent Year's Expenditures	\$ 47,302
Available for Debt Service Expenditures	-

	<u>\$ 47,302</u>
--	------------------

STATISTICAL SECTION

This part of the West Orange 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.

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014 (Restated)	2015 (Restated)	2016	2017
Governmental Activities										
Net Investment in Capital Assets	\$ 41,953,320	\$ 47,151,986	\$ 50,892,444	\$ 50,380,283	\$ 52,834,155	\$ 56,057,197	\$ 59,644,905	\$ 6,206,060	\$ 5,013,062	\$ 5,142,084
Restricted	1,627,374	2,338,655	2,839,791	233,986	1,793,274	3,758,926	2,429,584	689,187	367,589	53,823
Unrestricted (Deficit)	392,974	439,125	281,211	6,023,672	6,092,157	3,891,653	(37,928,804)	(41,271,909)	(43,374,143)	(51,535,350)
Total Governmental Activities Net Position	\$ 43,973,668	\$ 49,929,766	\$ 54,013,446	\$ 56,637,941	\$ 60,719,586	\$ 63,707,776	\$ 24,145,685	\$ (34,376,662)	\$ (37,993,492)	\$ (46,339,443)
Business-Type Activities										
Net Investment in Capital Assets	\$ 119,811	\$ 99,185	\$ 92,092	\$ 92,083	\$ 108,294	\$ 96,465	\$ 78,903	\$ 837,743	\$ 717,879	\$ 616,162
Unrestricted	176,879	194,534	301,066	328,461	273,341	177,115	277,446	341,939	504,402	660,784
Total Business-Type Activities Net Position	\$ 296,690	\$ 293,719	\$ 393,158	\$ 420,544	\$ 381,635	\$ 273,580	\$ 356,349	\$ 1,179,682	\$ 1,222,281	\$ 1,276,946
District-Wide										
Net Investment in Capital Assets	\$ 42,073,131	\$ 47,251,171	\$ 50,984,536	\$ 50,472,366	\$ 52,942,449	\$ 56,153,662	\$ 59,723,808	\$ 7,043,803	\$ 5,730,941	\$ 5,758,246
Restricted	1,627,374	2,338,655	2,839,791	233,986	1,793,274	3,758,926	2,429,584	689,187	367,589	53,823
Unrestricted	569,853	633,659	582,277	6,352,133	6,365,498	4,068,768	(37,651,358)	(40,929,970)	(42,869,741)	(50,874,566)
Total District Net Position	\$ 44,270,358	\$ 50,223,485	\$ 54,406,604	\$ 57,058,485	\$ 61,101,221	\$ 63,981,356	\$ 24,502,034	\$ (33,196,980)	\$ (36,771,211)	\$ (45,062,497)

Source: District Financial Statements

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

Fiscal Year Ended June 30.

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 57,013,784	\$ 58,023,770	\$ 61,320,997	\$ 62,779,576	\$ 63,124,740	\$ 67,921,457	\$ 70,270,423	\$ 77,479,168	\$ 74,210,221	\$ 85,732,467
Special Education	10,675,424	11,453,222	11,761,960	12,705,738	13,859,402	13,473,571	13,731,125	15,851,405	32,776,729	37,600,641
Vocational Instruction-Tuition									175,783	154,935
Other Special Education	2,081,762	2,614,997	2,719,469	2,728,498	2,713,054	3,090,471	2,991,100	3,331,767	5,293,464	6,539,288
Other Instruction	1,171,820	1,327,468	1,401,680	1,467,081	1,366,657	1,522,544	1,509,617	1,465,571	2,687,502	3,670,117
Support Services:										
Tuition	6,177,732	6,823,201	7,727,502	6,723,081	7,653,063	8,120,169	8,966,563	7,361,760		
Student and Instruction Related Services	15,232,245	15,013,419	15,889,197	16,232,826	15,687,467	16,959,236	14,233,945	18,851,833	21,589,825	23,297,639
General Administration Services	1,384,844	1,249,755	1,233,674	1,559,078	1,554,498	1,643,528	1,542,055	2,135,783	2,373,226	2,429,170
School Administration Services	8,987,524	8,621,105	8,793,394	8,112,122	8,015,389	9,077,291	9,679,931	10,968,183	8,729,484	10,176,873
Central Services	1,066,602	1,143,869	1,137,355	1,361,413	1,245,356	1,189,487	1,221,056	2,243,400		
Administrative Technology Information		53,861						546,073		
Business and Other Support Services									4,484,056	5,394,327
Plant Operations And Maintenance	9,914,204	10,225,594	10,459,024	11,044,828	11,074,567	10,877,947	11,250,987	15,505,138	16,421,279	16,440,143
Pupil Transportation	8,601,742	8,382,024	8,607,090	7,789,494	8,086,301	7,869,401	8,120,910	8,696,611	9,025,725	9,598,354
Capital Outlay	857,848	56,547								
Interest On Long-Term Debt	4,680,497	4,606,425	4,227,907	3,742,912	3,140,282	3,287,639	3,108,497	2,977,679	3,222,707	2,677,810
Transfer of Funds to Charter Schools								255,172		
Unallocated Depreciation	724,138	877,802	1,052,340	2,366,214	2,507,544	2,675,170	2,874,763	5,121,756	-	-
Total Governmental Activities Expenses	128,570,166	130,473,059	136,331,589	138,612,861	140,028,320	147,707,911	149,500,972	172,791,299	180,990,001	203,711,764
Business-Type Activities										
Food Service	2,511,852	2,666,765	2,740,607	2,995,896	3,187,324	3,392,440	3,178,570	3,448,198	3,679,776	3,601,613
Community Education	-	-	-	-	-	-	-	133,754	127,773	140,192
Total Business-Type Activities Expense	2,511,852	2,666,765	2,740,607	2,995,896	3,187,324	3,392,440	3,178,570	3,581,952	3,807,549	3,741,805
Total District Expenses	\$ 131,082,018	\$ 133,139,824	\$ 139,072,196	\$ 141,608,757	\$ 143,215,644	\$ 151,100,351	\$ 152,679,542	\$ 176,373,251	\$ 184,797,550	\$ 207,453,569
Program Revenues										
Governmental Activities										
Charges For Services	\$ 167,371	\$ 132,478	\$ 333,680	\$ 194,732	\$ 445,612	\$ 440,999	\$ 578,707	\$ 311,761	\$ 332,145	\$ 657,964
Operating Grants and Contributions	20,609,502	16,727,234	17,783,181	13,605,856	17,292,453	21,211,385	19,047,102	35,456,743	42,770,535	58,171,326
Capital Grants and Contributions	1,039,023	741,147	147,336	43,124	-	-	-	-	-	7,284
Total Governmental Activities Program Revenues	21,815,896	17,600,859	18,264,197	13,843,712	17,738,065	21,652,384	19,625,809	35,768,504	43,102,680	58,836,574
Business-Type Activities										
Charges For Services										
Food Service	1,493,696	1,455,770	1,481,571	1,498,628	1,516,275	1,444,524	1,496,008	1,585,176	2,080,794	1,615,262
Community Education								162,283	145,768	150,529
Operating Grants And Contributions	1,046,276	1,207,738	1,358,286	1,524,590	1,632,067	1,839,844	1,765,304	1,886,516	1,623,552	2,030,569
Total Business Type Activities Program Revenues	2,539,972	2,663,508	2,839,857	3,023,218	3,148,342	3,284,368	3,261,312	3,633,975	3,850,114	3,796,360
Total District Program Revenues	\$ 24,355,868	\$ 20,264,367	\$ 21,104,054	\$ 16,866,930	\$ 20,886,407	\$ 24,936,752	\$ 22,887,121	\$ 39,402,479	46,952,794	62,632,934
Net (Expense)/Revenue										
Governmental Activities										
	\$ (106,754,270)	\$ (112,872,200)	\$ (118,067,392)	\$ (124,769,149)	\$ (122,290,255)	\$ (126,055,527)	\$ (129,875,163)	\$ (137,022,795)	\$ (137,887,321)	\$ (144,875,190)
Business-Type Activities										
	28,120	(3,257)	99,250	27,322	(38,982)	(108,072)	82,742	52,023	42,565	54,555
Total District-Wide Net Expenses	\$ (106,726,150)	\$ (112,875,457)	\$ (117,968,142)	\$ (124,741,827)	\$ (122,329,237)	\$ (126,163,599)	\$ (129,792,421)	\$ (136,970,772)	\$ (137,844,756)	\$ (144,820,635)

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Assets										
Governmental Activities										
Property Taxes Levied For General Purposes, Net	\$ 101,917,933	\$ 107,215,360	\$ 109,933,212	\$ 115,506,733	\$ 114,498,112	\$ 119,000,131	\$ 120,538,165	\$ 125,184,960	\$ 126,326,356	\$ 128,852,883
Taxes Levied For Debt Service	5,411,172	5,269,175	5,420,427	5,242,559	5,328,071	4,931,874	5,322,238	4,952,981	5,084,539	5,001,495
Federal and State Aid - Unrestricted	3,388,443	5,729,273	6,068,467	6,105,727	4,846,412	5,016,044	4,851,117	5,253,271	2,268,165	2,192,832
Investment Earnings	550,146	261,723	77,776	50,169	21,484	11,368	7,977	5,139	6,802	10,556
Miscellaneous Income	286,596	352,767	651,190	488,456	542,729	741,945	907,811	256,959	584,629	471,473
Transfers	-	-	-	-	500,000	-	-	-	-	-
Total Governmental Activities	111,554,290	118,828,298	122,151,072	127,393,644	125,736,808	129,701,362	131,627,308	135,653,310	134,270,491	136,529,239
Business-Type Activities										
Investment Earnings	196	286	189	64	73	17	27	15	34	110
Total Business-Type Activities	196	286	189	64	73	17	27	15	34	110
Total District-Wide	\$ 111,554,486	\$ 118,828,584	\$ 122,151,261	\$ 127,393,708	\$ 125,736,881	\$ 129,701,379	\$ 131,627,335	\$ 135,653,325	\$ 134,270,525	\$ 136,529,349
Change in Net Position										
Governmental Activities	\$ 4,800,020	\$ 5,956,098	\$ 4,083,680	\$ 2,624,495	\$ 3,446,553	\$ 3,645,835	\$ 1,752,145	\$ (1,369,485)	\$ (3,616,830)	\$ (8,345,951)
Business-Type Activities	28,316	(2,971)	99,439	27,386	(38,909)	(108,055)	82,769	52,038	42,599	54,665
Total District	\$ 4,828,336	\$ 5,953,127	\$ 4,183,119	\$ 2,651,881	\$ 3,407,644	\$ 3,537,780	\$ 1,834,914	\$ (1,317,447)	\$ (3,574,231)	\$ (8,291,286)

Note - Prior to fiscal year ended June 30, 2016, the District did not allocate certain expenditures by function (i.e., tuition, depreciation and transfer of funds to charter schools).

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 90,918	\$ 1,537,579	\$ 2,086,766							
Unreserved	2,749,413	3,278,928	2,835,041							
Restricted				\$ 1	\$ 1,349,220	\$ 3,860,212	\$ 2,393,105	\$ 648,772	\$ 273,014	\$ 4,209
Committed									2,583,598	
Assigned				1,898,887	2,651,226	1,267,417	1,047,827	2,483,080	2,167,640	1,353,907
Unassigned	-	-	-	3,417,328	2,827,610	2,513,648	2,511,440	2,368,040	(314,101)	(143,511)
Total General Fund	\$ 2,840,331	\$ 4,816,507	\$ 4,921,807	\$ 5,316,216	\$ 6,828,056	\$ 7,641,277	\$ 5,952,372	\$ 5,499,892	\$ 4,710,151	\$ 1,214,605
All Other Governmental Funds										
Unreserved (Deficit):										
Special Revenue Fund	\$ (8,369)									
Capital Projects Fund	617,429	\$ 150,532	\$ 30,872							
Debt Service Fund	281,510	128,726	693,188							
Restricted/Reserved for:										
Capital Projects Fund	645,886	521,818	28,965	\$ 59,864	\$ 54,864	\$ 42,364			\$ 8,605,089	\$ 754,371
Debt Service Fund	-	-	-	174,121	389,190	1,217	\$ 36,479	\$ 40,415	214,574	47,302
Total All Other Governmental Funds	\$ 1,536,456	\$ 801,076	\$ 753,025	\$ 233,985	\$ 444,054	\$ 43,581	\$ 36,479	\$ 40,415	\$ 8,819,663	\$ 801,673

Beginning with Fiscal Year 2012, 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.

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

	Fiscal Year Ending June 30,									
	2008	2009	2011	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax Levv	\$ 107,329,105	\$ 112,484,535	115353639	\$ 120,749,292	\$ 119,826,183	\$ 123,932,005	\$ 125,860,403	\$ 130,137,941	\$ 131,410,895	\$ 133,854,378
Tuition Charges	167,371	132,478	333680	194,732	445,612	440,999	578,707	311,761	302,945	524,819
Miscellaneous	836,742	614,490	728966	593,460	608,908	762,784	919,499	313,392	635,219	669,089
State Sources	22,634,632	20,304,479	19265542	15,194,466	18,329,001	22,578,466	20,873,116	23,304,644	23,797,382	28,138,903
Federal Sources	2,402,336	2,893,175	4,733,442	4,505,406	3,765,169	3,639,492	3,021,392	3,617,131	3,042,881	3,180,141
Total Revenues	133,370,186	136,429,157	140,415,269	141,237,356	142,974,873	151,353,746	151,253,117	157,684,869	159,189,322	166,367,330
Expenditures										
Instruction										
Regular Instruction	38,500,275	39,655,392	40,940,145	42,147,377	41,803,213	43,619,297	48,532,741	45,078,017	62,006,225	67,067,133
Special Education Instruction	10,714,241	11,494,205	11,753,353	12,778,869	13,778,274	13,454,793	13,713,576	15,822,868	28,841,051	31,289,011
Vocational Instruction- Tuition									175,783	154,935
Other Special Instruction	2,081,762	2,614,997	2,719,469	2,696,569	2,744,983	3,090,471	2,991,100	3,331,767	4,395,365	5,097,364
Other Instruction	1,171,820	1,327,468	1,401,680	1,467,081	1,366,657	1,522,544	1,509,617	1,465,571	2,312,660	2,954,674
Support Services										
Tuition	6,177,732	6,823,201	7,727,502	6,723,081	7,653,063	8,120,169	8,966,563	7,361,760		
Student and Inst. Related Services	11,642,261	11,756,542	12,146,085	12,670,108	11,957,991	12,584,070	10,886,244	12,804,951	19,949,986	19,679,644
General Administration Services	1,209,042	1,101,202	1,111,438	1,391,407	1,415,161	1,450,618	1,884,726	1,417,716	2,153,246	2,072,895
School Administration Services	6,718,414	6,472,092	6,377,200	6,003,281	5,744,918	6,470,856	7,201,449	7,076,852	7,550,998	8,106,505
Central Services	808,376	889,697	813,468	1,060,212	917,106	891,714	934,706	1,542,368	4,128,993	4,532,978
Administrative Information Technology		53,861						357,243		
Plant Operations And Maintenance	8,862,663	9,263,785	9,305,398	9,946,807	9,142,144	9,604,090	9,440,998	11,753,134	13,433,838	12,604,576
Pupil Transportation	8,156,051	8,011,092	8,194,067	7,422,233	7,541,259	7,442,420	7,647,525	7,968,435	8,930,484	9,262,691
Unallocated Employee Benefits	26,499,471	25,121,638	28,368,669	28,271,199	29,259,331	32,981,309	29,595,409	33,019,505		
Transfer of Funds to Charter Schools								255,172		
Cost of Issuance									499,298	171,579
Capital Outlay	8,392,561	4,213,805	3,496,627	2,068,073	2,354,224	3,426,715	3,679,806	3,457,031	3,599,557	8,150,456
Debt Service										
Principal	2,059,590	2,140,150	2,213,140	3,270,000	3,140,000	3,270,000	3,410,000	3,170,000	4,112,973	4,838,471
Interest and Other Charges	4,505,226	4,355,484	4,292,121	3,445,690	2,934,640	3,011,932	2,876,807	2,742,653	2,429,191	2,707,585
Total Expenditures	137,499,485	135,294,611	140,860,362	141,361,987	141,752,964	150,940,998	152,804,257	159,092,053	164,519,648	178,690,497
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(4,129,299)	1,134,546	(445,093)	(124,631)	1,221,909	412,748	(1,551,140)	(1,407,184)	(5,330,326)	(12,323,167)
Other Financing Sources (Uses)										
Lease Purchase Agreements									12,820,535	
School Bonds Issued					31,535,000				27,250,000	
School Bonds Defeased					(31,409,000)				(28,199,370)	
Bond Issuance Costs					(262,639)					
Bond Premiums					2,730,173				1,448,668	481,347
Deferred Interest on Refunding					(2,593,534)					
Refunding Certificates of Participation										4,970,000
Payment to Escrow Agent										(5,279,768)
Capital Leases (Non-Budgeted)		106,250	502,342					958,640		630,768
Gain on Capital Assets										7,284
Transfers In	162,984	23,472	8,223	6,525	502,892	2,591	35,273			98
Transfers Out	(162,984)	(23,472)	(8,223)	(6,525)	(2,892)	(2,591)	(35,273)			(98)
Total Other Financing Sources (Uses)	-	106,250	502,342	-	500,000	-	-	958,640	13,319,833	809,631
Net Change in Fund Balances	\$ (4,129,299)	\$ 1,240,796	\$ 57,249	\$ (124,631)	\$ 1,721,909	\$ 412,748	\$ (1,551,140)	\$ (448,544)	\$ 7,989,507	\$ (11,513,536)
Debt Service as a Percentage of										
Noncapital Expenditures	5.08%	4.96%	4.74%	4.82%	4.36%	4.26%	4.22%	3.80%	4.07%	4.42%

* Noncapital expenditures are total expenditures less capital outlay.

Note - Prior to fiscal year ended June 30, 2016, the District did not allocate certain budgetary functions.

**WEST ORANGE BOARD OF EDUCATION
GOVERNMENTAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Tuition</u>	<u>Rentals - Use of Facilities</u>	<u>Athletic Fees</u>	<u>Prior Year Refunds/ Accounts Payable Void Checks</u>	<u>Sale of Capital Assets</u>	<u>Miscellaneous</u>	<u>Total</u>
2008	\$ 352,496	\$ 167,371	\$ 28,135	\$ 7,251			\$ 251,210	\$ 806,463
2009	228,616	132,478	38,352	6,075	\$ 143,334		165,006	713,861
2010	67,853	333,680	53,731	10,710	239,100	\$ 135,000	212,649	1,052,723
2011	43,795	194,732	75,405	12,700	84,825	6,078	309,270	726,805
2012	18,592	445,612	92,831	6,925	92,276	13,147	337,550	1,006,933
2013	8,777	440,999	124,996	8,960	193,530	3,985	410,474	1,191,721
2014	7,977	578,707	105,518		532,536		269,746	1,494,484
2015	5,139	311,761	161,646				95,313	573,859
2016	6,362	302,945	171,993		137,743		304,093	923,136
2017	8,586	524,819	119,043				485,575	1,138,023

Source: School District's Records

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

Calendar Year	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Tax-Exempt Property	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2007	\$ 24,025,500	\$ 1,217,999,700	\$ 245,536,500	\$ 9,457,200	\$ 41,488,800	\$ 1,538,507,700	\$ 2,546,866	\$ 1,541,054,566	\$ 180,446,600	\$ 6,551,845,860	\$ 6.73
2008	24,871,000	1,230,142,100	239,154,000	9,370,900	40,855,100	1,544,393,100	2,787,494	1,547,180,594	182,451,400	6,966,319,666	7.10
2009	19,897,900	1,236,319,100	237,670,000	10,341,500	40,060,100	1,544,288,600	2,967,605	1,547,256,205	182,680,400	7,105,797,328	7.36
2010	21,092,800	1,207,344,100	230,213,100	10,178,200	37,684,000	1,506,512,200	2,736,764	1,509,248,964	182,918,900	6,632,422,059	7.82
2011 *	112,768,400	4,450,975,000	948,378,803	45,003,200	157,243,000	5,714,368,403	13,076,396	5,727,444,799	574,844,780	6,398,985,817	2.10
2012	52,031,300	4,513,256,300	922,143,603	43,432,800	155,305,100	5,686,169,103	11,842,900	5,698,012,003	579,773,180	6,245,876,593	2.14
2013	49,426,500	4,500,872,300	897,291,003	41,999,700	145,776,100	5,635,365,603	11,110,972	5,646,476,575	582,552,380	5,935,653,162	2.21
2014	51,230,700	4,483,432,200	872,286,400	41,029,600	144,226,900	5,592,205,800	9,940,597	5,602,146,397	586,706,455	5,772,315,442	2.29
2015	38,823,200	4,507,877,700	859,291,600	40,699,000	143,752,800	5,590,444,300	9,244,225	5,599,688,525	589,344,255	5,981,356,520	2.34
2016	36,896,700	4,509,625,280	855,975,800	35,342,500	144,408,300	5,582,248,580	9,855,493	5,592,104,073	591,978,555	6,063,510,928	2.37

* A revaluation of real property became effective in 2011.

a Tax rates are per \$100

Source: County Abstract of Ratables

100

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

Calendar Year	Overlapping Rates			Total Direct and Overlapping Tax Rate
	School	Municipality	County	
2007	\$ 6.73	\$ 2.99	\$ 1.67	\$ 11.39
2008	7.10	3.26	1.76	12.12
2009	7.36	3.39	1.79	12.54
2010	7.82	3.39	1.76	12.97
2011	2.10 *	0.89 *	0.49 *	3.48
2012	2.14	0.86	0.49	3.49
2013	2.21	0.88	0.50	3.59
2014	2.29	0.89	0.51	3.69
2015	2.34	0.91	0.52	3.77
2016	2.37	0.93	0.54	3.84

Source: County Abstract of Ratables

Note: * Revaluation of real property became effective in 2011.

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

Taxpayer	2017		2008	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Essex Green LLC	\$ 76,748,400	1.37%	\$ 21,173,300	1.38%
Kessler Institute	50,139,500	0.90%	13,195,200	0.86%
West Orange Plaza	50,000,000	0.90%	10,747,600	0.70%
Bow and Arrow Manor Inc.	47,528,100	0.85%	14,967,200	0.98%
Blackburn Development Co. Inc.	43,000,000	0.77%	13,227,700	0.86%
West Orange Office Executive Park	35,828,800	0.64%		
Prism Property Ser.	24,587,200	0.44%	7,787,300	0.51%
Atkins Medical Plaza	24,000,000	0.43%	7,531,000	0.49%
Montclair Golf Club	21,250,000	0.38%	7,490,400	0.49%
Essex County Country Club	16,323,700	0.29%		
Crestmont County Club	-	0.00%	8,961,500	0.58%
Reckson Operating Partnership L.P.	-	0.00%	13,648,700	0.89%
	<u>\$ 389,405,700</u>	<u>6.97%</u>	<u>\$ 118,729,900</u>	<u>7.74%</u>

Source: Municipal Tax Assessor

**WEST ORANGE 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	
2008	\$ 107,329,105	\$ 107,329,105	100.00%	N/A
2009	112,484,535	112,484,535	100.00%	N/A
2010	115,353,639	115,353,639	100.00%	N/A
2011	120,749,292	120,749,292	100.00%	N/A
2012	119,826,183	119,826,183	100.00%	N/A
2013	123,932,005	123,932,005	100.00%	N/A
2014	125,860,403	125,860,403	100.00%	N/A
2015	130,137,941	130,137,941	100.00%	N/A
2016	131,410,895	131,410,895	100.00%	N/A
2017	133,854,378	133,854,378	100.00%	N/A

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>			Total District	Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases			
2008	\$ 41,811,000	\$45,253,290	\$ 728,717	\$ 87,793,007	42,524	\$ 2,065
2009	41,301,000	43,623,140	564,674	85,488,814	42,415	2,016
2010	40,766,000	41,945,000	707,821	83,418,821	42,561	1,960
2011	38,991,000	40,450,000	357,555	79,798,555	46,286	1,724
2012	37,557,000	38,870,000	208,626	76,635,626	46,620	1,644
2013	35,927,000	37,230,000	107,097	73,264,097	46,708	1,569
2014	34,232,000	35,515,000		69,747,000	47,090	1,481
2015	32,847,000	33,730,000	688,916	67,265,916	47,290	1,422
2016	31,225,000	31,185,000	12,856,478	75,266,478	47,390	1,588
2017	29,510,000	28,800,000	12,543,775	70,853,775	47,249	1,500

Source: District records

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

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2008	\$ 41,811,000		\$ 41,811,000	2.71%	\$ 983
2009	41,301,000		41,301,000	2.67%	974
2010	40,766,000		40,766,000	2.63%	958
2011	38,991,000		38,991,000	2.58%	842
2012	37,557,000		37,557,000	0.66%	806
2013	35,927,000		35,927,000	0.63%	769
2014	34,232,000		34,232,000	0.61%	727
2015	32,847,000		32,847,000	0.59%	695
2016	31,225,000		31,225,000	0.56%	659
2017	29,510,000		29,510,000	0.53%	625

Source: District records

**WEST ORANGE BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2016
(Unaudited)**

	<u>Gross Debt</u>
Municipal Debt: (1)	
West Orange Board of Education	\$ 34,421,781
Township of West Orange	<u>72,209,941</u>
	<u>106,631,722</u>
Overlapping Debt Apportioned to the Municipality:	
Essex County	
County of Essex (A)	<u>30,257,423</u>
	<u>30,257,423</u>
Total Direct and Overlapping Debt	<u>\$ 136,889,145</u>

Source:

(1) Township of West Orange's 2016 Annual Debt Statement

(A) The debt for this entity was apportioned to West Orange by dividing the municipality's 2016 equalized value by the total 2016 equalized value for Essex County.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$ 256,371,978	\$ 273,037,660	\$ 276,795,197	\$ 268,757,098	\$ 257,636,672	\$ 251,482,689	\$ 239,820,163	\$ 233,263,736	\$ 233,250,484	\$ 236,673,670
Total Net Debt Applicable to Limit	41,811,000	41,301,000	40,766,000	38,991,000	37,557,000	35,927,000	34,232,000	32,847,000	31,225,000	29,510,000
Legal Debt Margin	<u>\$ 214,560,978</u>	<u>\$ 231,736,660</u>	<u>\$ 236,029,197</u>	<u>\$ 229,766,098</u>	<u>\$ 220,079,672</u>	<u>\$ 215,555,689</u>	<u>\$ 205,588,163</u>	<u>\$ 200,416,736</u>	<u>\$ 202,025,484</u>	<u>\$ 207,163,670</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	16.31%	15.13%	14.73%	14.51%	14.58%	14.29%	14.27%	14.08%	13.39%	12.47%

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized Valuation Basis	
2016	\$ 6,043,723,568
2015	\$ 5,954,687,114
2014	<u>5,752,114,585</u>
	<u>\$17,750,525,267</u>
3 Year Average	<u>\$ 5,916,841,756</u>
4% of Avg. Equalized Valuation	\$ 236,673,670
Less Net Debt	<u>29,510,000</u>
Remaining Borrowing Power	<u>\$ 207,163,670</u>

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

**WEST ORANGE BOARD OF EDUCATION
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Unemployment Rate (1)</u>	<u>Per Capita Income(2)</u>	<u>Population</u>
2008	4.70%	\$ 49,158	42,524
2009	7.90%	51,568	42,415
2010	8.20%	53,136	42,561
2011	7.70%	51,288	46,286
2012	8.00%	52,324	46,620
2013	6.90%	55,014	46,708
2014	6.00%	55,404	47,090
2015	5.10%	55,692	47,290
2016	4.4%	58,319	47,390
2017	N/A	60,030	47,249

Source: (1) NJ Department of Labor, Bureau of Labor Force Statistics
(2) County Per Capital Personal Income

N/A - Not Available

**WEST ORANGE BOARD OF EDUCATION
PRINCIPAL EMPLOYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction										
Regular	657	646	632	605	603	622	492	497	508	511
Special Education	36	46	52	109	120	120	306	311	313	308
Support Services:										
Student & Instruction-Related Services	78	79	76	75	90	103	100	101	115	116
School Administration Services	51	53	50	50	55	48	75	68	76	73
General Administration Services	3	3	3	3	3	6	7	7	7	5
Plant Operations and Maintenance	73	75	72	71	75	72	140	141	144	149
Pupil Transportation	12	14	14	14	16	16	27	34	36	36
Central Services/Administrative Information Technology	<u>12</u>	<u>12</u>	<u>13</u>	<u>13</u>	<u>14</u>	<u>15</u>	<u>15</u>	<u>31</u>	<u>35</u>	<u>33</u>
Total	<u>922</u>	<u>928</u>	<u>912</u>	<u>940</u>	<u>976</u>	<u>1,002</u>	<u>1,162</u>	<u>1,190</u>	<u>1,234</u>	<u>1,231</u>

Source: District Personnel Records

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

Pupil/Teacher Ratio

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Pupil/Teacher Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School	High School				
2008	6,415	\$ 122,544,116	\$ 19,103	6.11%	693	11.0	10.0	10.0	6,415	6,030	-0.23%	94.00%
2009	6,537	124,587,181	19,059	-0.23%	666	13.0	17.3	11.5	6,537	6,210	1.90%	95.00%
2010	6,630	130,858,474	19,737	3.56%	684	12.9	16.4	11.7	6,628	6,319	1.39%	95.34%
2011	6,717	132,578,224	19,738	0.00%	714	11.1	10.3	11.5	6,714	6,386	1.31%	95.11%
2012	6,801	133,324,100	19,604	-0.68%	723	10.8	9.6	10.7	6,797	6,494	1.23%	95.53%
2013	6,839	141,232,351	20,651	5.34%	742	11.1	9.8	10.9	6,832	6,500	0.51%	95.13%
2014	6,876	142,837,644	20,773	0.59%	622	11.2	11.3	11.1	6,846	6,561	0.21%	95.84%
2015	6,748	149,722,369	22,188	6.81%	617	11.4	9.7	11.3	6,725	6,414	-1.77%	95.39%
2016	6,697	153,878,629	22,977	11.26%	632	10.9	9.7	10.9	6,673	6,392	-0.77%	95.79%
2017	6,632	162,822,406	24,551	18.19%	636	10.6	9.9	10.5	6,623	6,329	-0.75%	95.56%

Sources: District records

- Note:
- a Enrollment based on annual October district count.
 - b Operating expenditures equal total expenditures less debt service and capital outlay.
 - c Cost per pupil represents operating expenditures divided by enrollment.

**WEST ORANGE BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>District Building</u>										
<u>Elementary</u>										
Gregory School										
Square Feet	67,666	67,666	67,666	67,666	67,666	67,666	67,666	67,666	67,666	67,666
Capacity (students)	502	502	502	502	502	502	502	502	502	502
Enrollment	510	522	563	590	575	571	571	546	521	504
Hazel School										
Square Feet	44,290	44,290	44,290	44,290	44,290	44,290	44,290	44,290	44,290	44,290
Capacity (students)	332	332	332	332	332	332	332	332	332	332
Enrollment	330	329	336	368	380	376	376	381	366	337
Mount Pleasant School										
Square Feet	41,992	41,992	41,992	41,992	41,992	41,992	41,992	41,992	41,992	41,992
Capacity (students)	348	348	348	348	348	348	348	348	348	348
Enrollment	372	391	412	416	424	414	414	394	380	365
Kelly School										
Square Feet	76,071	76,071	76,071	76,071	76,071	76,071	76,071	76,071	76,071	76,071
Capacity (students)	485	485	485	485	485	485	485	485	485	485
Enrollment	468	430	439	447	370	491	492	442	419	456
Redwood School										
Square Feet	70,176	70,176	70,176	70,176	70,176	70,176	70,176	70,176	70,176	70,176
Capacity (students)	518	518	518	518	518	518	518	518	518	518
Enrollment	520	529	506	574	569	591	591	566	546	573
Saint Cloud School										
Square Feet	42,186	42,186	42,186	42,186	42,186	42,186	42,186	42,186	42,186	42,186
Capacity (students)	362	362	362	362	362	362	362	362	362	362
Enrollment	348	358	367	386	377	394	394	401	388	367
Washington School										
Square Feet	57,588	57,588	57,588	57,588	57,588	57,588	57,588	57,588	57,588	57,588
Capacity (students)	468	468	468	468	468	468	468	468	468	468
Enrollment	422	430	406	403	415	445	445	438	434	433

**WEST ORANGE BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>District Building</u>										
<u>Middle School</u>										
Edison										
Square Feet	82,510	82,510	82,510	82,510	82,510	82,510	82,510	82,510	82,510	82,510
Capacity (students)	558	558	558	558	558	558	558	558	558	558
Enrollment	490	458	503	475	493	449	466	545	517	487
Roosevelt										
Square Feet	111,738	111,738	111,738	111,738	111,738	111,738	111,738	111,738	111,738	111,738
Capacity (students)	625	625	625	625	625	625	625	625	625	625
Enrollment	455	470	484	485	489	515	515	522	535	558
Liberty										
Square Feet	115,741	115,741	115,741	115,741	115,741	115,741	115,741	115,741	115,741	115,741
Capacity (students)	535	535	535	535	535	535	535	535	535	535
Enrollment	517	543	546	551	421	503	501	449	497	533
<u>High School</u>										
West Orange										
Square Feet	381,668	381,668	381,668	381,668	381,668	381,668	381,668	381,668	381,668	381,668
Capacity (students)	2,728	2,728	2,728	2,728	2,728	2,728	2,728	2,728	2,728	2,728
Enrollment	1,983	2,077	2,040	2,175	2,190	2,117	2,111	2,048	2,085	2,019

Number of Schools at June 30, 2017

Elementary = 7

Middle School = 3

Senior High School = 1

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of and additions. Enrollment is based on the annual October district count.

WEST ORANGE RIVER BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(Unaudited)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>School Facilities</u>										
Gregory	74,136	91,460	112,079	128,453	115,729	120,493	118,843	165,423	86,657	77,789
Hazel	54,004	49,554	60,726	69,598	62,704	65,285	79,026	101,587	56,720	50,916
Mount Pleasant	50,489	58,879	72,154	82,695	74,504	77,570	86,435	120,704	53,777	48,274
Kelly	91,459	100,892	123,638	141,701	127,665	132,919	150,015	206,831	97,421	87,451
Redwood	63,929	72,918	89,357	102,412	92,268	96,065	96,514	149,484	89,872	80,674
Saint Cloud	50,717	68,905	84,439	96,775	87,190	90,778	87,177	141,256	54,026	48,497
Washington	69,224	69,319	84,947	97,357	87,714	91,324	121,003	142,106	73,751	66,203
Edison Middle	99,196	127,855	156,679	179,569	161,783	168,441	157,164	262,105	105,667	94,853
Roosevelt Middle	134,334	120,860	148,107	169,745	152,931	159,226	200,531	247,765	143,098	128,454
Liberty Middle	139,147	170,966	209,509	240,117	216,334	216,333	263,779	372,553	148,225	133,056
West Orange High	<u>458,852</u>	<u>612,253</u>	<u>750,279</u>	<u>859,892</u>	<u>773,970</u>	<u>827,684</u>	<u>840,747</u>	<u>1,255,124</u>	<u>488,786</u>	<u>438,766</u>
Grand Total	<u>\$ 1,285,487</u>	<u>\$ 1,543,861</u>	<u>\$ 1,891,914</u>	<u>\$ 2,168,314</u>	<u>\$ 1,952,792</u>	<u>\$ 2,046,118</u>	<u>\$ 2,201,234</u>	<u>\$ 3,164,938</u>	<u>\$ 1,398,000</u>	<u>\$ 1,254,933</u>

**WEST ORANGE BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2017
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - American Guarantee & Liability Insurance Co.:		
Property - Blanket Real and Personal Property	\$ 277,871,845	\$ 5,000
Extra Expense	50,000,000	5,000
Valuable Papers and Records	10,000,000	5,000
Demolition and Increased Cost of Construction	10,000,000	
Flood Zones C	5,000,000	50,000
Flood Zone B	2,000,000	50,000
Earthquake	5,000,000	5%
Boiler and Machinery	100,000,000	5,000
Crime		
Public Employee Dishonesty	100,000	1,000
Money Orders and Counterfeit	10,000	1,000
Forgery or Alteration	50,000	1,000
Computer Fraud	50,000	1,000
General Liability		
Each Occurrence	1,000,000	
Products/Completed Operations	2,000,000	
Sexual Abuse	1,000,000	
Personal and Advertising Policy	1,000,000	
Employee Benefits	1,000,000	
Medical Payments	5,000	
Auto Liability		
Limit for Liability	1,000,000	1,000
Uninsured/Underinsured	1,000,000	
Personal Injury Protection-Statutory		
Medical Payments	5,000	
Hired Car Physical Damage	100,000	
Hired Car & Non-owned Auto Liability	1,000,000	
Garagekeepers	(Included)	

**WEST ORANGE BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2017
(Unaudited)**

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
Zurich American Insurance Co. School Board Legal Liability	\$ 1,000,000	15,000
Axis Insurance Company Student Accident	5,000,000	-0-
Excess Worker's Compensation - State National Ins. Co. - Part I (In excess of Self-Insured Retention of \$500,000) - Part II	Statutory 1,000,000	-0- -0-
Public Officials Bonds - Selective Insurance Company John Calavano, Business Administrator/Board Secretary Joseph Antonucci, Treasurer	550,000 550,000	-0- -0-
Excess Umbrella - NJ Unshared Excess Program (Markel/Torus)	30,000,000	-0-
Excess of Primary - American Guarantee & Liability and Zurich American Insurance Co.	11,000,000	-0-
Premises Pollution Policy - Ace American Insurance Co. Each Pollution Condition Aggregate	1,000,000 2,000,000	10,000
Cyber Liability - National Union Fire Insurance Co. Security and Privacy Liability	1,000,000	15,000
Excess Liability - American Guarantee and Liability	10,000,000	10,000

Source: District 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
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA, PSA

**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
West Orange Board of Education
West Orange, 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 West Orange Board of Education as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the West Orange Board of Education's basic financial statements and have issued our report thereon dated October 12, 2017.

Internal Control Over Financial Reporting

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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the West Orange Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated October 12, 2017

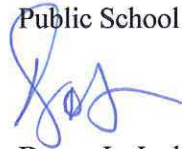
Purpose of this Report

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 West Orange 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 West Orange Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fair Lawn, New Jersey
October 12, 2017

Leach, Vinci & Higgins, LLP

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



Donna L. Japhet
Public School Accountant
PSA Number CS02314



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
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLOSI, CPA, PSA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE
U.S. UNIFORM GUIDANCE AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE AS
REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR’S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the West Orange Board of Education’s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the West Orange Board of Education’s major federal and state programs for the fiscal year ended June 30, 2017. The West Orange Board of Education’s major federal and 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 federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal and state programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the West Orange Board of Education’s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, U.S. Uniform Guidance and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the West Orange 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 federal and state program. However, our audit does not provide a legal determination of the West Orange Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the West Orange 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 federal and state programs for the fiscal year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the U.S. Uniform Guidance which is described in the accompanying schedule of findings and questioned costs as item 2017-001. Our opinion on each major federal and state program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

Management of the West Orange 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 West Orange Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the West Orange 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 federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

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 West Orange Board of Education, as of and for the fiscal year ended June 30, 2017 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 October 12, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Leach, Vinci & Higgins, LLP

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



Donna L. Japhet
Public School Accountant
PSA Number CS02314

Fair Lawn, New Jersey
October 12, 2017

WEST ORANGE BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant Period	Award Amount	Balance July 1, 2016	Carryover Amount	Cash Received	Budgetary Expenditures	Adjust Receivables	Funds Released			Refund of Prior Years' Balances	June 30, 2017			Memo GAAP Receivable	
										Adjust Deferred Revenue	Adjust Receivables	Adjustment- Cancelled Encumbrances		Accounts Receivable	Unearned Revenue	Due to Grantor		
U.S. Department of Agriculture																		
Passed-through State Dept. of Ed																		
Enterprise Fund																		
Food Distribution Program	10.555	171NJ3041N1099	7/1/16-6/30/17	\$ 258,644			\$ 258,644	\$ 258,644										
School Breakfast Program	10.553	171NJ3041N1099	7/1/16-6/30/17	290,365			266,202	290,365						\$ (24,163)				\$ (24,163)
School Breakfast Program	10.553	16161NJ304N1099	7/1/15-6/30/16	283,622	\$ (23,753)		23,753	-										
National School Lunch Program	10.555	171NJ3041N1099	7/1/16-6/30/17	1,411,599			1,307,670	1,411,599						(103,929)				(103,929)
National School Lunch Program	10.555	16161NJ304N1099	7/1/15-6/30/16	1,412,559	(101,333)		101,333	-										
Total Child Nutrition Cluster					(125,086)		1,957,602	1,960,608						(128,092)				(128,092)
Fresh Fruit and Vegetable Program	10.582	171NJ304L1603	7/1/16-6/30/17	32,780			19,210	32,780						(13,570)				(13,570)
Fresh Fruit and Vegetable Program	10.582	16161NJ304L1603	7/1/15-6/30/16	24,197	(6,111)		6,111	-										
					(6,111)		25,321	32,780						(13,570)				(13,570)
Total Enterprise Fund					(131,197)		1,982,923	1,993,388						(141,662)				(141,662)
U.S. Department of Health and Human Services																		
Passed-through State Dept. of Ed																		
General Fund																		
Medical Assistance Program	93.778	1705NJSMAP	7/1/16-6/30/17	232,647			232,647	232,647										
Medical Assistance Program - ARRA	93.778	N/A	4/1/09 - 12/31/09	7,863			7,863	7,863										
Medical Assistance Program	93.778	1605NJSMAP	7/1/15-6/30/16	226,081	(118,241)		118,241	-										
Total U.S. Department of Health and Human Services					(118,241)		358,751	240,510										
Total General Fund					(118,241)		358,751	240,510										
Special Revenue Fund																		
U.S. Department of Education - Passed through State Department of Education																		
No Child Left Behind																		
Title I - Part A	84.010	S010A160030	7/1/16-6/30/17	850,622		45,489	45,489	882,627	\$ (45,489)					(896,111)	\$ 13,484			(882,627)
Title I - Part A	84.010	S010A150030	7/1/15-6/30/16	859,420	(378,585)	(45,489)	333,096		45,489									
Title I- Innovate NJ Summer Blended & Personalized Learning Grant	84.010A	17-AY06-G02	7/1/16-8/31/16	98,922			94,077	94,141						(4,845)	4,781			(64)
Total Title I Cluster					(378,585)		472,662	976,768						(900,956)	18,265			(882,691)
Title II - Part A	84.367A	S367A160029	7/1/16-6/30/17	113,748		2,254	78,868	113,539	(2,234)					(37,114)	2,643			(34,471)
Title II - Part A	84.367A	S367A150029	7/1/15-6/30/16	127,001	(56,970)		56,970		2,234									
Title III	84.365A	S365A160030	7/1/16-6/30/17	58,454			20,701	44,477	(20,701)					(79,155)	34,678			(44,477)
Title III	84.365A	S365A150030	7/1/15-6/30/16	67,106	(11,017)		(20,701)	11,983								\$ 966		
Title III	84.365A	S365A140030	7/1/14-6/30/15	76,608	2,430												2,430	
Title III- Immigrant	84.365	S365A160030	7/1/16-6/30/17	14,577		9,060			(9,060)					(23,637)	23,637			
Title III- Immigrant	84.365	S365A150030	7/1/15-6/30/16	38,634		(9,060)			9,060									
Carl D. Perkins Secondary Education	84.048A	V048A160030	7/1/16-6/30/17	50,025			34,801	50,006		\$ (19)	\$ 19			(15,205)				(15,205)
Carl D. Perkins Secondary Education	84.048A	V048A150030	7/1/15-6/30/16	42,904	(7,450)		9,160										1,710	
I.D.E.A. - Part B, Basic Regular	84.027	H027A160100	7/1/16-6/30/17	1,676,008		258,453	1,343,971	1,680,144	(258,453)					(590,490)	254,317			(336,173)
I.D.E.A. - Part B, Basic Regular	84.027	H027A150100	7/1/15-6/30/16	1,753,452	(133,363)	(258,453)	133,363		258,453									
I.D.E.A. - Part B, Preschool	84.173	H173A160114	7/1/16-6/30/17	66,522		591	60,393	67,113	(591)					(6,520)				(6,520)
I.D.E.A. - Part B, Preschool	84.173	H173A150114	7/1/15-6/30/16	65,678	(12,400)	(591)	12,400		591									
Total Special Education Cluster IDEA					(145,763)		1,550,327	1,747,257						(597,010)	254,317			(342,693)
Total U.S. Department of Education					(597,355)		2,214,771	2,931,847			(19)	19		(1,653,077)	333,540	5,106		(1,319,537)
Total Special Revenue Fund					(597,355)		2,214,771	2,931,847			(19)	19		(1,653,077)	333,540	5,106		(1,319,537)
Total Federal Financial Awards					\$ (846,793)	\$ -	\$ 4,556,445	\$ 5,163,745	\$ -	\$ (19)	\$ 19	\$ -	\$ -	\$ (1,794,739)	\$ 333,540	\$ 5,106		\$ (1,461,199)

WEST ORANGE BOARD OF EDUCATION
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Department of Education Grant/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2016		Cash Reserved	Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2017		GAAP Reconcilable	Cumulative Total Expenditures
				(Accounts Receivable)	Due to Grantor				(Accounts Receivable)	Unearned Revenue		
State Department of Education Grant/Program Title												
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	\$ 524,095	\$ -	\$ 471,685	\$ -	\$ 524,095	\$ -	\$ (52,410)	\$ -	\$ (127,271)	\$ 524,095
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	438,150	(48,815)	48,815	-	127,271	-	(127,271)	-	-	127,271
Nonpublic Transportation Costs	17-495-034-5120-014	7/1/16-6/30/17	110,042	(110,042)	-	-	-	-	-	-	-	-
Nonpublic Transportation Costs	16-495-034-5120-014	7/1/15-6/30/16	110,042	(133,857)	695,542	-	651,866	-	(179,681)	-	(122,271)	651,866
Total Transportation Aid Cluster			1,731,112	(179,390)	1,558,003	-	1,731,112	-	(173,111)	-	(122,271)	1,731,112
Examination Aid	17-495-034-5120-078	7/1/16-6/30/17	1,793,898	(179,390)	1,793,898	-	4,143,435	-	(378,655)	-	-	4,143,435
Examination Aid	16-495-034-5120-078	7/1/15-6/30/16	4,143,435	(382,467)	3,760,968	-	382,467	-	(44,032)	-	-	440,321
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	440,321	(38,646)	386,465	-	70,410	-	(7,041)	-	-	70,410
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	70,410	(7,041)	63,369	-	70,410	-	(7,041)	-	-	70,410
Security Aid	17-495-034-5120-097	7/1/16-6/30/17	65,369	(7,041)	65,369	-	70,410	-	(7,041)	-	-	70,410
Security Aid	16-495-034-5120-098	7/1/15-6/30/16	67,300	(7,041)	61,110	-	67,300	-	(6,290)	-	-	67,300
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	6,523,888	(6,523,888)	-	-	6,523,888	-	(616,670)	-	-	6,523,888
Professional Learning Community Aid	16-100-034-5120-044	7/1/15-6/30/16	1,950,811	(1,418,793)	1,418,793	-	1,950,811	-	(1,950,811)	-	-	1,950,811
Extraordinary Special Education Costs	17-495-034-5094-003	7/1/16-6/30/17	4,907,323	(229,401)	4,237,161	-	4,907,323	-	(650,162)	-	(650,162)	4,907,323
Extraordinary Special Education Costs	16-100-034-5120-044	7/1/15-6/30/16	4,907,323	(229,401)	229,401	-	-	-	-	-	-	-
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/16-6/30/17	6,931,862	-	6,931,862	-	6,931,862	-	-	-	-	6,931,862
Reimbursed TPAF Social Security Contributions	16-100-034-5120-067	7/1/15-6/30/16	251,157	-	251,157	-	251,157	-	-	-	-	251,157
TPAF On-Behalf Contributions	17-495-034-5094-002	7/1/16-6/30/17	11,110	-	11,110	-	11,110	-	-	-	-	11,110
TPAF Pension Contribution-Normal Costs	17-495-034-5094-004	7/1/16-6/30/17	5,985,089	-	5,985,089	-	5,985,089	-	-	-	-	5,985,089
TPAF Pension Contribution-NCGI	17-495-034-5094-004	7/1/16-6/30/17	5,985,089	-	5,985,089	-	5,985,089	-	-	-	-	5,985,089
TPAF - Long Term Disability Insurance	17-495-034-5094-001	7/1/16-6/30/17	13,179,218	-	13,179,218	-	13,179,218	-	-	-	-	13,179,218
TPAF Pension Contribution - Post Retirement Cost	17-495-034-5094-001	7/1/16-6/30/17	26,531,819	-	26,531,819	-	26,531,819	-	(5,397,324)	-	(777,493)	27,212,306
Total On-Behalf TPAF Contribution Cluster			62,416,865	-	62,416,865	-	62,416,865	-	(5,397,324)	-	(777,493)	67,113,605
Total General Fund			12,541	3,299	12,541	-	9,496	3,299	-	3,045	-	9,496
Special Revenue Fund New Jersey Nonpublic Aid for Cluster 192	16-100-034-5120-067	7/1/15-6/30/16	14,382	-	14,382	-	14,382	-	-	-	-	14,382
Comensatory Education	16-100-034-5120-067	7/1/15-6/30/16	2,010	3,299	2,010	-	2,010	3,299	-	3,045	-	5,055
ESL	17-100-034-5120-067	7/1/16-6/30/17	6,093	-	6,093	-	6,093	-	(5,704)	-	(5,704)	91
Home Instruction	16-100-034-5120-067	7/1/15-6/30/16	6,093	-	6,093	-	6,093	-	-	-	-	6,093
Home Instruction	16-100-034-5120-067	7/1/15-6/30/16	6,093	-	6,093	-	6,093	-	-	-	-	6,093
Total Nonpublic Auxiliary Services Aid (Chap 192) Cluster			67,877	3,299	20,644	-	13,291	3,299	(5,704)	4,964	(5,704)	15,291
Handicapped Services (Chap. 193) Supplementary Instruction	17-100-034-5120-066	7/1/16-6/30/17	37,871	-	67,877	-	67,877	-	-	-	-	67,877
Supplementary Instruction	16-100-034-5120-066	7/1/15-6/30/16	137,924	10,176	157,924	-	157,924	10,176	-	4,395	-	168,119
Examination and Classification	17-100-034-5120-066	7/1/16-6/30/17	133,308	7,831	18,554	-	18,554	7,831	-	18,183	-	197,741
Examination and Classification	16-100-034-5120-066	7/1/15-6/30/16	18,339	5,435	23,442	-	23,442	5,435	-	1,274	-	24,716
Corrective Speech	16-100-034-5120-666	7/1/15-6/30/16	18,339	5,435	23,442	-	23,442	5,435	-	23,802	-	28,877
Total Nonpublic Handicapped Services Aid (Chap 193) Cluster			86,748	6,093	86,748	-	86,748	6,093	-	6,657	-	93,405
Textbook Aid	17-100-034-5120-064	7/1/16-6/30/17	86,748	-	86,748	-	86,748	-	-	-	-	86,748
Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	135,900	-	135,900	-	135,900	-	-	-	-	135,900
Nursing Services	17-100-034-5120-070	7/1/16-6/30/17	75,500	-	75,500	-	75,500	-	-	-	-	75,500
Nursing Services	16-100-034-5120-069	7/1/15-6/30/16	37,875	-	37,875	-	37,875	-	-	-	-	37,875
Security Aid	17-100-034-5120-373	7/1/16-6/30/17	39,130	-	39,130	-	39,130	-	-	-	-	39,130
Security Aid	16-100-034-5120-373	7/1/15-6/30/16	39,130	-	39,130	-	39,130	-	-	-	-	39,130
Technology Initiative	17-100-034-5120-373	7/1/16-6/30/17	39,130	-	39,130	-	39,130	-	-	-	-	39,130
Technology Initiative	16-100-034-5120-373	7/1/15-6/30/16	39,130	-	39,130	-	39,130	-	-	-	-	39,130
Total Special Revenue Fund			558,413	(6,093)	602,277	-	558,413	(6,093)	(5,704)	43,475	(5,704)	558,413

The Notes to the Schedules of Federal Awards and State Financial Assistance are an Integral Part of the Statement.

WEST ORANGE BOARD OF EDUCATION
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Fund Number	Grant Period	Award Amount	Balance, July 1, 2016		Chgs. Incurred	Budgetary Expenditures	Refund of Prior Year's Balances	Balance, June 30, 2017		Cumulative Total Expenditures
				(Accounts Receivable)	Due to Grantor				(Accounts Receivable)	Unearned Revenue	
Debt Service Fund											
Debt Service Aid - State Support	17-495-034-5120-075	7/1/16-6/30/17	\$ 910,882			\$ 910,882	\$ 910,882				\$ 910,882
Enterprise Fund											
State School Lunch Program	17-186-010-3356-023	7/1/16-6/30/17	37,181		31,289		37,181				37,181
State School Lunch Program	16-109-010-9550-023	7/1/16-6/30/16	37,545	(51,109)	33,709				(5,901)		
Total Department of Agriculture/Enterprise Fund				(51,109)	36,389		37,181		(5,901)		37,181
Total State Financial Assistance Subject to Single Audit Determination				\$ (2,428,038)	\$ 36,578	\$ 27,781,366	\$ 28,718,782	\$ 36,578	\$ (3,408,929)		\$ 28,718,782
State Financial Assistance Not Subject to Single Audit Major Program Determination											
General Fund											
TPAF Pension Contribution-Normal Costs	17-495-034-5094-002	7/1/16-6/30/17	6,931,862				(6,931,862)				(6,931,862)
TPAF Pension Contribution - NCGI	17-495-034-5094-004	7/1/16-6/30/17	251,157				(251,157)				(251,157)
TPAF - Long Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17	11,110				(11,110)				(11,110)
TPAF Pension Contribution - Post Retirement Cost	17-495-034-5094-001	7/1/16-6/30/17	5,985,089				(5,985,089)				(5,985,089)
Total State Financial Assistance Subject to Single Audit Major Programs Determination				\$ (2,428,038)	\$ 36,578	\$ 14,602,148	\$ 15,539,564	\$ 36,578	\$ (3,408,929)		\$ 15,539,564

The Notes to the Schedules of Federal Awards and State Financial Assistance are an Integral Part of the Statement

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$542,698 for the general fund and an increase of \$7,784 for the special revenue 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	\$ 240,510	\$ 26,669,608	\$ 26,910,118
Special Revenue Fund	2,939,631	558,413	3,498,044
Debt Service Fund		910,882	910,882
Food Service Fund	<u>1,993,388</u>	<u>37,181</u>	<u>2,030,569</u>
Total Awards and Financial Assistance	<u>\$ 5,173,529</u>	<u>\$ 28,176,084</u>	<u>\$ 33,349,613</u>

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$4,907,323 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, 2017. The amount reported as TPAF Pension System Contributions in the amount of \$7,183,019, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$5,985,089 and TPAF Long-Term Disability Insurance in the amount of \$11,110 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2017.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

**WEST ORANGE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

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

2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to the basic financial statements noted? yes X no

Federal Awards Section

Internal Control over major programs:

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

2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with U.S. Uniform Guidance section .510(a)? X yes no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>FAIN #</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>H027A160100</u>	<u>IDEA, Part B Basic</u>
<u>84.173</u>	<u>H173A160114</u>	<u>IDEA Preschool</u>
<u>84.010A</u>	<u>S010A160030</u>	<u>Title I</u>
<u>93.778</u>	<u>1705NJ5MAP</u>	<u>Medical Assistance Program</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes X no

**WEST ORANGE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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.

**WEST ORANGE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

CURRENT YEAR FEDERAL AWARDS

Finding 2017-001

Fiscal year 2016 NCLB carryovers were not approved by Board resolution.

Federal Program Information

Title I	84.010A
---------	---------

Criteria or Specific Requirement

Federal Grant Compliance Supplement

Condition

The District had a carryover of \$45,489 available for Title I from the 2015/16 allocation. The District modified its internal accounting records for this amount, however the carryover request was not formally approved by Board resolution.

Questioned Costs

None.

Context

See finding condition and questioned costs.

Effect

Carryover requests were not formally approved by Board resolution.

Cause

Unknown.

Recommendation

All NCLB carryovers be submitted to the Board of Education for their approval by formal resolution.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and indicated it will review and revise its procedures to ensure corrective action is taken.

WEST ORANGE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

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

CURRENT YEAR STATE AWARDS

There are none.

**WEST ORANGE BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

STATUS OF PRIOR YEAR FINDINGS

Finding 2016-001

With respect to our audit of IDEA programs, the invoices submitted by a certain occupational therapy provider were not detailed as to the date services were provided. In addition, billings were not done in a timely manner. Also the vendor was paid in excess of the not to exceed amount approved by the Board.

Current Status

Corrective action has been taken.

Finding 2016-002

Review of the Time and Effort Certifications found that the reports are being signed by both the employee and supervisor prior to the certification period being attested to has ended.

Current Status

Corrective action has been taken.

Finding 2016-003

Our audit of the District's Extraordinary Aid Application noted that detailed workpapers to support each student's costs reported on the application are not being maintained. Also, OT/PT services were allocated based on 2009 rates, not current rates. In addition, one instance noted where an intensive service was claimed on the application but was not required by the student's Individualized Education Plan (IEP).

Current Status

Corrective action has been taken.

Finding 2016-004

The District erroneously reported four (4) SDA funded projects as eligible for Debt Service Aid in the Debt Service Data Collection.

Current Status

Corrective action has been taken.