

WEST ORANGE BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2019

Prepared by

Business Office

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INTRODUCTORY SECTION

West Orange Board of Education West Orange, New Jersey

Dr. J. Scott Cascone
Superintendent of Schools

John Calavano
Business Administrator

November 15, 2019

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, 2019, 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 Pre-K through 12 for the students residing in West Orange Township. The District completed the 2018-2019 fiscal year with an enrollment of 6,597 students.

2) ECONOMIC CONDITION AND OUTLOOK: 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.

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:

- Participating with the Sussex County Regional Transportation Cooperative to reduce costs for out of district transportation.
- 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 facility usage, 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:

- Implementation of a new 6-8 Math program aligned to state standards that addresses student needs based on current data and outcomes.
- Supplement the K-5 English Language Arts curriculum to support the district's Balanced Literacy model and to include the integration of Grammar, Vocabulary, and Reading lists that represent the student diversity.
- Provide support to K-5 ELA teachers in the area of Balanced Literacy by unpacking the Units of Study as a resource for providing clear teaching points and mini lessons that support reading and writing development as aligned to the curriculum and NJCCS.
- Explore issues of equity and access across the district in the areas of curriculum, hiring practices, comprehensive equity plan goals and design, and professional training for staff.
- Increase student achievement to ensure that all students are challenged and engaged in quality instructional programs, as measured by statewide assessments.
- Update facilities to include new HVAC systems, plumbing and reparations to address air quality and water concerns.

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, 2019.

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 West Orange Board of Education carries various forms of insurance, including, but not limited to, Property, General Liability, Auto Liability/Physical Damage, Crime, Boiler and Machinery, School Board Legal Liability, Cyber Liability, Student Accident and Excess Coverage. A schedule of Insurance can be found in Exhibit J-20. The District is insured by Glatfelter Public Practice/American Alternative Insurance Company. The Board is Self-Insured for their Workers Compensation coverage. An Excess Workers Compensation Insurance Policy has been purchased by the Board for claims above the Self-Insured Retention Limit of \$500,000.

The Honorable President and Members of
the Board of Education
West Orange School District
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9) 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.

10) 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,



Dr. J. Scott Cascone
Superintendent of Schools



John Calavano
Business Administrator/Board Secretary

WEST ORANGE PUBLIC SCHOOLS
ORGANIZATION CHART

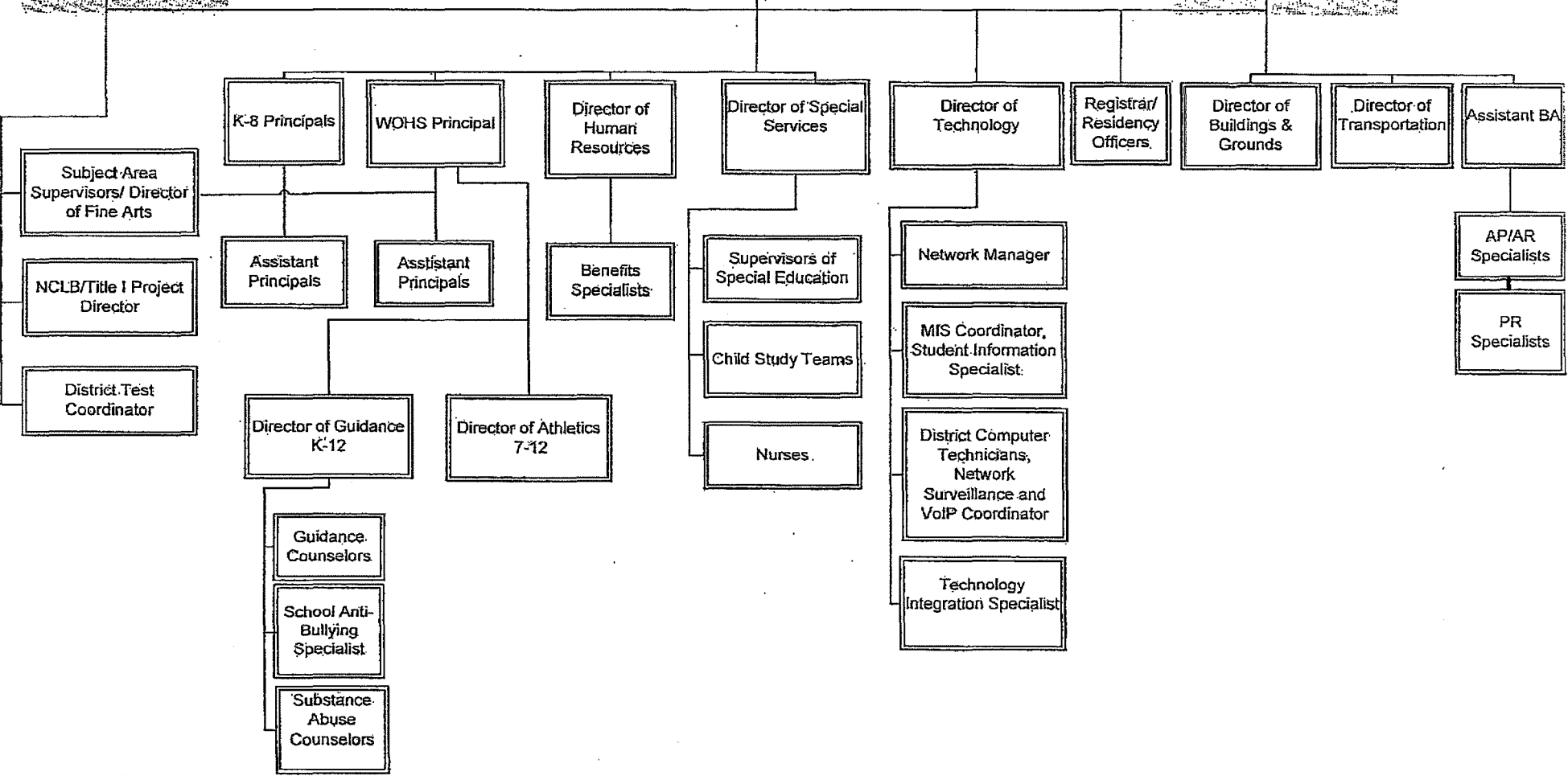
BOARD OF EDUCATION

Board Secretary

Superintendent

Business Administrator

Assistant Superintendent
of Curriculum/Instruction



**WEST ORANGE SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2019**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Ken Alper, President	2021
Sandra Mordecai, Vice President	2020
Mark Robertson	2020
Cheryl Merklinger	2022
Terry Trigg-Scales	2022

<u>Other Officers</u>	<u>Title</u>
Jeffrey Rutzky	Superintendent of Schools 7/1/18-10/19/18
Eveny de Mendez	Acting Superintendent of Schools 10/20/18-6/30/19
Eveny de Mendez	Assistant Superintendent of Curriculum & Instruction 7/1/18-10/19/18
Elizabeth Veneziano	Acting Assistant Superintendent of Curriculum & Instruction 10/20/18-6/30/19
John Calavano	Board Secretary/School Business Administrator
Joseph Antonucci	Treasurer

WEST ORANGE SCHOOL DISTRICT
Consultants and Advisors

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Cleary Giacobbe Alfieri Jacobs LLC
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Oakland, New Jersey 07436

Eric Harrison
Methfessel & Werbel, Esqs.
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PO Box 3012
Edison, New Jersey 08818

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

Garden State Community Bank
622 Eagle Rock Avenue
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
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
West Orange Board of Trustees
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, 2019 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, 2019, 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, pension information and other postemployment benefits 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 November 15, 2019 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 CS002314

Fair Lawn, New Jersey
November 15, 2019

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, 2019**

This section of the West Orange Board of Education' comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2019. 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 (2018-2019) and the prior year (2017-2018) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2018-2019 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 \$42,710,718 (deficit net position).
- Overall revenues were \$201,738,205. General revenues accounted for \$141,844,322 or 70% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$59,893,883 or 30% of total revenues.
- The school district had \$196,948,633 in expenses for governmental activities; only \$55,962,929 of these expenses was offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$141,840,939 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$1,759,448.
- The General Fund fund balance at June 30, 2019 was \$1,759,444, a decrease of \$1,226,497 when compared with the beginning balance at July 1, 2018 of \$2,985,941.

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

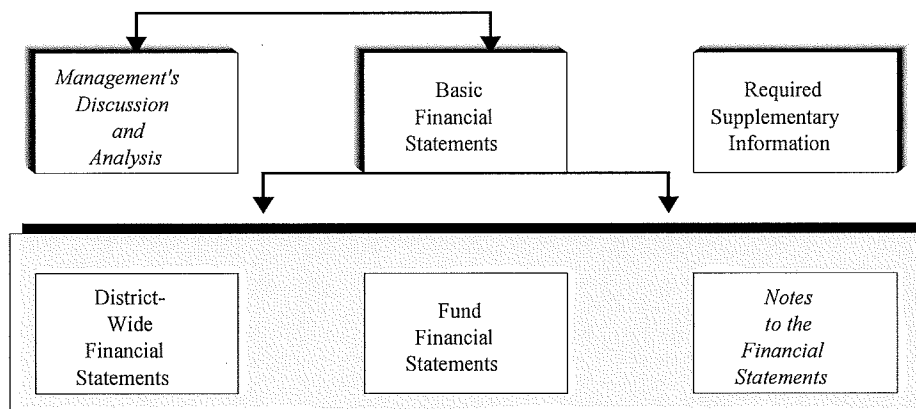
**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019**

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, 2019**

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, 2019**

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 explain 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, 2019**

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 (\$42,710,718) and (\$43,521,465) as of June 30, 2019 and June 30, 2018, respectively. The deficit in unrestricted net position in the Governmental Activities is attributable to the unfunded long-term liabilities such as the net pension liability for the District employees participating in the NJ Public Employee Retirement System, compensated absences, lease purchase agreements, Certificates of Participation (lease purchase agreements) and serial bonds. These liabilities are reported in the government-wide statements but not on the fund financial statements. This deficit is not an indication that the District is facing financial difficulties as there is currently no mechanism available to fund these liabilities in advance and they are being funded on a pay-as-you-go basis.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019**

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, 2019 and 2018**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current Assets	\$ 3,050,275	\$ 4,696,618	\$ 1,005,323	\$ 978,690	\$ 4,055,598	\$ 5,675,308
Capital Assets, Net	69,753,122	72,611,374	394,537	500,918	70,147,659	73,112,292
Total Assets	72,803,397	77,307,992	1,399,860	1,479,608	74,203,257	78,787,600
Deferred Amounts on Refunding of Debt	2,105,975	2,417,496	-	-	2,105,975	2,417,496
Deferred Amounts on Net Pension Liability	9,396,614	14,667,048	-	-	9,396,614	14,667,048
Total Deferred Outflows of Resources	11,502,589	17,084,544	-	-	11,502,589	17,084,544
Total Assets and Deferred Outflows of Resources	84,305,986	94,392,536	1,399,860	1,479,608	85,705,846	95,872,144
Long-Term Liabilities	108,748,275	124,620,973	-	-	108,748,275	124,620,973
Other Liabilities	1,719,716	2,185,597	144,965	180,225	1,864,681	2,365,822
Total Liabilities	110,467,991	126,806,570	144,965	180,225	110,612,956	126,986,795
Deferred Amounts on Net Pension Liability	17,803,608	12,406,814	-	-	17,803,608	12,406,814
Total Deferred Inflows of Resources	17,803,608	12,406,814	-	-	17,803,608	12,406,814
Total Liabilities and Deferred Inflows of Resources	128,271,599	139,213,384	144,965	180,225	128,416,564	139,393,609
Net Investment in Capital Assets	9,145,614	7,014,988	394,537	500,918	9,540,151	7,515,906
Restricted	573	504,228	-	-	573	504,228
Unrestricted	(53,111,800)	(52,340,064)	860,358	798,465	(52,251,442)	(51,541,599)
Total Net Position	\$ (43,965,613)	\$ (44,820,848)	\$ 1,254,895	\$ 1,299,383	\$ (42,710,718)	\$ (43,521,465)

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019**

**Changes in Net Position
For The Fiscal Years Ended June 30, 2019 and 2018**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Program Revenues						
Charges for Services	\$ 474,357	\$ 634,813	\$ 1,902,342	\$ 1,869,197	\$ 2,376,699	\$ 2,504,010
Operating Grants and Contributions	55,145,617	63,784,321	2,028,612	2,034,903	57,174,229	65,819,224
Capital Grants and Contributions	342,955	104,546			342,955	104,546
General Revenues						
Property Taxes	138,153,000	138,834,915			138,153,000	138,834,915
State Aid	3,390,358	3,244,247			3,390,358	3,244,247
Other	297,581	282,818	3,383	610	300,964	283,428
Total Revenues	<u>197,803,868</u>	<u>206,885,660</u>	<u>3,934,337</u>	<u>3,904,710</u>	<u>201,738,205</u>	<u>210,790,370</u>
Expenses						
Instruction						
Regular	83,827,931	89,764,429			83,827,931	89,764,429
Special Education	33,936,486	35,287,770			33,936,486	35,287,770
Vocational Education-Tuition	82,060	135,994			82,060	135,994
School Sponsored Activities and Athletics	3,620,792	3,502,549			3,620,792	3,502,549
Other Instruction	6,241,671	6,560,458			6,241,671	6,560,458
Support Services						
Student and Instruction Related Services	22,123,130	24,335,737			22,123,130	24,335,737
School Administrative Services	9,764,953	10,373,914			9,764,953	10,373,914
General Administrative Services	2,474,908	2,178,896			2,474,908	2,178,896
Plant Operations and Maintenance	17,325,731	16,181,642			17,325,731	16,181,642
Pupil Transportation	10,418,854	9,902,389			10,418,854	9,902,389
Business and Other Support Services	4,845,221	4,955,442			4,845,221	4,955,442
Interest on Long-Term Debt	2,286,896	2,187,845			2,286,896	2,187,845
Food Service			3,809,921	3,728,527	3,809,921	3,728,527
Other-Summer Enrichment	-	-	168,904	153,746	168,904	153,746
Total Expenses	<u>196,948,633</u>	<u>205,367,065</u>	<u>3,978,825</u>	<u>3,882,273</u>	<u>200,927,458</u>	<u>209,249,338</u>
Change in Net Position	855,235	1,518,595	(44,488)	22,437	810,747	1,541,032
Net Position (Deficit), Beginning of Year	<u>(44,820,848)</u>	<u>(46,339,443)</u>	<u>1,299,383</u>	<u>1,276,946</u>	<u>(43,521,465)</u>	<u>(45,062,497)</u>
Net Position (Deficit), End of Year	<u>\$ (43,965,613)</u>	<u>\$ (44,820,848)</u>	<u>\$ 1,254,895</u>	<u>\$ 1,299,383</u>	<u>\$ (42,710,718)</u>	<u>\$ (43,521,465)</u>

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

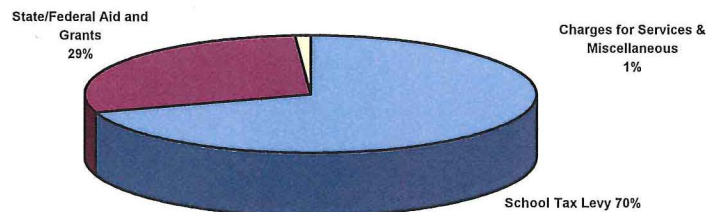
**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019**

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$197,803,868 and \$206,885,660 for the fiscal years ended June 30, 2019 and June 30, 2018, respectively. Property taxes of \$138,153,000 and \$138,834,915 represented 70% and 67% of revenues. Another portion of revenues came from State and Federal aid; total State, Federal and formula aid was \$58,535,975 and \$67,028,568 which was represented 29% and 32% of the revenues for fiscal years ended June 30, 2019 and 2018, respectively. The significant decrease in this revenue type is attributable to the adjustment to the On-Behalf other post-retirement benefits contribution to recognize the actuarially determined contribution that should have been contributed on behalf of the District in accordance with the District's implementation of GASB 75 for the fiscal year ended June 30, 2019. This adjustment which impacts both the revenues and expenses of the governmental activities was \$6,699,655 for fiscal year ended June 30, 2019 compared to \$11,492,884 for the prior year. Capital contributions of \$342,955 and \$104,546 represented less than 1% of total revenues for the fiscal year ended June 30, 2019 and 2018, respectively. The balance of revenues for fiscal year June 30, 2019 and 2018, respectively is charges for services (\$474,357 and \$634,813) and miscellaneous income (\$160,457 and \$257,329), and investment earnings (\$137,124 and \$25,489).

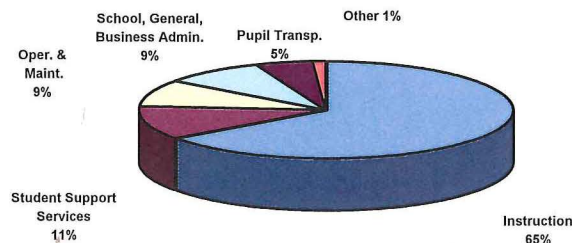
The total cost of all governmental activities programs and services was \$196,948,633 and \$205,367,065 for the fiscal years ended June 30, 2019 and 2018, respectively. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$127,708,940 and \$135,251,200 (65% and 66%) of total expenses for each of the fiscal years, respectively. Student and Instruction Related Services totaled \$22,123,130 and \$24,335,737 or (11% and 11%) of total expenses. Plant operations and maintenance services totaled \$17,325,731 and \$16,181,642 (9% and 8%) of total expenses. Administrative services were \$17,085,082 and \$17,508,252 or (9% and 8%) of total expenses. Pupil transportation totaled \$10,418,854 and \$9,902,389 (5% and 5%), respectively of total expenses. Interest on long-term debt accounted for \$2,286,896 and \$2,187,845 (1% and 1%) of total expenses.

Total governmental activities revenues exceeded expenses resulting in net position increasing \$855,235 over the previous year.

Revenues by Source- Governmental Activities
For Fiscal Year 2019



Expenses by Type- Governmental Activities
For Fiscal Year 2019



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**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019**

Total and Net Cost of Governmental Activities. The District's total cost of services was \$196,948,633 and \$205,367,065 for the fiscal years ended June 30, 2019 and 2018. After applying program revenues, derived from charges for services of \$474,357 and \$634,813, operating grants and contributions of \$55,145,617 and \$63,784,321 and capital contributions of \$342,955 and \$104,546, the net cost of services of the District is \$140,985,704 and \$140,843,385, respectively

**Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2019 and 2018**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Instruction				
Regular	\$ 83,827,931	\$ 89,764,429	\$ 57,179,579	\$ 55,989,807
Special Education	33,936,486	35,287,770	17,863,425	17,066,156
Vocational Education-Tuition	82,060	135,994	82,060	135,994
School Sponsored Activities and Athletics	3,620,792	3,502,549	2,670,653	2,353,044
Other Instruction	6,241,671	6,560,458	4,357,566	4,125,872
Support Services				
Student and Instruction Related Services	22,123,130	24,335,737	20,110,088	21,182,708
School Administrative Services	9,764,953	10,373,914	7,423,177	7,317,230
General Administrative Services	2,474,908	2,178,896	2,423,635	2,106,813
Plant Operations and Maintenance	17,325,731	16,181,642	14,837,555	14,856,511
Pupil Transportation	10,418,854	9,902,389	7,275,237	9,079,554
Business and Other Support Services	4,845,221	4,955,442	4,631,709	4,601,953
Interest on Long-Term Debt	<u>2,286,896</u>	<u>2,187,845</u>	<u>2,131,020</u>	<u>2,027,743</u>
Total	<u>\$ 196,948,633</u>	<u>\$ 205,367,065</u>	<u>\$ 140,985,704</u>	<u>\$ 140,843,385</u>

Business-Type Activities – The District's total business-type activities revenues were \$3,934,337 and \$3,904,710 for the fiscal years ended June 30, 2019 and 2018, respectively. Charges for services accounted for 48% and 48% of total revenues for the fiscal years, respectively. Operating grants and contributions of \$2,028,612 and \$2,034,903 accounted for 52% and 52% of total revenue for each of the fiscal years. The balance of the revenues, \$3,383 and \$610 represents investment earnings.

The total cost of all business-type activities programs and services was \$3,978,825 and \$3,882,273 for the fiscal years ended June 30, 2019 and 2018. 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 expenses exceeded revenues decreasing net position by \$44,488 from the last year.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019**

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, 2019, its governmental funds reported a combined fund balance of \$1,759,448. At June 30, 2018, the fund balance was \$2,985,943.

Revenues and other financing sources for the District's governmental funds were \$180,233,439, while total expenditures were \$181,459,934 thereby decreasing fund balance by \$1,226,495 for the fiscal year ended June 30, 2019.

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, 2019</u>	Fiscal Year Ended <u>June 30, 2018</u>	Amount of Increase (Decrease)	Percent Change
Local Sources				
Property Tax Levy	\$ 132,380,400	\$ 133,115,444	\$ (735,044)	-1%
Interest	137,124	22,980	114,144	497%
State/Federal Sources	36,626,477	31,080,391	5,546,086	18%
Miscellaneous	<u>634,814</u>	<u>892,142</u>	<u>(257,328)</u>	-29%
 Total General Fund Revenues	 <u>\$ 169,778,815</u>	 <u>\$ 165,110,957</u>	 <u>\$ 4,667,858</u>	 3%

Total General Fund Revenues increased by \$4,667,858 or 3% over the previous year.

Local property taxes decreased \$735,044 or 1% from the previous year. State and federal aid revenues increased \$5,546,086 or 18% predominantly attributable to an increase in state On-Behalf TPAF pension costs contributed by the state as well as the \$3,500,000 of additional state aid allotted to the District.

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

Miscellaneous revenues decreased primarily due to a decrease in nonrecurring prior year refunds and tuition revenue.

**WEST ORANGE BOARD OF EDUCATION
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**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019**

The following schedule presents a summary of General Fund expenditures.

	Fiscal Year Ended <u>June 30, 2019</u>	Fiscal Year Ended <u>June 30, 2018</u>	Amount of Increase (Decrease)	Percent Change
Instruction	\$ 108,801,427	\$ 104,887,689	\$ 3,913,738	4%
Support and Undistributed Services	59,430,709	56,429,511	3,001,198	5%
Capital Outlay	1,228,221	467,964	760,257	162%
Debt Service	<u>1,820,200</u>	<u>2,108,733</u>	<u>(288,533)</u>	-14%
Total Expenditures	<u>\$ 171,280,557</u>	<u>\$ 163,893,897</u>	<u>\$ 7,386,660</u>	5%

Total General Fund expenditures increased \$7,386,660 or 5% over the previous year.

The District realized increases in instruction costs as well as support and undistributed services costs. The decrease in debt service expenditures related to the final payments of various lease purchase agreements. The increase in capital outlay was largely due to the District's Sports Bubble Replacement Project.

In 2018-2019, General Fund expenditures exceeded revenues and other financing sources by \$1,226,497. As a result, total fund balance decreased to \$1,759,444 at June 30, 2019. After deducting transfers and reserves, the unrestricted, unassigned fund balance decreased from a deficit of \$377,415 at June 30, 2018 to a deficit balance of \$744,645 at June 30, 2019.

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.

Revenues of the Special Revenue Fund were \$3,936,190 for the year ended June 30, 2019. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 77% of the total revenue for the year.

Total Special Revenue Fund revenues increased \$141,546 or 4% from the previous year. State sources increased \$105,786 or 18% and Federal sources decreased \$18,323 or 1%. Local sources increased \$54,083.

Expenditures of the Special Revenue Fund were \$3,936,190. Instructional expenditures were \$3,591,265 or 91% of total expenditures.

Capital Projects – The activity during the 2018/19 school year in the Capital Projects Fund related solely to the lease purchase acquisition of various vehicles. Lease purchase proceeds were received and fully expended during 2018/19.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019**

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/additional state aid, appropriating capital reserve funds 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, 2019 amounts to \$70,147,659 (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 2018-2019 amounted to \$4,414,045 for governmental activities and \$106,381 for business-type activities.

Capital Assets at June 30, 2019 and 2018
(Net of Accumulated Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 4,565,829	\$ 4,565,829			\$ 4,565,829	\$ 4,565,829
Construction in Progress	1,033,472				1,033,472	-
Site Improvements	4,147,629	4,635,616			4,147,629	4,635,616
Building and Building Improvements	55,501,704	58,228,881			55,501,704	58,228,881
Machinery and Equipment	<u>4,504,488</u>	<u>5,181,048</u>	<u>\$ 394,537</u>	<u>\$ 500,918</u>	<u>4,899,025</u>	<u>5,681,966</u>
Total Capital Assets, Net	<u>\$ 69,753,122</u>	<u>\$ 72,611,374</u>	<u>\$ 394,537</u>	<u>\$ 500,918</u>	<u>\$ 70,147,659</u>	<u>\$ 73,112,292</u>

Additional information on the District's capital assets is 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, 2019**

LONG TERM LIABILITIES

At year end, the District's long-term liabilities of the governmental activities consisted of compensated absences payable of \$2,066,258, bonds payable (including unamortized premium) of \$27,574,843, lease purchase agreements ("COPS") payable of \$25,110,000, capital leases/lease purchase agreements payable of \$10,276,152, workers' compensation claims and judgements payable of \$955,407, deferred pension obligation payable of \$334,397, net pension liability – Essex County of \$202,502 and net pension liability – PERS payable of \$42,228,716.

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 2019-2020 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, 2019**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,747,192	\$ 572,784	\$ 2,319,976
Receivables, net			
Receivables from Other Governments	1,126,262	369,305	1,495,567
Accounts Receivable	176,821	30,571	207,392
Inventory		32,663	32,663
Capital Assets			
Not Being Depreciated	5,599,301		5,599,301
Being Depreciated, net	<u>64,153,821</u>	<u>394,537</u>	<u>64,548,358</u>
Total Assets	<u>72,803,397</u>	<u>1,399,860</u>	<u>74,203,257</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding of Debt	2,105,975	-	2,105,975
Deferred Amounts on Net Pension Liability	<u>9,396,614</u>	<u>-</u>	<u>9,396,614</u>
Total Deferred Outflows of Resources	<u>11,502,589</u>	<u>-</u>	<u>11,502,589</u>
Total Assets and Deferred Outflows of Resources	<u>84,305,986</u>	<u>1,399,860</u>	<u>85,705,846</u>
LIABILITIES			
Accounts Payable and Other Liabilities	943,411		943,411
Intergovernmental Payable	194,918		194,918
Accrued Interest Payable	428,889		428,889
Unearned Revenue	152,498	144,965	297,463
Noncurrent Liabilities			
Due Within One Year	5,054,344		5,054,344
Due Beyond One Year	<u>103,693,931</u>	<u>-</u>	<u>103,693,931</u>
Total Liabilities	<u>110,467,991</u>	<u>144,965</u>	<u>110,612,956</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>17,803,608</u>	<u>-</u>	<u>17,803,608</u>
Total Liabilities and Deferred Inflows of Resources	<u>128,271,599</u>	<u>144,965</u>	<u>128,416,564</u>
NET POSITION			
Net Investment in Capital Assets	9,145,614	394,537	9,540,151
Restricted for:			
Capital Projects	569		569
Other Purposes	4		4
Unrestricted	<u>(53,111,800)</u>	<u>860,358</u>	<u>(52,251,442)</u>
Total Net Position	<u>\$ (43,965,613)</u>	<u>\$ 1,254,895</u>	<u>\$ (42,710,718)</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, 2019**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Governmental Activities:							
Instruction							
Regular	\$ 83,827,931	\$ 55,558	\$ 26,524,075	\$ 68,719	\$ (57,179,579)		\$ (57,179,579)
Special Education	33,936,486	333,274	15,739,787		(17,863,425)		(17,863,425)
Vocational-Instruction	82,060				(82,060)		(82,060)
Other Instruction	6,241,671		1,884,105		(4,357,566)		(4,357,566)
School Sponsored Activities and Athletics	3,620,792		950,139		(2,670,653)		(2,670,653)
Support Services							
Student and Instruction Related Services	22,123,130		1,913,026	100,016	(20,110,088)		(20,110,088)
School Administrative Services	9,764,953		2,341,776		(7,423,177)		(7,423,177)
General Administrative Services	2,474,908		51,273		(2,423,635)		(2,423,635)
Plant Operations and Maintenance	17,325,731	85,525	2,228,431	174,220	(14,837,555)		(14,837,555)
Pupil Transportation	10,418,854		3,143,617		(7,275,237)		(7,275,237)
Business and Other Support Services	4,845,221		213,512		(4,631,709)		(4,631,709)
Interest on Long-Term Debt and Other Charges	2,286,896	-	155,876	-	(2,131,020)	-	(2,131,020)
Total Governmental Activities	196,948,633	474,357	55,145,617	342,955	(140,985,704)	-	(140,985,704)
Business-Type Activities:							
Summer Enrichment	168,904	169,312				\$ 408	408
Food Service	3,809,921	1,733,030	2,028,612	-	-	(48,279)	(48,279)
Total Business-Type Activities	3,978,825	1,902,342	2,028,612	-	-	(47,871)	(47,871)
Total Primary Government	\$ 200,927,458	\$ 2,376,699	\$ 57,174,229	\$ 342,955	(140,985,704)	(47,871)	(141,033,575)

Continued

**WEST ORANGE BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Total Primary Government (Carried Forward)	\$ (140,985,704)	\$ (47,871)	\$ (141,033,575)
General Revenues			
Taxes:			
Property Taxes, Levied for General Purposes	132,380,400		132,380,400
Taxes Levied for Debt Service	5,772,600		5,772,600
Unrestricted State Aid	3,234,482		3,234,482
State Aid Restricted for Debt Service	155,876		155,876
Investment Earnings	137,124	3,383	140,507
Miscellaneous Income	160,457	-	160,457
Total General Revenues	141,840,939	3,383	141,844,322
Change in Net Position	855,235	(44,488)	810,747
Net Position Beginning of Year	(44,820,848)	1,299,383	(43,521,465)
Net Position End of Year	\$ (43,965,613)	\$ 1,254,895	\$ (42,710,718)

FUND FINANCIAL STATEMENTS

WEST ORANGE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2019

	<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	\$ 1,747,188			\$ 4	\$ 1,747,192
Receivables, Net					
Receivables From Other Governments	484,456	\$ 641,806			1,126,262
Accounts	155,070	21,751			176,821
Due from Other Funds	112,024	-	-	-	112,024
	<u>112,024</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,024</u>
Total Assets	<u>\$ 2,498,738</u>	<u>\$ 663,557</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 3,162,299</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 405,684	\$ 306,859			\$ 712,543
Accrued Salaries and Wages	133,763				133,763
Due to Other Funds		112,024			112,024
Payable to State Governments		194,918			194,918
Unearned Revenue	102,742	49,756		-	152,498
Claims and Judgments Payable	97,105	-	-	-	97,105
	<u>97,105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,105</u>
Total Liabilities	<u>739,294</u>	<u>663,557</u>	<u>-</u>	<u>-</u>	<u>1,402,851</u>
Fund Balances					
Restricted					
Capital Reserve	569				569
Debt Service				\$ 4	4
Committed					
Purchases on Order	192,337				192,337
Assigned					
Purchases on Order	61,183				61,183
Designated for Subsequent Year's Budget (2019/20 Budget)	2,250,000				2,250,000
Unassigned	(744,645)	-	-	-	(744,645)
	<u>(744,645)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(744,645)</u>
Total Fund Balances	<u>1,759,444</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>1,759,448</u>
Total Liabilities and Fund Balances	<u>\$ 2,498,738</u>	<u>\$ 663,557</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 3,162,299</u>

**WEST ORANGE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2019**

Total Fund Balance (Exhibit B-1) \$ 1,759,448

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 \$138,821,210 and the accumulated depreciation is \$69,068,088.

69,753,122

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:

(428,889)

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)

(108,748,275)

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.

2,105,975

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 - PERS

\$ 9,389,415

Deferred Inflows of Resources - PERS

(17,803,608)

Deferred Outflows of Resources - Essex County

7,199

(8,406,994)

Net Position of Governmental Activities (Exhibit A-1)

\$ (43,965,613)

**WEST ORANGE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<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	\$ 132,380,400			\$ 5,772,600	\$ 138,153,000
Tuition	361,257				361,257
Rents	85,525				85,525
Interest	137,124				137,124
Miscellaneous	188,032	\$ 197,874	-	-	385,906
Total - Local Sources	133,152,338	197,874	-	5,772,600	139,122,812
State Sources	36,365,898	693,192		311,752	37,370,842
Federal Sources	260,579	3,045,124	-	-	3,305,703
Total Revenues	169,778,815	3,936,190	-	6,084,352	179,799,357
EXPENDITURES					
Current					
Regular Instruction	71,412,534	1,466,890			72,879,424
Special Education Instruction	28,648,102	2,124,375			30,772,477
Vocational Instruction- Tuition	82,060				82,060
Other Instruction	5,440,928				5,440,928
School Sponsored Activities and Athletics	3,217,803				3,217,803
Support Services					
Student and Instruction Related Services	20,383,662	96,849			20,480,511
General Administrative Services	2,275,876				2,275,876
School Administrative Services	8,549,824				8,549,824
Plant Operations and Maintenance	13,465,695	79,341			13,545,036
Pupil Transportation	10,284,019				10,284,019
Business and Other Support Services	4,471,633				4,471,633
Debt Service					
Principal	1,405,197			4,100,000	5,505,197
Interest	415,003			1,984,350	2,399,353
Capital Outlay	1,228,221	168,735	\$ 158,837	-	1,555,793
Total Expenditures	171,280,557	3,936,190	158,837	6,084,350	181,459,934
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,501,742)	-	(158,837)	2	(1,660,577)
OTHER FINANCING SOURCES (USES)					
Insurance Recovery- Capital Asset	174,220				174,220
Lease Purchase Proceeds	101,025	-	158,837	-	259,862
Total Other Financing Sources (Uses)	275,245	-	158,837	-	434,082
Net Change in Fund Balances	(1,226,497)	-	-	2	(1,226,495)
Fund Balance, Beginning of Year	2,985,941	-	-	2	2,985,943
Fund Balance, End of Year	\$ 1,759,444	\$ -	\$ -	\$ 4	\$ 1,759,448

**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, 2019**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (1,226,495)

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 depreciation exceeds capital outlay in the current period.

Depreciation Expense	\$ (4,414,045)	
Capital Outlay	<u>1,555,793</u>	(2,858,252)

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) 5,245,335

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):

Net Increase in Compensated Absences	(114,353)	
Net Increase in Claims and Judgements for Self Insurance Claims	(270,833)	
Net Increase in Pension Expense-PERS	(45,134)	
Net Increase in Pension Expense- Essex County	(34,025)	
Net Decrease in Deferred Pension Obligation	<u>46,535</u>	(417,810)

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		377,945
Amortization of Deferred Amount on Refunding of Debt		<u>(311,521)</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>46,033</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) \$ 855,235

**WEST ORANGE BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2019**

	Business-Type Activities		
	Enterprise Fund		
	<u>Food Services</u>	<u>Other Non-Major Summer Enrichment</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 362,405	\$ 210,379	\$ 572,784
Intergovernmental Receivable			
State	7,569		7,569
Federal	361,736		361,736
Other	30,116	455	30,571
Inventories	32,663	-	32,663
 Total Current Assets	 <u>794,489</u>	 <u>210,834</u>	 <u>1,005,323</u>
Capital Assets			
Furniture, Machinery and Equipment	2,039,758		2,039,758
Less: Accumulated Depreciation	(1,645,221)	-	(1,645,221)
 Total Capital Assets, Net	 <u>394,537</u>	 <u>-</u>	 <u>394,537</u>
 Total Assets	 <u>1,189,026</u>	 <u>210,834</u>	 <u>1,399,860</u>
LIABILITIES			
Current Liabilities			
Unearned Revenue	4,715	140,250	144,965
 Total Current Liabilities	 <u>4,715</u>	 <u>140,250</u>	 <u>144,965</u>
NET POSITION			
Investment in Capital Assets	394,537		394,537
Unrestricted	789,774	70,584	860,358
 Total Net Position	 <u>\$ 1,184,311</u>	 <u>\$ 70,584</u>	 <u>\$ 1,254,895</u>

**WEST ORANGE BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Business-Type Activities		
	Enterprise Fund		
	Food Services	Other Non-Major Summer Enrichment	Total
OPERATING REVENUES			
Charges for Services			
Daily Sales - Reimbursable	\$ 844,802		\$ 844,802
Daily Sales- Non-Reimbursable	715,013		715,013
Special Functions	173,215		173,215
Program Fees	-	\$ 169,312	169,312
	<u>1,733,030</u>	<u>169,312</u>	<u>1,902,342</u>
Total Operating Revenues			
OPERATING EXPENSES			
Salaries and Wages	1,465,934	147,681	1,613,615
Cost of Sales			
Reimbursable Programs	1,161,674		1,161,674
Non-Reimbursable Programs	292,072		292,072
Repairs	49,165		49,165
Other Expenses	35,887	2,340	38,227
Insurance	121,361		121,361
Supplies	219,829	16,265	236,094
Miscellaneous	74,118	2,618	76,736
Depreciation Expense	106,381		106,381
Administrative and Management Fees	283,500	-	283,500
	<u>3,809,921</u>	<u>168,904</u>	<u>3,978,825</u>
Total Operating Expenses			
Operating Income (Loss)	<u>(2,076,891)</u>	<u>408</u>	<u>(2,076,483)</u>
NONOPERATING REVENUES			
State Sources			
State School Lunch Program	35,495		35,495
Federal Sources			
School Breakfast Program	369,612		369,612
Federal School Lunch Program	1,349,123		1,349,123
Food Distribution Program	274,382		274,382
Interest Income	3,383	-	3,383
	<u>2,031,995</u>	<u>-</u>	<u>2,031,995</u>
Total Nonoperating Revenues			
Change in Net Position	(44,896)	408	(44,488)
Net Position, Beginning of Year	<u>1,229,207</u>	<u>70,176</u>	<u>1,299,383</u>
Net Position, End of Year	<u>\$ 1,184,311</u>	<u>\$ 70,584</u>	<u>\$ 1,254,895</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, 2019**

	Business-Type Activities		
	Enterprise Fund		
	Food Services	Other Non-Major Summer Enrichment	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 1,717,957	\$ 145,420	\$ 1,863,377
Cash Payments for Employees' Salaries and Benefits	(1,465,934)	(147,681)	(1,613,615)
Cash Payments to Suppliers for Goods and Services	(1,977,047)	(21,678)	(1,998,725)
Net Cash Provided (Used) By Operating Activities	(1,725,024)	(23,939)	(1,748,963)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received from State and Federal Subsidy Reimbursements	1,507,101	-	1,507,101
Net Cash Provided by Noncapital and Related Activities	1,507,101	-	1,507,101
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	3,383	-	3,383
Net Cash Provided by Investing Activities	3,383	-	3,383
Net Change in Cash and Cash Equivalents	(214,540)	(23,939)	(238,479)
Cash and Cash Equivalents, Beginning of Year	576,945	234,318	811,263
Cash and Cash Equivalents, End of Year	\$ 362,405	\$ 210,379	\$ 572,784
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) FOR OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (2,076,891)	\$ 408	\$ (2,076,483)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) for Operating Activities			
Depreciation	106,381		106,381
Federal Food Distribution Program	274,382		274,382
Change in Assets and Liabilities			
(Increase)/Decrease in Inventories	(6,616)		(6,616)
(Increase)/Decrease in Other Accounts Receivable	(10,912)	(455)	(11,367)
Increase/(Decrease) in Accounts Payable	(7,207)	-	(7,207)
Increase/(Decrease) in Unearned Revenue	(4,161)	(23,892)	(28,053)
Total Adjustments	351,867	(24,347)	327,520
Net Cash Provided/(Used) By Operating Activities	\$ (1,725,024)	\$ (23,939)	\$ (1,748,963)
Non-Cash Investing, Capital and Related Financing Activities			
Fair Value of Food Distribution Program- National School Lunch Program	\$ 274,382		

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, 2019**

	Unemployment Compensation <u>Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 295,280	\$ 5,092,165
Due from Other Funds	31,243	
Accounts Receivable		931
Cash with Fiscal Agent	<u>-</u>	<u>36,582</u>
Total Assets	<u>326,523</u>	<u>\$ 5,129,678</u>
LIABILITIES		
Accrued Salaries and Wages		\$ 2,155
Payroll Deductions and Withholdings		4,779,312
Reserve for Flexible Spending		36,703
Due to Other Funds		31,243
Accounts Payable		23,358
Intergovernmental Payable	9,633	
Due to Student Groups	<u>-</u>	<u>256,907</u>
Total Liabilities	<u>9,633</u>	<u>\$ 5,129,678</u>
NET POSITION		
Held In Trust For Unemployment Claims	<u>\$ 316,890</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, 2019**

	Unemployment Compensation <u>Trust Fund</u>
ADDITIONS	
Contributions	
Employee	\$ 130,095
Investment Earnings	
Interest	<u>2,372</u>
Total Additions	<u>132,467</u>
DEDUCTIONS	
Unemployment Claims	<u>81,141</u>
Total Deductions	<u>81,141</u>
Change in Net Position	51,326
Net Position Beginning of Year	<u>265,564</u>
Net Position, End of Year	<u>\$ 316,890</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, 2019**

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 2019, the District adopted the following GASB statement as required:

- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistency provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.

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

- 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.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- 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.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the fiscal year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

C. Basis of Presentation - Financial Statements

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

District-Wide Financial Statements

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

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

WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements (Continued)

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 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.

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.

WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

Additionally, the government reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims. All resources of the funds, 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.

The *fiduciary agency funds* account for assets held by the District as an agent for student activities and for payroll deductions and withholdings. The funds for the student activities fund are solely for noninstructional student activities that are supported and controlled by student organizations and clubs for which school administration does not have management involvement. The payroll funds are held to remit employee withholdings to respective state, federal and other agencies.

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, 2019**

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, rentals, 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.

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

4. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at 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

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. 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 amount 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.

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.

6. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of 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.

7. Pensions

In the district-wide financial statements and proprietary fund types in the fund 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.

WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. *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 with 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.

9. *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).

WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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

Committed Fund Balance – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Purchases on Order – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee’s 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.

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 Budget – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2019/2020 District budget certified for taxes.

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

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District’s policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

10. *Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. *Fund Balance Policies (Continued)*

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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 2017-2018 and 2018-2019 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.

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.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 pension liability are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(108,748,275) difference are as follows:

Bonds Payable	\$ (25,130,000)
Add: Issuance premium (to be amortized over life of debt)	(2,444,843)
Lease Purchase Agreements "COPS"	(25,110,000)
Capital Leases/Lease Purchase Agreements	(10,276,152)
Claims and Judgments Payable	(955,407)
Compensated Absences	(2,066,258)
Deferred Pension Obligation	(334,397)
Net Pension Liability - Essex County	(202,502)
Net Pension Liability - PERS	<u>(42,228,716)</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	 <u>\$ (108,748,275)</u>

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. Additionally, 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 \$5,245,335 difference are as follows:

Debt issued or incurred:	
Lease purchase financing	\$ (259,862)
Principal repayments:	
General obligation bonds	2,275,000
Lease Purchase Agreements - Certificates of Participation	1,825,000
Capital leases/lease purchase agreements	<u>1,405,197</u>
 Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	 <u>\$ 5,245,335</u>

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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.

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 2018/2019. Also, during 2018/2019 the Board increased the original general fund budget by \$1,400,457 and the original special revenue fund budget by \$1,278,419. The increase in the general fund budget was funded by the appropriation of prior year extraordinary aid of \$36,901 approved by the Board on March 31, 2019; the appropriations of additional 2018/19 state aid in the amount of \$500,000 approved by the Board on August 6, 2018, January 28, 2019 and March 21, 2019; the withdrawal of \$504,226 from the capital reserve approved by the Board on August 6, 2018 and; the reappropriation of prior year general fund encumbrances. The increase in the special revenue fund budget was funded by additional grant awards.

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.

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Deficit Fund Equity

The District has an unassigned fund deficit of \$744,645 in the General Fund as of June 30, 2019 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2018/2019 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General Fund deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficit in the GAAP (fund) financial statements of \$744,645 in the General Fund is less than the delayed state aid payments at June 30, 2019.

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.

The activity of the capital reserve for the fiscal year ended June 30, 2019 is as follows:

Balance, July 1, 2018	\$ 504,226
Increased by:	
Interest Earnings	569
	<u>504,795</u>
Decreased by:	
Withdrawals Approved by Board Resolution	<u>504,226</u>
Balance, June 30, 2019	<u>\$ 569</u>

The withdrawals from the capital reserve were for use in a department approved facilities project.

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Transfers to Capital Outlay

During the 2018/2019 school year, the district appropriated 1) \$504,226 from the Capital Reserve, 2) \$500,000 from additional state aid and 3) \$36,901 of 2017/18 Extraordinary Aid to the non-equipment capital outlay accounts. The transfers were made to supplement the emergent Sports Bubble Replacement project approved by the County Superintendent pursuant to N.J.A.C. 6A:23A-13.3(h).

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 and NCUSIF.

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, 2019, the book value of the Board's deposits were \$7,744,003 and bank and brokerage firm balances of the Board's deposits amounted to \$11,773,667. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" or "cash with fiscal agent" are categorized as:

Depository Account

Insured	\$ 11,737,085
Uninsured and Collateralized - Cash with Fiscal Agent	<u>36,582</u>
	<u>\$ 11,773,667</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, 2019 the Board's bank balance of \$36,582 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>\$ 36,582</u>
	<u>\$ 36,582</u>

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

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; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; 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; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law,” (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2019, the Board had no outstanding investments.

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

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

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

B. Receivables

Receivables as of June 30, 2019 for the district’s individual major funds, and fiduciary funds are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Summer Enrichment</u>	<u>Payroll Agency</u>	<u>Total</u>
Receivables:						
Accounts	\$ 155,070	\$ 21,751	\$ 30,116	\$ 455	\$ 931	\$ 208,323
Intergovernmental-						
Federal		641,806	361,736			1,003,542
State	484,456	-	7,569	-	-	492,025
	<u>484,456</u>	<u>-</u>	<u>7,569</u>	<u>-</u>	<u>-</u>	<u>492,025</u>
Total Receivables	<u>\$ 639,526</u>	<u>\$ 663,557</u>	<u>\$ 399,421</u>	<u>\$ 455</u>	<u>\$ 931</u>	<u>\$ 1,703,890</u>

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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		
Student Activity Fees	\$	25,521
Rentals		1,600
Employees Health Insurance Reimbursements		72,121
Prepaid Tuition/Fees		3,500
Special Revenue Fund		
Unencumbered Local Grants Draw Downs		45,424
Grant Draw Downs Reserved for Encumbrances		<u>4,332</u>
 Total Unearned Revenue for Governmental Funds	 \$	 <u>152,498</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	Balance, July 1, 2018	<u>Increases</u>	<u>Decreases</u>	Balance, June 30, 2019
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 4,565,829			\$ 4,565,829
Construction in Progress	<u>-</u>	\$ 1,033,472	<u>-</u>	<u>1,033,472</u>
Total Capital Assets, Not Being Depreciated	<u>4,565,829</u>	<u>1,033,472</u>	<u>-</u>	<u>5,599,301</u>
Capital Assets, Being Depreciated:				
Site Improvements	9,617,411			9,617,411
Buildings and Building Improvements	94,123,045			94,123,045
Machinery and Equipment	28,965,031	522,321	\$ (5,899)	29,481,453
Total Capital Assets Being Depreciated	<u>132,705,487</u>	<u>522,321</u>	<u>(5,899)</u>	<u>133,221,909</u>
Less Accumulated Depreciation for:				
Site Improvements	(4,981,795)	(487,987)		(5,469,782)
Buildings and Building Improvements	(35,894,164)	(2,727,177)		(38,621,341)
Machinery and Equipment	(23,783,983)	(1,198,881)	5,899	(24,976,965)
Total Accumulated Depreciation	<u>(64,659,942)</u>	<u>(4,414,045)</u>	<u>5,899</u>	<u>(69,068,088)</u>
Total Capital Assets, Being Depreciated, Net	<u>68,045,545</u>	<u>(3,891,724)</u>	<u>-</u>	<u>64,153,821</u>
Governmental Activities Capital Assets, Net	<u>\$ 72,611,374</u>	<u>\$ (2,858,252)</u>	<u>\$ -</u>	<u>\$ 69,753,122</u>

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, July 1, 2018	Increases	Decreases	Balance, June 30, 2019
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Furniture and Equipment	\$ 2,039,758	-	-	\$ 2,039,758
Total Capital Assets Being Depreciated	<u>2,039,758</u>	<u>-</u>	<u>-</u>	<u>2,039,758</u>
Less Accumulated Depreciation for:				
Furniture and Equipment	(1,538,840)	\$ (106,381)	-	(1,645,221)
Total Accumulated Depreciation	<u>(1,538,840)</u>	<u>(106,381)</u>	<u>-</u>	<u>(1,645,221)</u>
Total Capital Assets, Being Depreciated, Net	<u>(1,538,840)</u>	<u>(106,381)</u>	<u>-</u>	<u>(1,645,221)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 500,918</u>	<u>\$ (106,381)</u>	<u>\$ -</u>	<u>\$ 394,537</u>

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

Governmental Activities:	
Instruction	
Regular	\$ 329,692
Total Instruction	<u>329,692</u>
Support Services	
Student and Instruction Related Services	329,692
General Administrative Services	143,866
School Administrative Services	143,866
Plant Operations and Maintenance	3,323,063
Business and Other Support Services	<u>143,866</u>
Total Support Services	<u>4,084,353</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,414,045</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 106,381</u>
Total Depreciation Expense-Business-Type Activities	<u>\$ 106,381</u>

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction project as of June 30, 2019:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
High School Locker Room Reconstruction	\$ 229,463	\$ <u>192,337</u>
Total		\$ <u>192,337</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2019, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 112,024
Unemployment Compensation Trust Fund	Payroll Agency Fund	<u>31,243</u>
Total		\$ <u>143,267</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 and/or to cover cash balances which were in an overdraft position.

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

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Operating Leases

The District entered into a lease agreement for rental of a facility in conjunction with the District's preschool disabled program under noncancelable operating leases. The term of the lease is for a period of one year with the option to renew for four one year renewal terms. Lease payments for the fiscal year ended June 30, 2019 were \$258,934. The future minimum lease payments for these operating leases are as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Amount</u>
2020	\$ 269,291
2021	269,291
2022	<u>269,291</u>
Total	<u>\$ 807,873</u>

Capital Leases/Lease Purchase Agreements

The District is leasing copiers, buses, computer supplies and various energy incentive program project totaling \$13,672,120 under capital leases/lease purchase agreements. The leases are for terms of 5 to 19 years.

The capital assets acquired through capital leases are as follows:

	Governmental <u>Activities</u>
Building Improvements	\$ 10,788,931
Machinery and Equipment	<u>874,796</u>
	<u>\$ 11,663,727</u>

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 were as follows:

Fiscal Year Ending <u>June 30,</u>	Governmental <u>Activities</u>
2020	\$ 1,078,578
2021	841,828
2022	800,727
2023	709,043
2024	688,873
2025-2029	3,673,291
2030-2034	4,083,777
2035	<u>869,697</u>
Total minimum lease payments	12,745,814
Less: amount representing interest	<u>(2,469,662)</u>
Present value of minimum lease payments	<u>\$ 10,276,152</u>

Lease Purchase Agreements – Certificates of Participation

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:

Year Ending <u>June 30,</u>	<u>Certificates of Participation</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2020	\$ 1,875,000	\$ 926,495	\$ 2,801,495
2021	1,935,000	867,544	2,802,544
2022	1,995,000	802,672	2,797,672
2023	2,480,000	708,550	3,188,550
2024	2,610,000	526,456	3,136,456
2025-2029	11,770,000	1,425,538	13,195,538
2030	<u>2,445,000</u>	<u>39,731</u>	<u>2,484,731</u>
Total	<u>\$ 25,110,000</u>	<u>\$ 5,296,986</u>	<u>\$ 30,406,986</u>

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

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 and other purposes permitted by statute. 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, 2019 are comprised of the following issues:

\$31,535,000, 2012 Refunding School Bonds, due in annual installments of \$2,025,000 to \$3,575,000 through November 1, 2027, interest at 2.625% to 5.000%	\$24,025,000
\$1,775,000, 2015 School Refunding Bonds, due in annual installments of \$355,000 to \$380,000 through July 15, 2021 interest at 4.000%	<u>1,105,000</u>
Total	<u>\$25,130,000</u>

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

Governmental Activities:

Fiscal Year Ending June 30,	Bonds		Total
	Principal	Interest	
2020	\$ 2,380,000	\$ 901,907	\$ 3,281,907
2021	2,485,000	794,481	3,279,481
2022	2,600,000	681,681	3,281,681
2023	2,325,000	572,081	2,897,081
2024	2,425,000	464,956	2,889,956
2025-2028	<u>12,915,000</u>	<u>893,778</u>	<u>13,808,778</u>
Total	<u>\$ 25,130,000</u>	<u>\$ 4,308,884</u>	<u>\$ 29,438,884</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2019 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 248,314,489
Less: Net Debt	<u>25,130,000</u>
Remaining Borrowing Power	<u>\$ 223,184,489</u>

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Deferred Pension Obligation

During the 2008/2009 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 7.00% effective July 1, 2017), at June 30, 2019 is \$334,397.

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 1/45th 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 \$17,819 and \$26,770 for fiscal years 2019 and 2018, respectively.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019, the District reported a liability of \$202,502 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. 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, 2018, the District's proportion was 0.644%, which was an increase of .023% from its proportion measured as of June 30, 2017 of 0.621%.

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to County of Essex pension from the following sources:

	Deferred Outflows of Resources
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 7,199
Total	<u>\$ 7,199</u>

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2019, was as follows:

	Balance, July 1, 2018	Additions	Reductions	Balance, June 30, 2019	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 27,405,000		\$ (2,275,000)	\$ 25,130,000	\$ 2,380,000
Add: Unamortized Premium	<u>2,822,788</u>	-	<u>(377,945)</u>	<u>2,444,843</u>	-
Total Bonds Payable	30,227,788	-	(2,652,945)	27,574,843	2,380,000
Lease-Purchase Agreement ("COPS")	26,935,000		(1,825,000)	25,110,000	1,875,000
Capital Leases/Lease Purchase Agreements	11,421,487	\$ 259,862	(1,405,197)	10,276,152	799,344
Claims and Judgments	684,574	270,833		955,407	
Compensated Absences	1,951,905	247,349	(132,996)	2,066,258	
Deferred Pension Obligation	380,932	26,665	(73,200)	334,397	
Net Pension Liability					
PERS	52,841,857		(10,613,141)	42,228,716	
Essex County	<u>177,430</u>	<u>25,072</u>	<u>-</u>	<u>202,502</u>	<u>-</u>
Governmental Activities Long-Term Liabilities	<u>\$ 124,620,973</u>	<u>\$ 829,781</u>	<u>\$ (16,702,479)</u>	<u>\$ 108,748,275</u>	<u>\$ 5,054,344</u>

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities (Continued)

Changes in Long-Term Liabilities (Continued)

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.

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 average of \$1,000,000 from a commercial carrier for worker's 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 and of claims incurred, but not reported (IBNR) at June 30, 2019, 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 \$1,052,512 reported at June 30, 2019 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, 2019 and 2018 are as follows:

Governmental Activities:	<u>June 30, 2019</u>	<u>Fiscal Year Ended</u>	<u>June 30, 2018</u>
Unpaid Claims, Beginning of Year	\$ 850,749		\$ 458,303
Incurred Claims	771,025		882,298
Claim Payments and Claims Adjustments	<u>(569,262)</u>		<u>(489,852)</u>
Unpaid Claims, End of Year	<u>\$ 1,052,512</u>		<u>\$ 850,749</u>
 General Fund			
Other Current Liabilities	\$ 97,105		\$ 166,175
Governmental Activities			
Noncurrent Liabilities	<u>955,407</u>		<u>684,574</u>
	<u>\$ 1,052,512</u>		<u>\$ 850,749</u>

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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:

Fiscal Year Ended <u>June 30,</u>	<u>Employee Contributions</u>	<u>District Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019	\$ 130,095		\$ 81,141	\$ 316,890
2018	125,717	\$ 320,000	229,645	265,564
2017	130,658	125,000	302,220	49,204

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, 2019, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2019, the District had no estimated arbitrage earnings due to the IRS.

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, 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. PERS is a cost sharing multiple employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

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

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple- employer defined benefit pension plan with a special funding situation, which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represent the membership tiers for TPAF:

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

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

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 and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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 (“Division”), 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.

Plan Amendments

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

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.us/treasury/doinvest.

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2018 is \$19.7 billion and the plan fiduciary net position as a percentage of the total pension liability is 53.60%. The collective net pension liability of the State funded TPAF at June 30, 2018 is \$63.81 billion and the plan fiduciary net position as a percentage of total pension liability is 26.49%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2017 which were rolled forward to June 30, 2018.

Actuarial Methods and Assumptions

In the July 1, 2017 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

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 members 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 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2019.

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

PERS employers' and TPAF State's nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2019 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was less than this actuarial determined amount. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer 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. All PERS and DCRP contributions made by the Board for fiscal years 2019, 2018 and 2017 were equal to the required contributions.

During the fiscal years ended June 30, 2019, 2018 and 2017 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed 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>
2019	\$ 2,133,316	\$ 12,002,092	\$ 66,766
2018	2,102,908	9,408,436	66,011
2017	2,094,479	7,183,019	47,714

In addition for fiscal years 2019, 2018 and 2017 the District contributed \$11,444, \$38,203 and \$16,274, respectively for PERS and the State contributed \$9,012, \$10,205 and \$11,110, respectively 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 Statement No. 85, *Omnibus 2017* (GASB No. 85). 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 \$5,018,314 during the fiscal year ended June 30, 2019 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. 85.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2017 through June 30, 2018. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits (“Division”) administers one cost-sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2018 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2018.

At June 30, 2019, the District reported in the statement of net position (accrual basis) a liability of \$42,228,716 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 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 the District’s share of contributions to the pension plan relative to the contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the District’s proportionate share was .21447 percent, which was a decrease of .01253 percent from its proportionate share measured as of June 30, 2017 of .22700 percent.

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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)

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,178,450 for PERS. The pension contribution made by the District during the current 2018/2019 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2019 with a measurement date of the prior fiscal year end of June 30, 2018. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2019 for contributions made subsequent to the measurement date. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

Difference Between Expected and Actual Experience	\$ 805,308	\$ 217,745
Changes of Assumptions	6,958,593	13,502,498
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		396,107
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>1,625,514</u>	<u>3,687,258</u>
Total	<u>\$ 9,389,415</u>	<u>\$ 17,803,608</u>

At June 30, 2019, 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:

Year Ending June 30,	Total
2020	\$ (427,836)
2021	(659,693)
2022	(3,280,875)
2023	(2,885,856)
2024	(1,159,933)
Thereafter	<u>-</u>
	<u>\$ (8,414,193)</u>

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.00%
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, 2017 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, 2019**

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

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
US Equities	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Market Equities	6.50%	11.64%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2018	5.66%
2018	June 30, 2017	5.00%

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2046
Municipal Bond Rate *	From July 1, 2046 and Thereafter

* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. 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 5.66%, 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 (4.66 percent) or 1-percentage-point higher (6.66 percent) than the current rate:

	1% Decrease <u>4.66%</u>	Current Discount Rate <u>5.66%</u>	1% Increase <u>6.66%</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 53,097,745</u>	<u>\$ 42,228,716</u>	<u>\$ 33,110,296</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2018. A sensitivity analysis specific to the District's net pension liability at June 30, 2018 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, 2019**

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)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2018. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2018, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, 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, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$23,132,728 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2019 the State's proportionate share of the net pension liability attributable to the District is \$396,811,591. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2018. At June 30, 2018, the State's share of the net pension liability attributable to the District was .62374 percent, which was a decrease of .01486 percent from its proportionate share measured as of June 30, 2017 of .63860 percent.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55-4.55%
Thereafter	2.00-5.45%
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2006

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, 2017 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, 2019**

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

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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:

Fiscal Year	Measurement Date	Discount Rate
2019	June 30, 2018	4.86%
2018	June 30, 2017	4.25%

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, 2040

Municipal Bond Rate * From July 1, 2040
and Thereafter

* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. 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 4.86%, 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 (3.86 percent) or 1-percentage-point higher (5.86 percent) than the current rate:

	1% Decrease <u>(3.86%)</u>	Current Discount Rate <u>(4.86%)</u>	1% Increase <u>(5.86%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 469,023,765</u>	<u>\$ 396,811,591</u>	<u>\$ 336,949,458</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2018. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2018 was not provided by the pension system.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

State Health Benefit Program Fund – Local Education Retired Employees Plan (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) 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 employer 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.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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.

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2017:

Active Plan Members	217,131
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	145,050
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>-</u>
Total	<u>362,181</u>

Measurement Focus and Basis of Accounting

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2018 is \$46.1 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2017 which were rolled forward to June 30, 2018.

Actuarial Methods and Assumptions

In the June 30, 2017 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.23 billion to the OPEB plan in fiscal year 2018.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution, an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2019, 2018 and 2017 were \$5,444,130, \$6,076,708 and \$5,985,089, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State’s contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2017 through June 30, 2018. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District’s proportionate share percentage determined under Statement No. 75 is zero percent and the State’s proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$12,143,785. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2019 the State’s proportionate share of the OPEB liability attributable to the District is \$214,615,943. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2018 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2018. At June 30, 2018, the state’s share of the OPEB liability attributable to the District was 0.47 percent, which was an increase of .01 percent from its proportionate share measured as of June 30, 2017 of 0.46 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases *	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.55%
Rate Thereafter	2.00% to 5.45%
Mortality	Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disable Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.
Long-Term Rate of Return	1.00%

*Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her year of service for TPAF or his or her age for PERS.

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2012 to June 30, 2015 and July 1, 2011 to June 30, 2014, respectively.

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight years. For prescription drug benefits, the initial trend rate is 8.0 percent and decreases to a 5.0 percent long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2018.

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2018	3.87%
2018	June 30, 2017	3.58%

The discount rate represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Changes in the Total OPEB Liability

The change in the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2019 (measurement date June 30, 2018) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2017 Measurement Date	\$ <u>245,217,433</u>
Changes Recognized for the Fiscal Year:	
Service Cost	10,847,670
Interest on the Total OPEB Liability	9,068,829
Differences Between Expected and Actual Experiences	(20,349,321)
Changes of Assumptions	(24,628,254)
Gross Benefit Payments	(5,738,754)
Contributions from the Member	198,340
Net Changes	<u>\$ (30,601,490)</u>
Balance, June 30, 2018 Measurement Date	\$ <u>214,615,943</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58 percent in 2017 to 3.87 percent in 2018.

The change in the total OPEB liability was based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2018. A change in the total OPEB liability specific to the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2018 was not provided by the pension system.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.87%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current rate:

	1% Decrease <u>(2.87%)</u>	Current Discount Rate <u>(3.87%)</u>	1% Increase <u>(4.87%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>253,719,733</u>	\$ <u>214,615,943</u>	\$ <u>183,532,468</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ <u>177,392,577</u>	\$ <u>214,615,943</u>	\$ <u>263,845,270</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018 were not provided by the pension system.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (Continued)

F. Subsequent Events

On August 21, 2019, The District entered into two lease purchase agreements. The first agreement provides for the acquisition of school buses in the amount of \$373,690. The lease term is five years at an annual interest rate of 2.10%. The second lease purchase agreement provides for the acquisition and installation of certain computers and related supplies in the amount of \$998,320. The lease term is three years at an annual interest rate of 2.054%.

G. 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 having entered into a tax abatement agreement is indeterminate.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

BUDGETARY COMPARISON SCHEDULES

**WEST ORANGE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Exhibit C-1

	Original <u>Budget</u>	Budget <u>Adjustments</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to <u>Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 135,380,400	\$ (3,000,000)	\$ 132,380,400	\$ 132,380,400	
Tuition-Other LEAs within the State	408,540		408,540	333,274	\$ (75,266)
Tuition-Individual/Preschool/Child Development Program	31,460		31,460	27,983	(3,477)
Rents and Royalties	150,000		150,000	85,525	(64,475)
Interest	10,000		10,000	136,555	126,555
Interest on Capital Reserve	10		10	569	559
After Care Fees			27,575	27,575	
Miscellaneous	130,000	-	102,425	160,457	58,032
Total Local Sources	<u>136,110,410</u>	<u>(3,000,000)</u>	<u>133,110,410</u>	<u>133,152,338</u>	<u>41,928</u>
State Sources					
Special Education Aid	4,159,988		4,159,988	4,159,988	
Equalization Aid	3,234,482		3,234,482	3,234,482	
Security Aid	1,866,353		1,866,353	1,866,353	
Transportation Aid	2,533,009	500,000	3,033,009	3,033,009	
Extraordinary Aid	1,500,000		1,500,000	2,428,628	928,628
Reimbursed Nonpublic Transportation Aid	100,000		100,000	236,179	136,179
TPAF Pension Contribution (On-Behalf)					
Normal Pension Contribution				11,756,008	11,756,008
NCGI Contributions				246,084	246,084
Long Term Disability Insurance				9,012	9,012
Post Retirement				5,444,130	5,444,130
TPAF Social Security Contribution (On-Behalf)	-	-	-	5,018,314	5,018,314
Total State Sources	<u>13,393,832</u>	<u>500,000</u>	<u>13,893,832</u>	<u>37,432,187</u>	<u>23,538,355</u>
Federal Source					
Medicaid Reimbursement	182,185	-	182,185	260,579	78,394
Total Federal Sources	<u>182,185</u>	<u>-</u>	<u>182,185</u>	<u>260,579</u>	<u>78,394</u>
Total Revenues	<u>149,686,427</u>	<u>(2,500,000)</u>	<u>147,186,427</u>	<u>170,845,104</u>	<u>23,658,677</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	2,304,356	(126,377)	2,177,979	2,171,562	6,417
Grades 1-5	16,331,178	327,215	16,658,393	16,649,437	8,956
Grades 6-8	10,799,019	(90,000)	10,709,019	10,647,990	61,029
Grades 9-12	14,727,011	3,500	14,730,511	14,728,780	1,731
Home Instruction					
Salaries of Teachers	122,000	4,000	126,000	125,806	194
Purchased Professional- Educational Services	26,000	20,500	46,500	45,818	682
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	691,874	34,434	726,308	710,424	15,884
Purchased Professional- Educational Services	37,026	-	37,026	23,478	13,548
Purchased Technical Services	3,700	-	3,700	3,350	350
Other Purchased Services	794,847	21,000	815,847	801,060	14,787
General Supplies	1,456,360	33,107	1,489,467	1,360,128	129,339
General Supplies- Acquired Under Lease Purchase (Non-Budgeted)				101,025	(101,025)
Textbooks	442,352	(203,164)	239,188	231,076	8,112
Other Objects	11,714	12,500	24,214	20,977	3,237
Total Regular Programs	<u>47,747,437</u>	<u>36,715</u>	<u>47,784,152</u>	<u>47,620,911</u>	<u>163,241</u>
Special Education					
Cognitive Mild					
Salaries of Teachers	689,003	85,312	774,315	772,269	2,046
Other Salaries for Instruction	581,797	(12,000)	569,797	569,666	131
General Supplies	6,027	-	6,027	5,783	244
Textbooks	359	-	359	-	359
Total Cognitive Mild	<u>1,277,186</u>	<u>73,312</u>	<u>1,350,498</u>	<u>1,347,718</u>	<u>2,780</u>
Learning and/or Language Disabilities					
Salaries of Teachers	1,991,596	337,188	2,328,784	2,289,363	39,421
Other Salaries for Instruction	854,957	(124,932)	730,025	681,203	48,822
General Supplies	18,655	-	18,655	13,446	5,209
Total Learning and/or Language Disabilities	<u>2,865,208</u>	<u>212,256</u>	<u>3,077,464</u>	<u>2,984,012</u>	<u>93,452</u>
Behavioral Disabilities					
Salaries of Teachers	61,277	(3,550)	57,727	56,966	761
Other Salaries for Instruction	64,218	(450)	63,768	63,669	99
General Supplies	1,500	5,000	6,500	5,859	641
Total Behavioral Disabilities	<u>126,995</u>	<u>1,000</u>	<u>127,995</u>	<u>126,494</u>	<u>1,501</u>

**WEST ORANGE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Exhibit C-1

EXPENDITURES	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENDITURES (Continued)					
Multiple Disabilities					
Salaries of Teachers	\$ 110,392	-	\$ 110,392	\$ 108,891	\$ 1,501
Other Salaries for Instruction	325,519	-	325,519	307,860	17,659
General Supplies	1,300	-	1,300	-	1,300
Total Multiple Disabilities	437,211	-	437,211	416,751	20,460
Resource Room/Resource Center					
Salaries of Teachers	5,043,034	\$ (569,123)	4,473,911	4,443,894	30,017
Other Salaries for Instruction	1,026,874	220,142	1,247,016	1,209,668	37,348
General Supplies	28,646	-	28,646	12,319	16,327
Total Resource Room	6,098,554	(348,981)	5,749,573	5,665,881	83,692
Autistic Program					
Salaries of Teachers	663,882	8,000	671,882	671,041	841
Other Salaries of Instruction	958,724	(51,803)	906,921	882,509	24,412
General Supplies	17,483	4,000	21,483	15,261	6,222
Other Objects	500	2,000	2,500	-	2,500
Total Autistic Program	1,640,589	(37,803)	1,602,786	1,568,811	33,975
Preschool Disabilities - Part-Time					
Salaries of Teachers	236,002	-	236,002	233,785	2,217
Other Salaries for Instruction	216,223	16,000	232,223	228,478	3,745
Total Preschool Disabilities - Part-Time	452,225	16,000	468,225	462,263	5,962
Preschool Disabilities - Full-Time					
Salaries of Teachers	345,394	(37,515)	307,879	307,785	94
Other Salaries for Instruction	523,188	(97,636)	425,552	424,861	691
General Supplies	13,645	(2,000)	11,645	8,632	3,013
Total Preschool Disabilities - Full-Time	882,227	(137,151)	745,076	741,278	3,798
Home Instruction					
Salaries of Teachers	187,950	(21,000)	166,950	166,538	412
Purchased Prof-Ed. Services	86,000	5,500	91,500	78,571	12,929
Total Home Instruction	273,950	(15,500)	258,450	245,109	13,341
Total Special Education	14,054,145	(236,867)	13,817,278	13,558,317	258,961
Basic Skills/Remedial					
Salaries of Teachers	2,207,895	12,305	2,220,200	2,215,835	4,365
General Supplies	6,118	(500)	5,618	4,599	1,019
Total Basic Skills/Remedial	2,214,013	11,805	2,225,818	2,220,434	5,384
Bilingual Education					
Salaries of Teachers	1,196,087	(23,800)	1,172,287	1,168,577	3,710
General Supplies	29,366	12,280	41,646	28,588	13,058
Textbooks	-	61,290	61,290	60,407	883
Total Bilingual Education	1,225,453	49,770	1,275,223	1,257,572	17,651
School Sponsored Co-Curricular Activities					
Salaries	456,432	161,852	618,284	617,794	490
Purchased Services	65,300	(10,900)	54,400	50,992	3,408
Supplies and Materials	125,804	-	125,804	115,816	9,988
Other Objects	30,075	-	30,075	24,048	6,027
Total School Sponsored Co-Curricular Activities	677,611	150,952	828,563	808,650	19,913
School Sponsored Athletics - Instruction					
Salaries	1,071,685	19,600	1,091,285	1,091,267	18
Purchased Services	193,050	43,058	236,108	224,909	11,199
Supplies & Materials	135,343	33,136	168,479	165,409	3,070
Other Objects	50,525	(29,100)	21,425	18,055	3,370
Total School Sponsored Athletics - Instruction	1,450,603	66,694	1,517,297	1,499,640	17,657

**WEST ORANGE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Exhibit C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Summer School - Instruction					
Salaries of Teachers	\$ 20,000	\$ 16,100	\$ 36,100	\$ 36,095	\$ 5
Summer School - Support Services					
Salaries	10,000	(100)	9,900	-	9,900
Total Summer School	30,000	16,000	46,000	36,095	9,905
Community Service Programs					
Purchased Services	-	116,667	116,667	112,404	4,263
Total Community Service Programs	-	116,667	116,667	112,404	4,263
Total - Instruction	67,399,262	211,736	67,610,998	67,114,023	496,975
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs within the State-Reg.	73,380	22,000	95,380	87,440	7,940
Tuition to Other LEAs within the State-Spec.	832,623	(82,782)	749,841	742,106	7,735
Tuition to County Vocational School District-Reg.	72,849	(25,000)	47,849	47,288	561
Tuition to County Vocational School District-Spec.	59,176	(15,000)	44,176	34,772	9,404
Tuition to County Special Services - School Districts & Regional Day Schools	161,200	84,000	245,200	238,974	6,226
Tuition to Private Schools - Disabled w/i State	7,419,225	(782,125)	6,637,100	6,609,842	27,258
Tuition to Private Schools- Disabled & Other L.E.A o/s State	203,875	155,125	359,000	357,952	1,048
Total Undistributed Expenditures - Instruction	8,822,328	(643,782)	8,178,546	8,118,374	60,172
Attendance and Social Work					
Salaries	164,220	44,000	208,220	199,349	8,871
Purchased Prof & Tech Svc.	38,800	-	38,800	38,756	44
Other Purchased Services	200	-	200	-	200
Supplies & Materials	1,000	1,000	2,000	1,884	116
Total Attendance and Social Work	204,220	45,000	249,220	239,989	9,231
Health Services					
Salaries	1,263,771	24,000	1,287,771	1,287,745	26
Purchased Professional & Technical Services	78,780	5,000	83,780	76,313	7,467
Other Purchased Services	1,600	-	1,600	175	1,425
Supplies and Materials	31,134	(2,000)	29,134	27,285	1,849
Other Objects	2,043	-	2,043	1,324	719
Total Health Services	1,377,328	27,000	1,404,328	1,392,842	11,486
Speech, OT, PT & Related Services					
Salaries	1,593,361	(69,000)	1,524,361	1,518,734	5,627
Purchased Professional/Educational Services	353,025	243,000	596,025	565,320	30,705
Supplies and Materials	10,803	-	10,803	9,686	1,117
Other Objects	2,500	-	2,500	-	2,500
Total Speech, OT, PT & Related Services	1,959,689	174,000	2,133,689	2,093,740	39,949
Other Support Services Std- Extra Serv					
Salaries	554,106	(75,000)	479,106	467,578	11,528
Purchased Professional- Educational Services	287,500	11,000	298,500	268,876	29,624
Total Other Support Services Std- Extra Serv	841,606	(64,000)	777,606	736,454	41,152
Guidance					
Salaries of Other Professional Staff	2,761,849	(41,000)	2,720,849	2,719,961	888
Salaries of Secretarial and Clerical Assistants	423,304	-	423,304	419,025	4,279
Other Purchased Prof. and Tech. Services	249,740	(22,000)	227,740	199,857	27,883
Other Purchased Services	1,280	-	1,280	1,207	73
Supplies and Materials	35,732	(1,000)	34,732	16,616	18,116
Other Objects	450	1,000	1,450	1,360	90
Total Guidance	3,472,355	(63,000)	3,409,355	3,358,026	51,329
Child Study Teams					
Salaries of Other Professional Staff	3,336,793	21,750	3,358,543	3,357,139	1,404
Salaries of Secretarial and Clerical Assistants	394,070	-	394,070	391,828	2,242
Purchased Prof-Educational Services	88,800	25,000	113,800	67,453	46,347
Other Purchased Prof & Tech Svc.	37,046	-	37,046	36,972	74
Misc. Purchased Services	10,000	-	10,000	8,833	1,167
Supplies and Materials	35,506	32,000	67,506	58,468	9,038
Other Objects	500	250	750	539	211
Total Child Study Teams	3,902,715	79,000	3,981,715	3,921,232	60,483

WEST ORANGE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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	\$ 1,833,472	\$ (45,235)	\$ 1,788,237	\$ 1,769,497	\$ 18,740
Salaries of Other Professional Staff	116,025	23,671	139,696	124,804	14,892
Salaries of Secr and Clerical Assist.	82,428	-	82,428	82,428	-
Other Purchased Services	1,300	900	2,200	2,173	27
Supplies and Materials	2,300	(300)	2,000	1,965	35
Other Objects	1,157	-	1,157	801	356
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	2,036,682	(20,964)	2,015,718	1,981,668	34,050
Educational Media Services/School Library					
Salaries	1,095,185	26,262	1,121,447	1,113,046	8,401
Purchased Professional and Technical Services	11,844	2,000	13,844	13,368	476
Supplies and Materials	110,051	(8,780)	101,271	92,383	8,888
Other Objects	-	300	300	255	45
Total Educational Media Services/School Library	1,217,080	19,782	1,236,862	1,219,052	17,810
Instructional Staff Training Services					
Salaries of Other Professional Staff	5,108	18,000	23,108	23,091	17
Other Purchased Prof. And Tech. Services	86,315	9,500	95,815	95,501	314
Other Purchased Services	76,198	(36,871)	39,327	36,843	2,484
Supplies and Materials	19,096	-	19,096	14,375	4,721
Other Objects	39,500	(4,400)	35,100	4,610	30,490
Total Instructional Staff Training Services	226,217	(13,771)	212,446	174,420	38,026
Support Services General Administration					
Salaries	612,096	121,463	733,559	720,939	12,620
Unused Vacation Payments to Terminated/Retired Staff	-	4,537	4,537	4,537	-
Legal Services	200,000	263,000	463,000	461,436	1,564
Audit Fees	77,500	(5,500)	72,000	68,500	3,500
Other Purchased Professional Services	95,108	(34,000)	61,108	51,899	9,209
Purchased Technical Services	31,988	(7,000)	24,988	18,922	6,066
Communications/Telephone	319,500	37,000	356,500	264,948	91,552
BOE Other Purchased Services	4,750	1,000	5,750	5,444	306
Misc. Purchased Services	378,330	(18,000)	360,330	350,263	10,067
General Supplies	9,200	-	9,200	7,661	1,539
BOE In-House Training/Meeting Supplies	16,550	-	16,550	14,589	1,961
Judgments against the School District	10,000	(4,500)	5,500	5,500	-
Miscellaneous Expenditures	7,863	-	7,863	7,804	59
BOE Membership Dues and Fees	29,250	(1,000)	28,250	27,068	1,182
Total Support Services General Administration	1,792,135	357,000	2,149,135	2,009,510	139,625
Support Services School Administration					
Salaries of Principals/Asst. Principals	3,959,579	44,090	4,003,669	3,996,922	6,747
Salaries of Secretarial and Clerical Assistants	1,745,227	(45,799)	1,699,428	1,683,318	16,110
Unused Vacation Payment to Terminated/Retired Staff	-	13,609	13,609	13,418	191
Purchased Professional and Technical Services	3,000	-	3,000	1,000	2,000
Other Purchased Services	33,115	-	33,115	24,609	8,506
Supplies and Materials	70,127	20,649	90,776	78,823	11,953
Other Objects	2,600	300	2,900	2,749	151
Total Support Services School Administration	5,813,648	32,849	5,846,497	5,800,839	45,658
Central Services					
Salaries	1,530,202	(48,000)	1,482,202	1,461,584	20,618
Unused Vacation Payment to Terminated/Retired Staff	-	8,500	8,500	8,430	70
Purchased Professional Services	47,500	-	47,500	47,342	158
Purchased Technical Services	69,100	3,000	72,100	71,757	343
Misc. Purchased Services	84,800	(5,000)	79,800	62,692	17,108
Supplies and Materials	23,900	5,325	29,225	27,721	1,504
Miscellaneous Expenditures	5,850	8,600	14,450	14,058	392
Total Central Services	1,761,352	(27,575)	1,733,777	1,693,584	40,193
Administration - Information Technology Services					
Salaries	1,504,466	40,000	1,544,466	1,540,563	3,903
Purchased Technical Services	32,400	21,500	53,900	52,306	1,594
Other Purchased Services	20,850	(10,000)	10,850	10,741	109
Supplies and Materials	49,262	15,200	64,462	63,836	626
Other Objects	2,040	1,500	3,540	1,395	2,145
Total Administration Information Technology Svcs.	1,609,018	68,200	1,677,218	1,668,841	8,377

**WEST ORANGE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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	\$ 1,453,879	\$ (188,183)	\$ 1,265,696	\$ 1,241,395	\$ 24,301
Lead Testing of Drinking Water	1,000	-	1,000	-	1,000
General Supplies	569,500	(275,717)	293,783	277,999	15,784
Other Objects	10,500	6,200	16,700	16,536	164
Total Required Maint. For School Facilities	2,034,879	(457,700)	1,577,179	1,535,930	41,249
Custodial Services					
Salaries	4,161,490	68,000	4,229,490	4,208,631	20,859
Salaries of Non-Instructional Aides	596,562	(2,000)	594,562	526,416	68,146
Unused Vacation Payment to Terminated/Retired Staff	-	5,437	5,437	3,833	1,604
Purchased Professional & Technical Services	4,750	71,800	76,550	69,636	6,914
Cleaning, Repair and Maintenance Services	215,800	(7,000)	208,800	205,420	3,380
Rental of Land & Bldgs Other Than Lease	367,950	59,100	427,050	403,502	23,548
Lease Purchase Payments- Energy Savings	871,012	214,000	1,085,012	1,085,012	-
Other Purchased Property Services	125,500	4,100	129,600	128,154	1,446
Insurance	306,122	12,000	318,122	317,814	308
Miscellaneous Purchased Services	3,000	1,000	4,000	3,848	152
General Supplies	304,965	111,566	416,531	387,731	28,800
Energy (Natural Gas)	169,000	444,000	613,000	589,958	23,042
Energy (Electricity)	1,034,711	146,000	1,180,711	1,051,535	129,176
Energy (Gasoline)	35,000	-	35,000	32,228	2,772
Other Objects	22,500	(14,237)	8,263	6,394	1,869
Total Custodial Services	8,218,362	1,113,766	9,332,128	9,020,112	312,016
Care and Upkeep of Grounds					
Salaries	512,627	-	512,627	496,251	16,376
Cleaning, Repair and Maintenance Svc.	268,100	(5,215)	262,885	254,050	8,835
General Supplies	85,000	-	85,000	48,058	36,942
Total Care and Upkeep of Grounds	865,727	(5,215)	860,512	798,359	62,153
Security					
Salaries	644,333	106,000	750,333	749,300	1,033
Purchased Professional & Technical Services	50,000	-	50,000	23,168	26,832
Cleaning, Repair and Maintenance Svc.	89,582	1,095	90,677	75,869	14,808
General Supplies	223,162	(54,328)	168,834	138,308	30,526
Total Security	1,007,077	52,767	1,059,844	986,645	73,199
Student Transportation Services					
Salaries of Non-Instructional Aides	431,403	9,400	440,803	440,763	40
Salaries for Pupil Trans (Bet. Home & Sch)-Reg.	479,478	31,800	511,278	511,122	156
Salaries for Pupil Trans (Bet. Home & Sch)-Sp Ed.	637,030	115,000	752,030	751,826	204
Salaries for Pupil Trans (Other than Bet. Home & Sch)	60,000	(1,000)	59,000	58,380	620
Management Fee- ESC & CTSA Trans. Program	57,811	1,700	59,511	59,483	28
Other Purchased Professional & Technical Services	21,877	-	21,877	17,235	4,642
Cleaning, Repair and Maintenance Svc.	123,100	(18,175)	104,925	102,106	2,819
Lease Purchase Payments- School Buses	180,682	5,500	186,182	186,173	9
Contract Services- Aid in Lieu Pymts-NonPub Sch	349,180	176,000	525,180	525,137	43
Contracted Services (Bet. Home and School)- Vendors	3,963,575	(264,500)	3,699,075	3,697,692	1,383
Contracted Services (Oth. Than Bet Home & School)- Vendors	235,844	151,500	387,344	386,495	849
Contracted Services (Sp. Ed. Stds)- Vendors	24,665	11,000	35,665	31,375	4,290
Contracted Services (Special Education Students)- Joint Agreements	-	7,000	7,000	3,328	3,672
Contracted Services (Reg. Students)-ESCs & CTSA	569,122	(198,100)	371,022	370,052	970
Contracted Services (Spec. Ed. Students)-ESCs & CTSA	2,392,904	120,600	2,513,504	2,510,642	2,862
Travel	-	1,000	1,000	743	257
Misc. Purchased Services	82,683	(1,000)	81,683	77,042	4,641
General Supplies	6,500	-	6,500	5,092	1,408
Transportation Supplies	142,500	(60,000)	82,500	78,923	3,577
Other Objects	9,513	-	9,513	5,540	3,973
Total Student Transportation Services	9,767,867	87,725	9,855,592	9,819,149	36,443
Unallocated Benefits - Employee Benefits					
Group Insurance	1,500	-	1,500	1,256	244
Social Security Contributions	2,100,000	(187,100)	1,912,900	1,901,596	11,304
Other Retirement Contribution-DCRP	108,000	-	108,000	66,766	41,234
Other Retirement Contribution-PERS	2,200,000	(46,119)	2,153,881	2,144,760	9,121
Other Retirement Contribution - PERS	-	-	-	-	-
Deferred Pension Obligation	77,000	-	77,000	73,200	3,800
Unemployment Compensation	300,000	(300,000)	-	-	-
Worker's Compensation	366,019	147,000	513,019	500,192	12,827
Health Benefits	18,156,250	(646,325)	17,509,925	17,498,533	11,392
Tuition Reimbursement	255,000	208,497	463,497	461,429	2,068
Other Employee Benefits	847,785	-	847,785	841,288	6,497
Unused Sick Payment to Terminated/Retired Staff	27,702	93,670	121,372	119,578	1,794
Total Unallocated Benefits - Employee Benefits	24,439,256	(730,377)	23,708,879	23,608,598	100,281

WEST ORANGE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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)					
TPAF Pension Contribution (Non Budgeted)					
Normal Pension Contribution				\$ 11,756,008	\$ (11,756,008)
NCGI Contributions				246,084	(246,084)
Long Term Disability Insurance				9,012	(9,012)
Post Retirement				5,444,130	(5,444,130)
TPAF Social Security Contribution (Non Budgeted)	-	-	-	5,018,314	(5,018,314)
	-	-	-	22,473,548	(22,473,548)
Total Undistributed Expenditures	\$ 81,369,541	\$ 30,705	\$ 81,400,246	102,650,912	(21,250,666)
Total Current Expenditures	148,768,803	242,441	149,011,244	169,764,935	(20,753,691)
CAPITAL OUTLAY					
Equipment					
Grades 1-5		-			
Grades 6-8	4,766	-	4,766	2,375	2,391
Grades 9-12	29,417	4,450	33,867	33,824	43
Preschool Disabilities- Full Time		-			
School Sponsored and Other Instructional Programs	22,340	21,501	43,841	43,829	12
Undistributed Expenditures					
Instructional	69,794	(69,794)			-
Support Services-Related & Extraordinary		3,800	3,800	3,755	45
Support Services- Instructional Staff		39,636	39,636	15,074	24,562
Admin Info Tech.		25,177	25,177	25,177	-
Custodial Services		57,721	57,721	57,721	-
Care and Upkeep of Grounds	17,000	(17,000)			-
Security	21,878	-	21,878	12,995	8,883
Total Equipment	165,195	65,491	230,686	194,750	35,936
Facilities and Acquisitions					
Architectural/Engineering Services		41,166	41,166	35,211	5,955
Construction Services		1,016,377	1,016,377	998,260	18,117
Assessment for Debt Service on SDA Funding	114,991	-	114,991	114,991	-
Total Facilities and Acquisitions	114,991	1,057,543	1,172,534	1,148,462	24,072
Interest Deposit to Capital Reserve	10	-	10	-	10
Total Capital Outlay	280,196	1,123,034	1,403,230	1,343,212	60,018
TRANSFER OF FUNDS TO CHARTER SCHOOLS					
Transfer of Funds to Charter Schools	137,428	34,982	172,410	172,410	-
Total Transfer of Funds to Charter Schools	137,428	34,982	172,410	172,410	-
Total Expenditures - General Fund	149,186,427	1,400,457	150,586,884	171,280,557	(20,693,673)
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	500,000	(3,900,457)	(3,400,457)	(435,453)	2,965,004
Other Financing Sources (Uses)					
Proceeds from Insurance Recovery				174,220	174,220
Lease Purchase Proceeds				101,025	101,025
Total Other Financing Sources (Uses)	-	-	-	275,245	275,245
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Financing Sources	500,000	(3,900,457)	(3,400,457)	(160,208)	3,240,249
Fund Balances, Beginning of Year	5,530,761	-	5,530,761	5,530,761	-
Fund Balances, End of Year	\$ 6,030,761	\$ (3,900,457)	\$ 2,130,304	\$ 5,370,553	\$ 3,240,249
Recapitulation of Fund Balance					
Restricted				\$ 569	
Capital Reserve					
Committed				192,337	
Purchases on Order					
Assigned				61,183	
Purchases on Order					
Designated in Subsequent Year's Budget (2019/20 Budget)				2,250,000	
Unassigned Fund Balance				2,866,464	
				5,370,553	
Less State Aid not Recognized on a GAAP Basis				(3,611,109)	
Fund Balance per Governmental Funds (GAAP)				\$ 1,759,444	

**WEST ORANGE BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources		\$ 90,353	\$ 90,353	\$ 57,237	\$ (33,116)
State Sources	\$ 514,693	374,763	889,456	694,538	(194,918)
Federal Sources	2,585,998	813,303	3,399,301	3,045,084	(354,217)
Total Revenues	<u>3,100,691</u>	<u>1,278,419</u>	<u>4,379,110</u>	<u>3,796,859</u>	<u>(582,251)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	781,714	34,942	816,656	776,256	40,400
Other Salaries for Instruction		2,204	2,204	2,204	
Purchased Prof & Technical Services		12,164	12,164	12,164	-
Purchased Professional- Educational Services	180,703	211,575	392,278	212,291	179,987
Tuition	1,249,829	402,429	1,652,258	1,652,258	-
General Supplies	252,112	(8,937)	243,175	125,981	117,194
Textbooks	69,239	9,526	78,765	70,866	7,899
Total Instruction	<u>2,533,597</u>	<u>663,903</u>	<u>3,197,500</u>	<u>2,852,020</u>	<u>345,480</u>
Support Services					
Salaries		17,503	17,503	14,514	2,989
Salaries of Program Directors	30,000	(2,000)	28,000	28,000	-
Employee Benefits	162,343	111,015	273,358	261,677	11,681
Purchased Prof. and Technical Services		219,932	219,932	212,423	7,509
Purchased Professional-Education Services	328,900	61,026	389,926	214,563	175,363
Cleaning, Repair and Maintenance Services		67,854	67,854	53,931	13,923
Other Purchased Services	45,851	50,804	96,655	81,350	15,305
General Supplies		16,745	16,745	9,662	7,083
Other Objects	-	-	-	-	-
Total Support Services	<u>567,094</u>	<u>542,879</u>	<u>1,109,973</u>	<u>876,120</u>	<u>233,853</u>
Facilities Acquisition and Construction					
Services					
Instructional Equipment	-	68,719	68,719	68,719	-
Non-Instructional Equipment	-	2,918	2,918	-	2,918
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>71,637</u>	<u>71,637</u>	<u>68,719</u>	<u>2,918</u>
Total Expenditures	<u>3,100,691</u>	<u>1,278,419</u>	<u>4,379,110</u>	<u>3,796,859</u>	<u>582,251</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2019**

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)	\$ 170,845,104	\$ 3,796,859	
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, 2018		143,663	
Encumbrances, June 30, 2019		(4,332)	
State Aid Payments not recognized for GAAP purposes, not recognized for budgetary statements (2017/18 State Aid)	2,544,820		
State Aid Payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year (2018/2019 State Aid)	<u>(3,611,109)</u>	<u>-</u>	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 169,778,815</u>	<u>\$ 3,936,190</u>	
Uses/Outflows of Resources			
Actual expenditure amounts (budgetary basis) (Exhibits C-1 and C-2)	\$ 171,280,557	\$ 3,796,859	
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, 2018		143,663	
Encumbrances, June 30, 2019	<u>\$ -</u>	<u>(4,332)</u>	
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 171,280,557</u>	<u>\$ 3,936,190</u>	

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION

AND

OTHER POST-EMPLOYMENT BENEFITS INFORMATION

**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 Six Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.21447%	0.22700%	0.23576%	0.22313%	0.21477%	0.22573%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 42,228,716</u>	<u>\$ 52,841,857</u>	<u>\$ 69,826,044</u>	<u>\$ 50,089,583</u>	<u>\$ 42,264,361</u>	<u>\$ 41,048,410</u>
District's Covered Payroll	<u>\$ 15,166,936</u>	<u>\$ 14,850,275</u>	<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 Payroll	278.43%	355.83%	481.54%	336.97%	278.98%	258.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	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 Six Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 2,133,316	\$ 2,102,908	\$ 2,094,479	\$ 1,990,053	\$ 1,931,610	\$ 1,687,381
Contributions in Relation to the Contractually Required Contribution	<u>(2,133,316)</u>	<u>(2,102,908)</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	<u>\$ 15,498,663</u>	<u>\$ 15,166,936</u>	<u>\$ 14,850,275</u>	<u>\$ 14,500,632</u>	<u>\$ 14,864,513</u>	<u>\$ 15,149,651</u>
Contributions as a Percentage of Covered Payroll	13.76%	13.87%	14.10%	13.72%	12.99%	11.14%

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 Six Fiscal Years*

	<u>2019</u>	<u>2018</u>	<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%	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>\$ 396,811,591</u>	<u>\$ 430,568,729</u>	<u>\$ 481,449,331</u>	<u>\$ 378,058,467</u>	<u>\$ 315,386,995</u>	<u>\$ 298,375,976</u>
District's Covered Payroll	<u>\$ 68,484,476</u>	<u>\$ 63,037,056</u>	<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 Payroll	579.42%	683.04%	759.39%	591.70%	493.55%	488.74%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.49%	25.41%	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 Six Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.644%	0.621%	0.618%	0.618%	0.639%	0.667%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 202,502</u>	<u>\$ 177,430</u>	<u>\$ 223,800</u>	<u>\$ 220,610</u>	<u>\$ 246,206</u>	<u>\$ 265,826</u>
District's Covered Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.00%	0.00%	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 Six Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 17,819	\$ 26,770	\$ 25,280	\$ 25,596	\$ 37,410	\$ 31,418
Contributions in Relation to the Contractually Required Contribution	<u>(17,819)</u>	<u>(26,770)</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of Covered Payroll	0%	0%	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, 2019**

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.

**WEST ORANGE BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OPEB LIABILITY**

Postemployment Health Benefit Plan

Last Two Fiscal Years*

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 10,847,670	\$ 13,227,808
Interest on Total OPEB Liability	9,068,829	7,737,672
Differences Between Expected and Actual Experiences	(20,349,321)	
Changes of Assumptions	(24,628,254)	(32,396,771)
Gross Benefit Payments	(5,738,754)	(6,917,994)
Contribution from the Member	<u>198,340</u>	<u>254,738</u>
Net Change in Total OPEB Liability	(30,601,490)	(18,094,547)
Total OPEB Liability - Beginning	<u>245,217,433</u>	<u>263,311,980</u>
Total OPEB Liability - Ending	<u>\$ 214,615,943</u>	<u>\$ 245,217,433</u>
District's Proportionate Share of OPEB Liability		\$ -
State's Proportionate Share of OPEB Liability	<u>\$ 214,615,943</u>	<u>245,217,433</u>
Total OPEB Liability - Ending	<u>\$ 214,615,943</u>	<u>\$ 245,217,433</u>
District's Covered Payroll	<u>\$ 83,651,412</u>	<u>\$ 77,887,331</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	0%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

*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. 75. 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 CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability are presented in 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, 2019**

	Title III- Immigrant	Title I	Carl A. Perkins	IDEA Basic	IDEA Preschool	Title IIA	Nonpublic Technology	Nonpublic Textbooks	Nonpublic Nursing	Total Page 2	Total
REVENUES											
Local										\$ 57,237	\$ 57,237
State							\$ 53,096	\$ 70,866	\$ 143,463	427,113	694,538
Federal	\$ 10,294	\$ 945,561	\$ 56,616	\$ 1,657,310	\$ 68,166	\$ 197,592	-	-	-	109,545	3,045,084
Total Revenues	\$ 10,294	\$ 945,561	\$ 56,616	\$ 1,657,310	\$ 68,166	\$ 197,592	\$ 53,096	\$ 70,866	\$ 143,463	\$ 593,895	\$ 3,796,859
EXPENDITURES											
Instruction											
Salaries of Teachers		\$ 633,466				\$ 102,640				\$ 40,150	\$ 776,256
Other Salaries for Instruction										2,204	2,204
Purchased Prof. and Technical Services		1,125	\$ 11,039							-	12,164
Purchased Prof-Educational Services										212,291	212,291
Textbooks								\$ 70,866			70,866
Tuition				\$ 1,584,092	\$ 68,166						1,652,258
Supplies	\$ -	30,794	34,265	2,118	-	-	\$ 22,611	-	-	36,193	125,981
Total Instruction	-	665,385	45,304	1,586,210	68,166	102,640	22,611	70,866	-	290,838	2,852,020
Support Services											
Salaries		8,764	3,378							2,372	14,514
Salaries of Program Directors		28,000								-	28,000
Employee Benefits		222,685	258			36,078				2,656	261,677
Purchased Prof. and Technical Services	10,294	17,050				27,408				157,671	212,423
Purchased Professional-Educational Services				71,100					\$ 143,463		214,563
Cleaning, Repair and Maintenance Services			2,432							51,499	53,931
Other Purchased Services		3,230	1,590			31,466				45,064	81,350
Supplies		447								9,215	9,662
Other Objects											
Total Support Services	10,294	280,176	7,658	71,100	-	94,952	-	-	143,463	268,477	876,120
Facilities Acquisition and Construction Services											
Instructional Equipment			3,654				30,485			34,580	68,719
Non-Instructional Equipment											
Total Facilities Acquisition and Construction Services	-	-	3,654	-	-	-	30,485	-	-	34,580	68,719
Total Expenditures	\$ 10,294	\$ 945,561	\$ 56,616	\$ 1,657,310	\$ 68,166	\$ 197,592	\$ 53,096	\$ 70,866	\$ 143,463	\$ 593,895	\$ 3,796,859

\$

**WEST ORANGE BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

			Non Public Chapter 192			Non Public Chapter 193			Local Grants	Total Page 2
	Title III	Title IV	ESL	Compens. Education	Nonpublic Security	Exam. And Class	Corrective Speech	Supplem. Instruction		
REVENUES										
Local									\$ 57,237	\$ 57,237
State			\$ 863	\$ 1,861	\$ 214,822	\$ 161,611	\$ 12,588	\$ 35,368		427,113
Federal	\$ 58,292	\$ 51,253	-	-	-	-	-	-	-	109,545
Total Revenues	\$ 58,292	\$ 51,253	\$ 863	\$ 1,861	\$ 214,822	\$ 161,611	\$ 12,588	\$ 35,368	\$ 57,237	\$ 593,895
EXPENDITURES										
Instruction										
Salaries of Teachers	\$ 18,684	\$ 11,466							\$ 10,000	\$ 40,150
Other Salaries for Instruction	2,204									2,204
Purchased Prof. and Technical Services			\$ 863	\$ 1,861		\$ 161,611	\$ 12,588	\$ 35,368		-
Purchased Professional-Educational Services										212,291
Textbooks										-
Supplies	6,300	10,889			\$ 6,841				12,163	36,193
Other Objects	-	-	-	-	-	-	-	-	-	-
Total Instruction	27,188	22,355	863	1,861	6,841	161,611	12,588	35,368	22,163	290,838
Support Services										
Salaries	2,372									2,372
Salaries of Program Directors	-									-
Purchased Prof. and Technical Services	20,140	143			137,017				371	157,671
Employee Benefits	1,779	877								2,656
Cleaning, Repair and Maintenance Services					36,384				15,115	51,499
Other Purchased Services	6,813	27,878							10,373	45,064
Supplies	-	-	-	-	-	-	-	-	9,215	9,215
Total Support Services	31,104	28,898	-	-	173,401	-	-	-	35,074	268,477
Facilities Acquisition and Construction										
Instructional Equipment					34,580					34,580
Non- Instructional Equipment										
Total Facilities Acquisition and Construction	-	-	-	-	34,580	-	-	-	-	34,580
Total Expenditures	\$ 58,292	\$ 51,253	\$ 863	\$ 1,861	\$ 214,822	\$ 161,611	\$ 12,588	\$ 35,368	\$ 57,237	\$ 593,895

**WEST ORANGE BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION PROGRAM AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019**

<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2019</u>
		<u>Prior Year</u>	<u>Current Year</u>	
Acquisition of School Vehicles	\$ 158,837	\$ -	\$ 158,837	\$ -
	<u>\$ 158,837</u>	<u>\$ -</u>	<u>\$ 158,837</u>	<u>\$ -</u>
Project Balances, June 30, 2019				\$ -
Reserved for Payment of Lease Purchase				<u>-</u>
Fund Balance, June 30, 2019 (GAAP Basis)				<u>\$ -</u>
<u>Recapitulation of Fund Balance</u>				
Restricted:				
Year-End Encumbrances				
Available for Capital Projects				
Reserved for Payment of Lease Purchase				<u>-</u>
Total Fund Balance - Restricted for Capital Projects				<u>\$ -</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, 2019**

REVENUES AND OTHER FINANCING SOURCES

Other Financing Sources

Lease Purchase Proceeds

\$ 158,837

Total Revenues and Other Financing Sources

158,837**EXPENDITURES AND OTHER FINANCING USES**

Expenditures

Vehicles

158,837

Total Expenditures and Other Financing Uses

158,837Excess of Revenues and Other Financing Sources over
Expenditures and Other Financing Uses

-

Fund Balance, July 1, 2018

-

Fund Balance, June 30, 2019

\$ -

**WEST ORANGE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS
ACQUISITION OF SCHOOL VEHICLES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Lease Proceeds	\$ -	\$ 158,837	\$ 158,837	\$ 158,837
Total Revenues and Other Financing Sources	<u>-</u>	<u>158,837</u>	<u>158,837</u>	<u>158,837</u>
Expenditures and Other Financing Uses				
Vehicles	<u>-</u>	<u>158,837</u>	<u>158,837</u>	<u>158,837</u>
Total Expenditures and Other Financing Uses	<u>-</u>	<u>158,837</u>	<u>158,837</u>	<u>158,837</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</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	\$ 158,837
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 158,837

Percentage Increase Over Original Authorized Cost	
Percentage Completion	100%
Original Target Completion Date	2018/2019
Revised Target Completion Date	

ENTERPRISE FUNDS

EXHIBIT G-1

**WEST ORANGE BOARD OF EDUCATION
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2019**

THIS SCHEDULE IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

THIS SCHEDULE IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019**

	<u>Student Activity</u>	<u>Agency Payroll</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 280,265	\$ 4,811,900	\$ 5,092,165
Accounts Receivable		931	931
Cash with Fiscal Agent	-	36,582	36,582
	<u>280,265</u>	<u>4,849,413</u>	<u>5,129,678</u>
Total Assets	<u>\$ 280,265</u>	<u>\$ 4,849,413</u>	<u>\$ 5,129,678</u>
LIABILITIES			
Due to Student Groups	\$ 256,907		\$ 256,907
Interfund Accounts Payable:			
Unemployment Fund		\$ 31,243	31,243
Accounts Payable	23,358		23,358
Accrued Salaries and Wages		2,155	2,155
Payroll Deductions and Withholdings		4,779,312	4,779,312
Reserve for Flexible Spending	-	36,703	36,703
	<u>280,265</u>	<u>4,849,413</u>	<u>5,129,678</u>
Total Liabilities	<u>\$ 280,265</u>	<u>\$ 4,849,413</u>	<u>\$ 5,129,678</u>

**FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019**

	<u>Balance</u> <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance,</u> <u>June 30, 2019</u>
Due to Student Groups				
ELEMENTARY SCHOOLS				
Gregory	\$ 3,549	\$ 7,933	\$ 9,595	\$ 1,887
Saint Cloud	1,686	5,324	5,803	1,207
Hazel Avenue	5,109	3,471	5,922	2,658
Kelly School (Formerly Pleasantdale)	2,451	8,327	7,602	3,176
Washington	3,130	3,245	3,335	3,040
Mount Pleasant	2,025	3,197	3,175	2,047
Redwood	1,801	6,309	6,492	1,618
MIDDLE SCHOOLS				
Roosevelt	31,951	160,395	154,787	37,559
Edison	6,156	43,017	44,444	4,729
Liberty	28,936	119,381	122,607	25,710
SENIOR HIGH SCHOOL				
West Orange High School	240,269	302,976	371,187	172,058
ATHLETICS				
High School	2,686	128,048	129,516	1,218
Roosevelt Middle School		4,742	4,742	-
Liberty Middle School		4,022	4,022	-
Accounts Receivable	(60)	60		-
Accounts Payable	10,950	23,358	10,950	23,358
	<u>\$ 340,639</u>	<u>\$ 823,805</u>	<u>\$ 884,179</u>	<u>\$ 280,265</u>

**PAYROLL AGENCY FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Balance,</u> <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance,</u> <u>June 30, 2019</u>
Payroll Deductions and Withholdings	\$ 4,449,937	\$ 54,802,363	\$ 54,472,988	\$ 4,779,312
Interfund Payable/Receivable	56,269	31,243	56,269	31,243
Accounts Receivable	(2,174)	2,174	931	(931)
Accrued Salaries and Wages	17,258	57,174,074	57,189,177	2,155
Reserve for Flexible Spending	26,817	342,729	332,843	36,703
	<u>\$ 4,548,107</u>	<u>\$ 112,352,583</u>	<u>\$ 112,052,208</u>	<u>\$ 4,848,482</u>

LONG-TERM DEBT

**WEST ORANGE BOARD OF EDUCATION
LONG TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<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, 2018</u>	<u>Retired</u>	<u>Balance, June 30, 2019</u>
2012 School Refunding Bonds	1/19/2012	\$ 31,535,000	11/1/2019	\$ 2,025,000	5.000 %	\$ 25,960,000	\$ 1,935,000	\$ 24,025,000
			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			
2015 School Refunding	3/13/2015	1,775,000	7/15/2019	355,000	4.000	<u>1,445,000</u>	<u>340,000</u>	<u>1,105,000</u>
			7/15/2020	370,000	4.000			
			7/15/2021	380,000	4.000			
						<u>\$ 27,405,000</u>	<u>\$ 2,275,000</u>	<u>\$ 25,130,000</u>
Paid by Budget Appropriation							<u>\$ 2,275,000</u>	

**WEST ORANGE BOARD OF EDUCATION
LONG TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS - CERTIFICATES OF PARTICIPATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<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, 2018</u>	<u>Retired</u>	<u>Balance, June 30, 2019</u>
2015 Refunding Certificates	10/22/15	\$ 25,475,000	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	\$ 22,550,000	\$ 1,265,000	\$ 21,285,000
2016 Refunding Certificates	7/14/2016	4,970,000	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	<u>4,385,000</u>	<u>560,000</u>	<u>3,825,000</u>
				<u>\$ 26,935,000</u>	<u>\$ 1,825,000</u>	<u>\$ 25,110,000</u>		
					Paid by Budget Appropriation	<u>\$ 1,825,000</u>		

**WEST ORANGE BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES/LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR JUNE 30, 2019**

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2018</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2019</u>
Bus Lease #1	2.770%	\$ 247,493	\$ 50,846		\$ 50,846	
Bus Lease #2	2.810%	157,727	32,419		32,419	
Energy Savings Improvement Program Lease	2.730%	11,520,000	10,640,000		800,000	\$ 9,840,000
Lease Purchase Agreement-Buses	1.982%	310,739	127,829		63,288	64,541
Lease Purchase- Chrome Books (Supplies)	1.460%	630,768	210,241		210,241	-
Lease Purchase- Chrome Books (Supplies)	1.957%	545,531	360,152		178,331	181,821
Lease Purchase Agreement-Buses	4.680%	158,837		\$ 158,837	34,738	124,099
Lease Purchase- Chrome Books (Supplies)	5.010%	<u>101,025</u>	<u>-</u>	<u>101,025</u>	<u>35,334</u>	<u>65,691</u>
		<u>\$ 13,672,120</u>	<u>\$ 11,421,487</u>	<u>\$ 259,862</u>	<u>\$ 1,405,197</u>	<u>\$ 10,276,152</u>
			Paid by Budget Appropriation		<u>\$ 1,405,197</u>	

**WEST ORANGE BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 5,772,600	-	\$ 5,772,600	\$ 5,772,600	
State Sources					
Debt Service Aid	<u>311,752</u>	<u>-</u>	<u>311,752</u>	<u>311,752</u>	<u>-</u>
 Total Revenues	 <u>6,084,352</u>	 <u>-</u>	 <u>6,084,352</u>	 <u>6,084,352</u>	 <u>-</u>
EXPENDITURES					
Principal Payments- Comm Approved					
Lease Purchase Agreement	1,825,000	-	1,825,000	1,825,000	
Interest Payments- Comm Approved					
Lease Purchase Agreement	979,220	-	979,220	979,219	\$ 1
Principal	2,275,000	-	2,275,000	2,275,000	
Interest	<u>1,005,132</u>	<u>-</u>	<u>1,005,132</u>	<u>1,005,131</u>	<u>1</u>
 Total Expenditures	 <u>6,084,352</u>	 <u>-</u>	 <u>6,084,352</u>	 <u>6,084,350</u>	 <u>2</u>
 Excess (Deficiency) of Revenues Over/(Under) Expenditures	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>2</u>	 <u>2</u>
 Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures	 -	 -	 -	 2	 2
 Fund Balance, Beginning of Year	 <u>2</u>	 <u>-</u>	 <u>2</u>	 <u>2</u>	 <u>-</u>
 Fund Balance, End of Year	 <u>\$ 2</u>	 <u>\$ -</u>	 <u>\$ 2</u>	 <u>\$ 4</u>	 <u>\$ 2</u>

Recapitulation of Fund Balance:

Restricted for Debt Service:	
Designated for Subsequent Year's Budget (2019/20 Budget)	\$ 2
Available for Debt Service Expenditures	<u>2</u>
	<u>\$ 4</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,									
	2010	2011	2012	2013	2014 (Restated)	2015 (Restated)	2016	2017	2018	2019
Governmental Activities										
Net Investment in Capital Assets	\$ 50,892,444	\$ 50,380,283	\$ 52,834,155	\$ 56,057,197	\$ 59,644,905	\$ 6,206,060	\$ 5,013,062	\$ 5,142,084	\$ 7,014,988	\$ 9,145,614
Restricted	2,839,791	233,986	1,793,274	3,758,926	2,429,584	689,187	367,589	53,823	504,228	573
Unrestricted (Deficit)	<u>281,211</u>	<u>6,023,672</u>	<u>6,092,157</u>	<u>3,891,653</u>	<u>(37,928,804)</u>	<u>(41,271,909)</u>	<u>(43,374,143)</u>	<u>(51,535,350)</u>	<u>(52,340,064)</u>	<u>(53,111,800)</u>
Total Governmental Activities Net Position	\$ 54,013,446	\$ 56,637,941	\$ 60,719,586	\$ 63,707,776	\$ 24,145,685	\$ (34,376,662)	\$ (37,993,492)	\$ (46,339,443)	\$ (44,820,848)	\$ (43,965,613)
Business-Type Activities										
Net Investment in Capital Assets	\$ 92,092	\$ 92,083	\$ 108,294	\$ 96,465	\$ 78,903	\$ 837,743	\$ 717,879	\$ 616,162	\$ 500,918	\$ 394,537
Unrestricted	<u>301,066</u>	<u>328,461</u>	<u>273,341</u>	<u>177,115</u>	<u>277,446</u>	<u>341,939</u>	<u>504,402</u>	<u>660,784</u>	<u>798,465</u>	<u>860,358</u>
Total Business-Type Activities Net Position	\$ 393,158	\$ 420,544	\$ 381,635	\$ 273,580	\$ 356,349	\$ 1,179,682	\$ 1,222,281	\$ 1,276,946	\$ 1,299,383	\$ 1,254,895
District-Wide										
Net Investment in Capital Assets	\$ 50,984,536	\$ 50,472,366	\$ 52,942,449	\$ 56,153,662	\$ 59,723,808	\$ 7,043,803	\$ 5,730,941	\$ 5,758,246	\$ 7,515,906	\$ 9,540,151
Restricted	2,839,791	233,986	1,793,274	3,758,926	2,429,584	689,187	367,589	53,823	504,228	573
Unrestricted	<u>582,277</u>	<u>6,352,133</u>	<u>6,365,498</u>	<u>4,068,768</u>	<u>(37,651,358)</u>	<u>(40,929,970)</u>	<u>(42,869,741)</u>	<u>(50,874,566)</u>	<u>(51,541,599)</u>	<u>(52,251,442)</u>
Total District Net Position	\$ 54,406,604	\$ 57,058,485	\$ 61,101,221	\$ 63,981,356	\$ 24,502,034	\$ (33,196,980)	\$ (36,771,211)	\$ (45,062,497)	\$ (43,521,465)	\$ (42,710,718)

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 61,320,997	\$ 62,779,576	\$ 63,124,740	\$ 67,921,457	\$ 70,270,423	\$ 77,479,168	\$ 74,210,221	\$ 85,732,467	\$ 89,764,429	\$ 83,827,931
Special Education	11,761,960	12,705,738	13,859,402	13,473,571	13,731,125	15,851,405	32,776,729	37,600,641	35,287,770	33,936,486
Vocational Instruction-Tuition							175,783	154,935	135,994	82,060
Other Special Education	2,719,469	2,728,498	2,713,054	3,090,471	2,991,100	3,331,767	5,293,464	6,539,288	6,560,458	6,241,671
Other Instruction	1,401,680	1,467,081	1,366,657	1,522,544	1,509,617	1,465,571	2,687,502	3,670,117	3,502,549	3,620,792
Support Services:										
Tuition	7,727,502	6,723,081	7,653,063	8,120,169	8,966,563	7,361,760				
Student and Instruction Related Services	15,889,197	16,232,826	15,687,467	16,959,236	14,233,945	18,851,833	21,589,825	23,297,639	24,335,737	22,123,130
General Administration Services	1,233,674	1,559,078	1,554,498	1,643,528	1,542,055	2,135,783	2,373,226	2,429,170	2,178,896	2,474,908
School Administration Services	8,793,394	8,112,122	8,015,389	9,077,291	9,679,931	10,968,183	8,729,484	10,176,873	10,373,914	9,764,953
Central Services	1,137,355	1,361,413	1,245,356	1,189,487	1,221,056	2,243,400				
Administrative Technology Information						546,073				
Business and Other Support Services							4,484,056	5,394,327	4,955,442	4,845,221
Plant Operations And Maintenance	10,459,024	11,044,828	11,074,567	10,877,947	11,250,987	15,505,138	16,421,279	16,440,143	16,181,642	17,325,731
Pupil Transportation	8,607,090	7,789,494	8,086,301	7,869,401	8,120,910	8,696,611	9,025,725	9,598,354	9,902,389	10,418,854
Capital Outlay										
Interest On Long-Term Debt	4,227,907	3,742,912	3,140,282	3,287,639	3,108,497	2,977,679	3,222,707	2,677,810	2,187,845	2,286,896
Transfer of Funds to Charter Schools						255,172				
Unallocated Depreciation	1,052,340	2,366,214	2,507,544	2,675,170	2,874,763	5,121,756	-	-	-	-
Total Governmental Activities Expenses	136,331,589	138,612,861	140,028,320	147,707,911	149,500,972	172,791,299	180,990,001	203,711,764	205,367,065	196,948,633
Business-Type Activities										
Food Service	2,740,607	2,995,896	3,187,324	3,392,440	3,178,570	3,448,198	3,679,776	3,601,613	3,728,527	3,809,921
Community Education	-	-	-	-	-	133,754	127,773	140,192	153,746	168,904
Total Business-Type Activities Expense	2,740,607	2,995,896	3,187,324	3,392,440	3,178,570	3,581,952	3,807,549	3,741,805	3,882,273	3,978,825
Total District Expenses	\$ 139,072,196	\$ 141,608,757	\$ 143,215,644	\$ 151,100,351	\$ 152,679,542	\$ 176,373,251	\$ 184,797,550	\$ 207,453,569	\$ 209,249,338	\$ 200,927,458
Program Revenues										
Governmental Activities										
Charges For Services	\$ 333,680	\$ 194,732	\$ 445,612	\$ 440,999	\$ 578,707	\$ 311,761	\$ 332,145	\$ 657,964	\$ 634,813	\$ 474,357
Operating Grants and Contributions	17,783,181	13,605,856	17,292,453	21,211,385	19,047,102	35,456,743	42,770,535	58,171,326	63,784,321	55,145,617
Capital Grants and Contributions	147,336	43,124	-	-	-	-	-	7,284	104,546	342,955
Total Governmental Activities Program Revenues	18,264,197	13,843,712	17,738,065	21,652,384	19,625,809	35,768,504	43,102,680	58,836,574	64,523,680	55,962,929
Business-Type Activities										
Charges For Services										
Food Service	1,481,571	1,498,628	1,516,275	1,444,524	1,496,008	1,585,176	2,080,794	1,615,262	1,702,136	1,733,030
Summer Enrichment						162,283	145,768	150,529	167,061	169,312
Operating Grants And Contributions	1,358,286	1,524,590	1,632,067	1,839,844	1,765,304	1,886,516	1,623,552	2,030,569	2,034,903	2,028,612
Total Business Type Activities Program Revenues	2,839,857	3,023,218	3,148,342	3,284,368	3,261,312	3,633,975	3,850,114	3,796,360	3,904,100	3,930,954
Total District Program Revenues	\$ 21,104,054	\$ 16,866,930	\$ 20,886,407	\$ 24,936,752	\$ 22,887,121	\$ 39,402,479	\$ 46,952,794	\$ 62,632,934	\$ 68,427,780	\$ 59,893,883
Net (Expense)/Revenue										
Governmental Activities										
Governmental Activities	\$ (118,067,392)	\$ (124,769,149)	\$ (122,290,255)	\$ (126,055,527)	\$ (129,875,163)	\$ (137,022,795)	\$ (137,887,321)	\$ (144,875,190)	\$ (140,843,385)	\$ (140,985,704)
Business-Type Activities										
Business-Type Activities	99,250	27,322	(38,982)	(108,072)	82,742	52,023	42,565	54,555	21,827	(47,871)
Total District-Wide Net Expenses	\$ (117,968,142)	\$ (124,741,827)	\$ (122,329,237)	\$ (126,163,599)	\$ (129,792,421)	\$ (136,970,772)	\$ (137,844,756)	\$ (144,820,635)	\$ (140,821,558)	\$ (141,033,575)

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Assets										
Governmental Activities										
Property Taxes Levied For General Purposes, Net	\$ 109,933,212	\$ 115,506,733	\$ 114,498,112	\$ 119,000,131	\$ 120,538,165	\$ 125,184,960	\$ 126,326,356	\$ 128,852,883	\$ 133,115,444	\$ 132,380,400
Taxes Levied For Debt Service	5,420,427	5,242,559	5,328,071	4,931,874	5,322,238	4,952,981	5,084,539	5,001,495	5,719,471	5,772,600
Federal and State Aid - Unrestricted	6,068,467	6,105,727	4,846,412	5,016,044	4,851,117	5,253,271	2,268,165	2,192,832	3,244,247	3,390,358
Investment Earnings	77,776	50,169	21,484	11,368	7,977	5,139	6,802	10,556	25,489	137,124
Miscellaneous Income	651,190	488,456	542,729	741,945	907,811	256,959	584,629	471,473	257,329	160,457
Donated Assets										
Transfers	-	-	500,000	-	-	-	-	-	-	-
Total Governmental Activities	<u>122,151,072</u>	<u>127,393,644</u>	<u>125,736,808</u>	<u>129,701,362</u>	<u>131,627,308</u>	<u>135,653,310</u>	<u>134,270,491</u>	<u>136,529,239</u>	<u>142,361,980</u>	<u>141,840,939</u>
Business-Type Activities										
Investment Earnings	189	64	73	17	27	15	34	110	610	3,383
Total Business-Type Activities	<u>189</u>	<u>64</u>	<u>73</u>	<u>17</u>	<u>27</u>	<u>15</u>	<u>34</u>	<u>110</u>	<u>610</u>	<u>3,383</u>
Total District-Wide	<u>\$ 122,151,261</u>	<u>\$ 127,393,708</u>	<u>\$ 125,736,881</u>	<u>\$ 129,701,379</u>	<u>\$ 131,627,335</u>	<u>\$ 135,653,325</u>	<u>\$ 134,270,525</u>	<u>\$ 136,529,349</u>	<u>\$ 142,362,590</u>	<u>\$ 141,844,322</u>
Change in Net Position										
Governmental Activities	\$ 4,083,680	\$ 2,624,495	\$ 3,446,553	\$ 3,645,835	\$ 1,752,145	\$ (1,369,485)	\$ (3,616,830)	\$ (8,345,951)	\$ 1,518,595	\$ 855,235
Business-Type Activities	99,439	27,386	(38,909)	(108,055)	82,769	52,038	42,599	54,665	22,437	(44,488)
Total District	<u>\$ 4,183,119</u>	<u>\$ 2,651,881</u>	<u>\$ 3,407,644</u>	<u>\$ 3,537,780</u>	<u>\$ 1,834,914</u>	<u>\$ (1,317,447)</u>	<u>\$ (3,574,231)</u>	<u>\$ (8,291,286)</u>	<u>\$ 1,541,032</u>	<u>\$ 810,747</u>

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 2,086,766									
Unreserved	2,835,041									
Restricted		\$ 1	\$ 1,349,220	\$ 3,860,212	\$ 2,393,105	\$ 648,772	\$ 273,014	\$ 4,209	\$ 504,226	\$ 569
Committed							2,583,598		116,667	192,337
Assigned		1,898,887	2,651,226	1,267,417	1,047,827	2,483,080	2,167,640	1,353,907	2,742,463	2,311,183
Unassigned	-	3,417,328	2,827,610	2,513,648	2,511,440	2,368,040	(314,101)	(143,511)	(377,415)	(744,645)
Total General Fund	\$ 4,921,807	\$ 5,316,216	\$ 6,828,056	\$ 7,641,277	\$ 5,952,372	\$ 5,499,892	\$ 4,710,151	\$ 1,214,605	\$ 2,985,941	\$ 1,759,444
All Other Governmental Funds										
Unreserved (Deficit):										
Special Revenue Fund										
Capital Projects Fund	\$ 30,872									
Debt Service Fund	693,188									
Restricted/Reserved for:										
Capital Projects Fund	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	2	4
Total All Other Governmental Funds	\$ 753,025	\$ 233,985	\$ 444,054	\$ 43,581	\$ 36,479	\$ 40,415	\$ 8,819,663	\$ 801,673	\$ 2	\$ 4

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tax Levy	115353639	\$ 120,749,292	\$ 119,826,183	\$ 123,932,005	\$ 125,860,403	\$ 130,137,941	\$ 131,410,895	\$ 133,854,378	\$ 138,834,915	\$ 138,153,000
Tuition Charges	333680	194,732	445,612	440,999	578,707	311,761	302,945	524,819	513,225	361,257
Miscellaneous	728966	593,460	608,908	762,784	919,499	313,392	635,219	669,089	548,197	608,555
State Sources	19265542	15,194,466	18,329,001	22,578,466	20,873,116	23,304,644	23,797,382	28,138,903	31,760,830	37,370,842
Federal Sources	4,733,442	4,505,406	3,765,169	3,639,492	3,021,392	3,617,131	3,042,881	3,180,141	3,290,618	3,305,703
Total Revenues	140,415,269	141,237,356	142,974,873	151,353,746	151,253,117	157,684,869	159,189,322	166,367,330	174,947,785	179,799,357
Expenditures										
Instruction										
Regular Instruction	40,940,145	42,147,377	41,803,213	43,619,297	48,532,741	45,078,017	62,006,225	67,067,133	70,690,474	72,879,424
Special Education Instruction	11,753,353	12,778,869	13,778,274	13,454,793	13,713,576	15,822,868	28,841,051	31,289,011	29,655,939	30,772,477
Vocational Instruction- Tuition							175,783	154,935	135,994	82,060
Other Special Instruction	2,719,469	2,696,569	2,744,983	3,090,471	2,991,100	3,331,767	4,395,365	5,097,364	5,118,803	5,440,928
Other Instruction	1,401,680	1,467,081	1,366,657	1,522,544	1,509,617	1,465,571	2,312,660	2,954,674	2,821,863	3,217,803
Support Services										
Tuition	7,727,502	6,723,081	7,653,063	8,120,169	8,966,563	7,361,760				
Student and Inst. Related Services	12,146,085	12,670,108	11,957,991	12,584,070	10,886,244	12,804,951	19,949,986	19,679,644	20,487,933	20,480,511
General Administration Services	1,111,438	1,391,407	1,415,611	1,450,618	1,417,716	1,884,726	2,153,246	2,072,895	1,971,269	2,275,876
School Administration Services	6,377,200	6,003,281	5,744,918	6,470,856	7,201,449	7,076,852	7,550,998	8,106,505	8,265,316	8,549,824
Central Services	813,468	1,060,212	917,106	891,714	934,706	1,542,368	4,128,993	4,532,978	4,289,012	4,471,633
Administrative Information Technology						357,243				
Plant Operations And Maintenance	9,305,398	9,946,807	9,142,144	9,604,090	9,440,998	11,753,134	13,433,838	12,604,576	12,021,433	13,545,036
Pupil Transportation	8,194,067	7,422,233	7,541,259	7,442,420	7,647,525	7,968,435	8,930,484	9,262,691	9,580,098	10,284,019
Unallocated Employee Benefits	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	3,496,627	2,068,073	2,354,224	3,426,715	3,679,806	3,457,031	3,599,557	8,150,456	1,289,809	1,555,793
Debt Service										
Principal	2,213,140	3,270,000	3,140,000	3,270,000	3,410,000	3,170,000	4,112,973	4,838,471	5,637,819	5,505,197
Interest and Other Charges	4,292,121	3,445,690	2,934,640	3,011,932	2,876,807	2,742,653	2,429,191	2,707,585	2,557,889	2,399,353
Total Expenditures	140,860,362	141,361,987	141,752,964	150,940,998	152,804,257	159,092,053	164,519,648	178,690,497	174,523,651	181,459,934
Excess (Deficiency) of Revenues Over (Under) Expenditures	(445,093)	(124,631)	1,221,909	412,748	(1,551,140)	(1,407,184)	(5,330,326)	(12,323,167)	424,134	(1,660,577)
Other Financing Sources (Uses)										
Lease Purchase Agreements							12,820,535			
School Bonds Issued			31,535,000				27,250,000			
School Bonds Defensed			(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)	502,342					958,640		630,768	545,531	259,862
Gain/Insurance Recovery on Capital Assets								7,284		174,220
Transfers In	8,223	6,525	502,892	2,591	35,273			98	8,745	
Transfers Out	(8,223)	(6,525)	(2,892)	(2,591)	(35,273)			(98)	(8,745)	
Total Other Financing Sources (Uses)	502,342	-	500,000	-	-	958,640	13,319,833	809,631	545,531	434,082
Net Change in Fund Balances	\$ 57,249	\$ (124,631)	\$ 1,721,909	\$ 412,748	\$ (1,551,140)	\$ (448,544)	\$ 7,989,507	\$ (11,513,536)	\$ 969,665	\$ (1,226,495)
Debt Service as a Percentage of Noncapital Expenditures	4.74%	4.82%	4.36%	4.26%	4.22%	3.80%	4.07%	4.42%	4.73%	4.39%

* 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>
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
2018	25,489	513,225	109,488		223,551		189,669	1,061,422
2019	137,124	361,257	85,525		108,114		277,792	969,812

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
2010	\$ 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
2011 *	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
2012	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
2013	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
2014	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
2015	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
2016	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
2017	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
2018	34,932,100	4,513,041,280	859,738,000	31,867,000	144,408,300	5,583,986,680	9,530,152	5,593,516,832	591,427,955	6,245,720,829	2.44
2019	33,980,800	4,517,414,380	869,209,100	22,445,400	144,351,700	5,587,401,380	9,427,715	5,596,829,095	643,197,655	6,396,490,186	2.48

* A revaluation of real property became effective in 2011.

a Tax rates are per \$100

Source: County Abstract of Ratables

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	
2010	\$ 7.36	\$ 3.39	\$ 1.79	\$ 12.54
2011	7.82	3.39	1.76	12.97
2012	2.10 *	0.89 *	0.49 *	3.48
2013	2.14	0.86	0.49	3.49
2014	2.21	0.88	0.50	3.59
2015	2.29	0.89	0.51	3.69
2016	2.34	0.91	0.52	3.77
2017	2.37	0.93	0.54	3.84
2018	2.44	0.95	0.55	3.94
2019	2.48	0.97	0.54	3.99

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	2019		2010	
	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	0.89%		
Bow and Arrow Manor Inc.	46,978,100	0.84%	14,967,200	0.98%
Reckson Operating Partnership L.P.			13,648,700	0.89%
Blackburn Development Co. Inc.	43,000,000	0.77%	13,227,700	0.86%
West Orange Plaza			10,747,600	0.70%
West Orange Office Executive Park	35,828,800	0.64%		
Atkins Medical Plaza	24,000,000	0.43%		
Montclair Golf Club	21,250,000	0.38%	7,490,400	0.49%
Crestmont County Club	18,500,000	0.33%	8,961,500	0.58%
Prism Green Associates			7,787,300	0.51%
Atkins & Kent Limited			7,531,000	0.49%
Hutton Lafayette Apartments	16,380,000	0.29%		
Essex Country Club	16,323,700	0.29%		
Rockledge Realty Co.	15,953,500	0.29%		
	<u>\$ 415,102,000</u>	<u>7.43%</u>	<u>\$ 118,729,900</u>	<u>7.74%</u>

* Revaluation of real property became effective in 2011.

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	
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
2018	138,834,915	138,834,915	100.00%	N/A
2019	138,153,000	138,153,000	100.00%	N/A

Source: District records

**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	<u>Population</u>	<u>Per Capita</u>
	General Obligation Bonds	Certificates of Participation	Capital Leases			
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	46,190	1,728
2012	37,557,000	38,870,000	208,626	76,635,626	46,461	1,649
2013	35,927,000	37,230,000	107,097	73,264,097	46,484	1,576
2014	34,232,000	35,515,000		69,747,000	46,771	1,491
2015	32,847,000	33,730,000	688,916	67,265,916	46,859	1,435
2016	31,225,000	31,185,000	12,856,478	75,266,478	46,901	1,605
2017	29,510,000	28,800,000	12,543,775	70,853,775	46,955	1,509
2018	27,405,000	26,935,000	11,421,487	65,761,487	47,669	1,380
2019	25,130,000	25,110,000	10,276,152	60,516,152	47,720	1,268

Source: District records

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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2010	\$ 40,766,000		\$ 40,766,000	2.63%	\$ 958
2011	38,991,000		38,991,000	2.58%	844
2012	37,557,000		37,557,000	0.66%	808
2013	35,927,000		35,927,000	0.63%	773
2014	34,232,000		34,232,000	0.61%	732
2015	32,847,000		32,847,000	0.59%	701
2016	31,225,000		31,225,000	0.56%	666
2017	29,510,000		29,510,000	0.53%	628
2018	27,405,000		27,405,000	0.49%	575
2019	25,130,000		25,130,000	0.45%	527

Source: District records

**WEST ORANGE BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2018
(Unaudited)**

Gross Debt

Municipal Debt: (1)	
West Orange Board of Education	\$ 25,130,000
Township of West Orange	<u>79,895,286</u>
	<u>105,025,286</u>
Overlapping Debt Apportioned to the Municipality:	
Essex County	
County of Essex (A)	<u>36,508,182</u>
	<u>36,508,182</u>
 Total Direct and Overlapping Debt	 <u><u>\$ 141,533,468</u></u>

Source:

(1) Township of West Orange's 2018 Annual Debt Statement

(A) The debt for this entity was apportioned to West Orange by dividing the municipality's 2018 equalized value by the total 2018 equalized value for Essex County.

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 276,795,197	\$ 268,757,098	\$ 257,636,672	\$ 251,482,689	\$ 239,820,163	\$ 233,263,736	\$ 233,250,484	\$ 236,673,670	\$ 242,853,746	\$ 248,314,489
Total Net Debt Applicable to Limit	40,766,000	38,991,000	37,557,000	35,927,000	34,232,000	32,847,000	31,225,000	29,510,000	27,405,000	25,130,000
Legal Debt Margin	<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>	<u>\$ 215,448,746</u>	<u>\$ 223,184,489</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	14.73%	14.51%	14.58%	14.29%	14.27%	14.08%	13.39%	12.47%	11.28%	10.12%

Legal Debt Margin Calculation for Fiscal Year 2019

Equalized Valuation Basis	
2018	\$ 6,364,242,854
2017	6,215,620,287
2016	<u>6,043,723,568</u>
	<u>\$18,623,586,709</u>
3 Year Average	<u>\$ 6,207,862,236</u>
4% of Avg. Equalized Valuation	\$ 248,314,489
Less Net Debt	<u>25,130,000</u>
Remaining Borrowing Power	<u>\$ 223,184,489</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>
2010	8.20%	\$ 52,104	42,561
2011	7.70%	50,946	46,190
2012	8.00%	51,884	46,461
2013	6.90%	54,078	46,484
2014	6.00%	54,783	46,771
2015	5.10%	55,369	46,859
2016	4.4%	57,817	46,901
2017	4.1%	60,131	46,955
2018	3.8%	61,287	47,669
2019	N/A	63,554	47,720

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Instruction										
Regular	632	605	603	622	492	497	508	511	509	505
Special Education	52	109	120	120	306	311	313	308	291	288
Support Services:										
Student & Instruction-Related Services	76	75	90	103	100	101	115	116	121	125
School Administration Services	50	50	55	48	75	68	76	73	77	77
General Administration Services	3	3	3	6	7	7	7	5	5	5
Plant Operations and Maintenance	72	71	75	72	140	141	144	149	118	117
Pupil Transportation	14	14	16	16	27	34	36	36	43	41
Central Services/Administrative Information Technology	<u>13</u>	<u>13</u>	<u>14</u>	<u>15</u>	<u>15</u>	<u>31</u>	<u>35</u>	<u>33</u>	<u>34</u>	<u>34</u>
Total	<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>	<u>1,198</u>	<u>1,192</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	Teaching Staff	Elementary	Middle School	High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
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	3.56%	632	10.9	9.7	10.9	6,673	6,392	-0.77%	95.79%
2017	6,632	162,822,406	24,551	6.85%	636	10.6	9.9	10.5	6,623	6,329	-0.75%	95.56%
2018	6,642	165,038,134	24,848	1.21%	628	10.7	10.1	10.8	6,659	6,346	0.54%	95.30%
2019	6,597	171,999,591	26,072	4.93%	631	10.3	10.1	10.9	6,609	6,293	-0.75%	95.22%

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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>District Building</u>										
<u>Elementary</u>										
Betty Maddalena ELC										
Square Feet									8,546	8,546
Capacity (students)									120	120
Enrollment									84	69
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	563	590	575	571	571	546	521	504	467	442
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	336	368	380	376	376	381	366	337	332	335
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	412	416	424	414	414	394	380	365	364	344
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	439	447	370	491	492	442	419	456	447	460
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	506	574	569	591	591	566	546	573	533	515
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	367	386	377	394	394	401	388	367	379	377
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	406	403	415	445	445	438	434	433	413	428

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<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	503	475	493	449	466	545	517	487	482	493
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	484	485	489	515	515	522	535	558	535	487
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	546	551	421	503	501	449	497	533	512	528
<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	2,040	2,175	2,190	2,117	2,111	2,048	2,085	2,019	2,094	2,119
<u>Administration Building</u>										
Square Feet	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600
Capacity (students)										
Enrollment										
<u>Administration Building</u>										
Square Feet	42,201	42,201	42,201	42,201	42,201	42,201	42,201	42,201	42,201	42,201
Capacity (students)										
Enrollment										
Number of Schools at June 30, 2019										
Elementary = 8										
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 BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(Unaudited)

	<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>2018</u>	<u>2019</u>
School Facilities										
Gregory	110,797	126,984	114,363	119,828	128,912	185,350	81,872	73,493	79,075	62,154
Hazel	72,521	83,116	74,855	78,432	84,378	121,319	53,588	48,104	65,090	126,612
Mount Pleasant	68,758	78,804	70,971	74,363	80,000	115,024	50,808	45,608	82,667	67,844
Kelly	124,560	142,758	128,568	134,712	144,925	208,373	92,042	82,622	43,599	49,853
Redwood	114,907	131,695	118,605	124,273	133,694	192,226	84,909	76,220	34,983	81,228
Saint Cloud	69,076	79,168	71,299	74,706	80,370	115,556	51,043	45,819	65,870	71,979
Washington	94,296	108,072	97,330	101,981	109,712	157,745	69,678	62,548	37,184	84,664
Edison Middle	135,103	154,841	139,451	146,115	157,192	226,011	99,832	89,616	58,983	173,423
Roosevelt Middle	182,962	209,691	188,849	197,874	212,875	306,072	135,197	121,361	54,628	162,076
Liberty Middle	189,516	217,204	195,614	204,963	220,501	317,037	140,040	125,709	59,253	82,303
West Orange High	624,949	716,251	645,059	675,887	727,126	1,045,463	461,796	414,538	479,616	513,647
Administration Building	35,369	40,534	36,505	38,251	41,151	59,166	26,134	23,460	22,178	37,814
Bus Garage	69,100	79,196	71,323	74,733	80,398	115,596	51,061	45,835	24,504	19,256
Betty Maddelena ELC	-	-	-	-	-	-	-	-	32,935	3,077
Grand Total	<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>	<u>\$ 1,140,565</u>	<u>\$ 1,535,930</u>

**WEST ORANGE BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2019
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - American Guarantee & Liability Insurance Co.:		
Property - Blanket Real and Personal Property	\$ 281,826,138	\$ 5,000
Extra Expense	2,000,000	5,000
Valuable Papers and Records	250,000	5,000
Demolition and Increased Cost of Construction	(Included)	5,000
Flood Zones C	5,000,000	50,000
Flood Zone B	1,000,000	500,000
Earthquake	5,000,000	100,000
Boiler and Machinery	(Included)	5,000
Crime		
Public Employee Dishonesty	250,000	1,000
Money Orders and Counterfeit	250,000	1,000
Forgery or Alteration	250,000	1,000
Computer Fraud	250,000	1,000
General Liability		
Each Occurrence	1,000,000	
Products/Completed Operations	3,000,000	
Sexual Abuse	1,000,000	
Personal and Advertising Policy	1,000,000	
Employee Benefits	1,000,000	
Medical Payments	10,000	
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, 2019
(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.	10,000,000	-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	20,000

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
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
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, 2019 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 November 15, 2019.

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 November 15, 2019.

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.

Leach, Vinci & Higgins, LLP

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

DL
Donna L. Japhet
Public School Accountant
PSA Number CS002314

Fair Lawn, New Jersey
November 15, 2019



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
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SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

**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, 2019. 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, 2019.

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.**

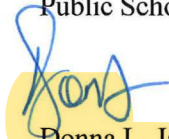
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable 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 West Orange Board of Education, as of and for the fiscal year ended June 30, 2019 and have issued our report thereon dated November 15, 2019, 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 CS002314

Fair Lawn, New Jersey
November 15, 2019

WEST ORANGE BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant Period	Award Amount	Balance July 1, 2018	Carryover Amount	Cash Received	Budgetary Expenditures	Adjust Receivables	Refund of Prior Years' Balances	June 30, 2019			Memo GAAP Receivable	
											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	191NJ304N1099	7/1/18-6/30/19	\$ 274,382			\$ 274,382	\$ 274,382							
School Breakfast Program	10.553	191NJ304N1099	7/1/18-6/30/19	369,612			280,248	369,612				\$ (89,364)			\$ (89,364)
School Breakfast Program	10.553	181NJ304N1099	7/1/17-6/30/18	292,687	\$ (22,290)		22,290								
National School Lunch Program	10.553	191NJ304N1099	7/1/18-6/30/19	1,349,123			1,076,751	1,349,123				(272,372)			(272,372)
National School Lunch Program	10.555	181NJ304N1099	7/1/17-6/30/18	1,411,641	(96,221)	-	96,221	-	-	-	-	-	-	-	-
Total Child Nutrition Cluster					(118,511)	-	1,749,892	1,993,117	-	-	-	(361,736)	-	-	(361,736)
Fresh Fruit and Vegetable Program	10.582	181NJ304L1603	7/1/17-6/30/18	24,438	(1,137)	-	1,137	-	-	-	-	-	-	-	-
					(1,137)	-	1,137	-	-	-	-	-	-	-	-
Total Enterprise Fund					(119,648)	-	1,751,029	1,993,117	-	-	-	(361,736)	-	-	(361,736)
U.S. Department of Health and Human Services															
Passed-through State Dept. of Ed															
General Fund															
Medical Assistance Program	93.778	1905NJSMAP	7/1/18-6/30/19	260,579	-	-	260,579	260,579	-	-	-	-	-	-	-
Total U.S. Department of Health and Human Services					-	-	260,579	260,579	-	-	-	-	-	-	-
Total General Fund					-	-	260,579	260,579	-	-	-	-	-	-	-
Special Revenue Fund															
U.S. Department of Education - Passed through State Department of Education															
Every Student Succeeds Act															
Title I - Part A	84.010	S010A180030	7/1/18-6/30/19	993,453		\$ 7,227	609,775	945,561	\$ (7,227)			(390,905)	\$ 55,119		(335,786)
Title I - Part A	84.010	S010A170030	7/1/17-6/30/18	1,007,578	(310,822)	(7,227)	310,822	-	7,227	-	-	-	-	-	-
Total Title I Cluster					(310,822)	-	920,597	945,561	-	-	-	(390,905)	55,119	-	(335,786)
Title II - Part A	84.367A	S367A180029	7/1/18-6/30/19	198,301		10,318	143,956	197,592	(10,318)			(64,663)	11,027		(53,636)
Title II - Part A	84.367A	S367A170029	7/1/17-6/30/18	194,472	(59,468)	(10,318)	59,468	10,318							
Title III	84.365A	S365A180030	7/1/18-6/30/19	43,023		21,652	52,916	58,292	(21,652)			(11,759)	6,383		(5,376)
Title III	84.365A	S365A170030	7/1/17-6/30/18	43,462	(29,791)	(21,652)	29,791	21,652				-	-		-
Title III- Immigrant	84.365	S365A180030	7/1/18-6/30/19	10,294		10,294	10,294	10,294	(10,294)			-	-		-
Title III- Immigrant	84.365	S365A170030	7/1/17-6/30/18	14,979	(19,261)	(10,294)	19,261	10,294				-	-		-
Title IV	84.424	S424A180031	7/1/18-6/30/19	59,991		2,221	14,747	51,253				(47,465)	10,959		(36,506)
Title IV	84.424	S424A170031	7/1/17-6/30/18	11,440	(6,279)	(2,221)	6,279		2,221			-	-		-
Carl D. Perkins Secondary Education	84.048A	V048A180030	7/1/18-6/30/19	56,616			50,289	56,616				(6,327)			(6,327)
Carl D. Perkins Secondary Education	84.048A	V048A170030	7/1/17-6/30/18	57,719	(12,333)		12,333					-			-
Temporary Emergency Impact Aid	84.938C	S938C18005	7/1/17-6/30/18	17,000	(17,000)		17,000					-			-
I.D.E.A. - Part B, Basic Regular	84.027	H027A180100	7/1/18-6/30/19	1,664,657		263,525	1,453,135	1,657,310	263,525			(475,047)	270,872		(204,175)
I.D.E.A. - Part B, Basic Regular	84.027	H027A170100	7/1/17-6/30/18	1,646,684	(64,853)	(263,525)	64,853		(263,525)			-	-		-
I.D.E.A. - Part B, Preschool	84.173	H173A180114	7/1/18-6/30/19	67,844		322	68,166	68,166				-	-		-
I.D.E.A. - Part B, Preschool	84.173	H173A170114	7/1/17-6/30/18	66,017	-	(322)	-	-	322			-	-		-
Total Special Education Cluster IDEA					(64,853)	-	1,586,154	1,725,476	-	-	-	(475,047)	270,872	-	(204,175)
Total U.S. Department of Education					(519,807)	-	2,923,085	3,045,084	-	-	-	(996,166)	354,360	-	(641,806)
Total Special Revenue Fund					(519,807)	-	2,923,085	3,045,084	-	-	-	(996,166)	354,360	-	(641,806)
Total Federal Financial Awards					\$ (639,455)	\$ -	\$ 4,934,693	\$ 5,298,780	\$ -	\$ -	\$ -	\$ (1,357,902)	\$ 354,360	\$ -	\$ (1,003,542)

WEST ORANGE BOARD OF EDUCATION
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Balance, July 1, 2018				Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2019			Memo		
			Award Amount	(Accounts Receivable)	Due to Grantor	Cash Received			(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
State Department of Education														
<i>General Fund</i>														
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	\$ 3,033,009			\$ 2,729,708	\$ 3,033,009		\$ (303,301)				\$ 3,033,009	
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	524,095	\$ (52,410)		52,410								
Nonpublic Transportation Costs	19-495-034-5120-014	7/1/18-6/30/19	236,179				236,179		(236,179)			\$ (236,179)	236,179	
Nonpublic Transportation Costs	18-495-034-5120-014	7/1/17-6/30/18	101,063	(101,063)	-	101,063	-	-	-	-	-	-	-	
Total Transportation Aid Cluster				(153,473)	-	2,883,181	3,269,188	-	(539,480)	-	-	(236,179)	3,269,188	
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	3,234,482			2,911,034	3,234,482		(323,448)				3,234,482	
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	3,234,482	(323,448)		323,448			-				-	
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	4,159,988			3,790,891	4,159,988		(369,097)			(369,097)	4,159,988	
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	4,143,435	(370,787)		370,787			-			-	-	
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	1,866,353			1,679,718	1,866,353		(186,635)			(186,635)	1,866,353	
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	440,321	(44,032)		44,032			-			-	-	
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	70,410	(7,041)		7,041			-			-	-	
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	70,410	(7,041)		7,041			-			-	-	
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	67,900	(6,790)	-	6,790	-	-	-	-	-	-	-	
Total State Aid Public Cluster				(759,139)	-	9,140,782	9,260,823	-	(879,180)	-	-	-	9,260,823	
Extraordinary Special Education Costs	19-100-034-5120-044	7/1/18-6/30/19	2,428,628				2,428,628		(2,428,628)				2,428,628	
Extraordinary Special Education Costs	18-100-034-5120-044	7/1/17-6/30/18	1,726,561	(1,733,271)		1,733,271							-	
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18-6/30/19	5,018,314			4,770,037	5,018,314		(248,277)			(248,277)	5,018,314	
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17-6/30/18	4,878,297	(242,126)	-	242,126			-	-	-	-	-	
TPAF On-Behalf Contributions														
TPAF Pension Contribution-Normal Costs	19-495-034-5094-002	7/1/18-6/30/19	11,756,008			11,756,008	11,756,008						11,756,008	
TPAF Pension Contribution -NCGI	19-495-034-5094-004	7/1/18-6/30/19	246,084			246,084	246,084						246,084	
TPAF- Long Term Disability Insurance	19-495-034-5094-004	7/1/18-6/30/19	9,012			9,012	9,012						9,012	
TPAF Pension Contribution - Post Retirement Cost	19-495-034-5094-001	7/1/18-6/30/19	5,444,130			5,444,130	5,444,130						5,444,130	
Total On-Behalf TPAF Contribution Cluster						17,455,234	17,455,234						17,455,234	
Total General Fund				(2,888,009)	-	36,224,631	37,432,187	-	(4,095,565)	-	-	(484,456)	37,432,187	
<i>Special Revenue Fund</i>														
New Jersey Nonpublic Aid:														
Auxiliary Services (Chapter 192)														
Compensatory Education	19-100-034-5120-067	7/1/18-6/30/19	9,306			9,306	1,861				\$ 7,445		1,861	
Compensatory Education	18-100-034-5120-067	7/1/17-6/30/18	12,402		\$ 6,556			\$ 6,556					-	
ESL	19-100-034-5120-067	7/1/18-6/30/19	5,953			5,953	863						863	
ESL	18-100-034-5120-067	7/1/17-6/30/18	1,084		181			181					-	
Total Nonpublic Auxiliary Services Aid (Chap 192) Cluster					6,737	15,259	2,724	6,737				12,535	2,724	
Handicapped Services (Chap. 193)														
Supplementary Instruction	19-100-034-5120-066	7/1/18-6/30/19	76,917			76,917	35,368					41,549	35,368	
Supplementary Instruction	18-100-034-5120-066	7/1/17-6/30/18	42,979		7,928			7,928					-	
Examination and Classification	19-100-034-5120-066	7/1/18-6/30/19	275,371			275,371	161,611					113,760	161,611	
Examination and Classification	18-100-034-5120-066	7/1/17-6/30/18	155,044		9,254			9,254					-	
Corrective Speech	19-100-034-5120-666	7/1/18-6/30/19	24,731			24,731	12,588					12,143	12,588	
Corrective Speech	18-100-034-5120-666	7/1/17-6/30/18	22,320		5,089			5,089					-	
Total Nonpublic Handicapped Services Aid (Chap 193) Cluster					22,271	377,019	209,567	22,271				167,452	209,567	
Textbook Aid	19-100-034-5120-064	7/1/18-6/30/19	78,765			78,765	70,866					7,899	70,866	
Textbook Aid	18-100-034-5120-064	7/1/17-6/30/18	81,458		3,280			3,280					-	
Nursing Services	19-100-034-5120-070	7/1/18-6/30/19	143,463			143,463	143,463						143,463	
Security Aid	19-100-034-5120-509	7/1/18-6/30/19	221,850			221,850	214,822					7,028	214,822	
Security Aid	18-100-034-5120-509	7/1/17-6/30/18	111,825		4,816			4,816					-	
Technology Initiative	19-100-034-5120-373	7/1/18-6/30/19	53,100			53,100	53,096					4	53,096	
Total Special Revenue Fund					37,104	889,456	694,538	37,104				194,918	694,538	

WEST ORANGE BOARD OF EDUCATION
 SCHEDULE OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Balance, July 1, 2018				Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2019			Memo	
			Award Amount	(Accounts Receivable)	Due to Grantor	Cash Received			(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
Debt Service Fund													
Debt Service Aid - State Support	19-495-034-5120-075	7/1/18-6/30/19	\$ 311,752	-	-	\$ 311,752	\$ 311,752	-	-	-	-	-	\$ 311,752
Enterprise Fund													
State School Lunch Program	19-100-010-3350-023	7/1/18-6/30/19	35,495			27,926	35,495		\$ (7,569)				\$ (7,569) 35,495
State School Lunch Program	18-100-010-3350-023	7/1/17-6/30/18	33,823	\$ (2,528)		2,528							
Total Department of Agriculture/Enterprise Fund				(2,528)		30,454	35,495		(7,569)				(7,569) 35,495
Total State Financial Assistance Subject to Single Audit Determination			\$ (2,890,537)	\$ 37,104	\$ 37,456,293	\$ 38,473,972	\$ 37,104	\$ (4,103,134)	\$ -	\$ 194,918	\$ (492,025)	\$ 38,473,972	
State Financial Assistance Not Subject to Single Audit Major Program Determination													
General Fund													
TPAF Pension Contribution-Normal Costs	19-495-034-5094-002	7/1/18-6/30/19	11,756,008			(11,756,008)	(11,756,008)						(11,756,008)
TPAF Pension Contribution -NCGI	19-495-034-5094-004	7/1/18-6/30/19	246,084			(246,084)	(246,084)						(246,084)
TPAF- Long Term Disability Insurance	19-495-034-5094-004	7/1/18-6/30/19	9,012			(9,012)	(9,012)						(9,012)
TPAF Pension Contribution - Post Retirement Cost	19-495-034-5094-001	7/1/18-6/30/19	5,444,130			(5,444,130)	(5,444,130)						(5,444,130)
Total State Financial Assistance Subject to Single Audit Major Programs Determination			\$ (2,890,537)	\$ 37,104	\$ 20,001,059	\$ 21,018,738	\$ 37,104	\$ (4,103,134)	\$ -	\$ 194,918	\$ (492,025)	\$ 21,018,738	

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**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, 2019**

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 \$1,066,289 for the general fund and an increase of \$139,331 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	\$ 260,579	\$ 36,365,898	\$ 36,626,477
Special Revenue Fund	3,045,124	693,192	3,738,316
Debt Service Fund		311,752	311,752
Food Service Fund	<u>1,993,117</u>	<u>35,495</u>	<u>2,028,612</u>
Total Awards and Financial Assistance	<u>\$ 5,298,820</u>	<u>\$ 37,406,337</u>	<u>\$ 42,705,157</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, 2019**

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 \$5,018,314 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, 2019. The amount reported as TPAF Pension System Contributions in the amount of \$12,002,092, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$5,444,130 and TPAF Long-Term Disability Insurance in the amount of \$9,012 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2019.

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 payments 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, 2019**

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)?

_____ yes X no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>FAIN #</u>	<u>Name of Federal Program or Cluster</u>
84.027	H027A180100	IDEA, Part B Basic
84.173	H173A180114	IDEA Preschool
10.555	191NJ304N1099	National School Lunch Program
10.553	191NJ304N1099	School Breakfast Program
84.367A	S367A180029	Title II, Part A

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 (CONT'D)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Part I – Summary of Auditor's Results

State 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 weakness(es)? _____ 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 N.J. Circular Letter 15-08?

_____ yes X no

Identification of major state programs:

GMIS Number(s)	Name of State Program
495-034-5094-003	Reimbursed TPAF Social Security Contributions
100-034-5120-509	Nonpublic School Security Aid

Dollar threshold used to distinguish between Type A
 and Type B programs:

\$ **750,000** _____

Auditee qualified as low-risk auditee?

 X yes _____ no

WEST ORANGE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2019

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

There are none.

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, 2019**

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 2018-001

Our audit indicated that the District did not maintain the required level of effort with respect to Special Education expenditures related to the federal IDEA grant program.

Current Status

Corrective action has been taken.