

WEST ORANGE BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020

Prepared by

Business Office

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

INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	i-iv
Organizational Chart	v
Roster of Officials	vi
Consultants and Advisors	vii

FINANCIAL SECTION

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-16

Basic Financial Statements

A. District-wide Financial Statements

A-1 Statement of Net Position	17
A-2 Statement of Activities	18-19

B. Fund Financial Statements

Governmental Funds

B-1 Balance Sheet	20-21
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	22
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds	23

Proprietary Funds

B-4 Statement of Net Position	24
B-5 Statement of Revenues, Expenses, and Changes in Net Position	25
B-6 Statement of Cash Flows	26

Fiduciary Funds

B-7 Statement of Fiduciary Net Position	27
B-8 Statement of Changes in Fiduciary Net Position	28

Notes to the Financial Statements	29-77
--	-------

REQUIRED SUPPLEMENTARY INFORMATION - PART II

C. Budgetary Comparison Schedules

C-1 Budgetary Comparison Schedule – General Fund	78-83
C-2 Budgetary Comparison Schedule – Special Revenue Fund	84

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART II

C-3 Budgetary Comparison Schedule – Note to Required Supplementary Information	85
--	----

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

Page

REQUIRED SUPPLEMENTARY INFORMATION - PART III

L. Schedules Related to Accounting and Reporting for Pensions and OPEB (GASB 68 and 75)

L-1	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System	86
L-2	Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	87
L-3	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	88
L-4	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Board of Education Employees’ Pension of Essex County	89
L-5	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Board of Education Employees’ Pension of Essex County	90
L-6	Notes to Required Supplementary Information – Net Pension Liability	91
L-7	Required Supplementary Information – District’s Proportionate Share of Total OPEB Liability	92
L-8	Notes to Required Supplementary Information – OPEB Liability	93

OTHER SUPPLEMENTARY INFORMATION

D. School Level Schedules (Not Applicable)

E. Special Revenue Fund

E-1	Combining Schedule of Program Revenues and Expenditures Special Revenue Fund – Budgetary Basis	94-95
E-2	Schedule of Preschool Education Aid Expenditures – Budgetary Basis	96

F. Capital Projects Fund

F-1	Summary Schedule of Project Expenditures	97
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	98
F-2a	– Schedule of Project Revenues, Expenditures and Project Balances and Project Status – Acquisition of School Vehicles	99

G. Proprietary Funds

Enterprise Fund

G-1	Statement of Net Position (Not Applicable)	100
G-2	Statement of Revenues, Expenses and Changes in Net Position (Not Applicable)	100
G-3	Statement of Cash Flows (Not Applicable)	100

Internal Service Fund – Not Applicable

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

		<u>Page</u>
H.	Fiduciary Funds	
	H-1 Combining Statement of Agency Assets and Liabilities	101
	H-2 Combining Statement of Changes in Net Position – Not Applicable	101
	H-3 Student Activity Agency Fund Statement of Receipts and Disbursements	102
	H-4 Payroll Agency Fund Statement of Receipts and Disbursements	102
I.	Long-Term Debt	
	I-1 Schedule of Serial Bonds Payable	103
	I-2 Schedule of Obligations Under Lease Purchase Agreements – Certificates of Participation	104
	I-3 Schedule of Obligations Under Capital Leases/Lease Purchase Agreements	105
	I-4 Budgetary Comparison Schedule	106
J.	STATISTICAL SECTION (Unaudited)	
	Introduction to the Statistical Section	
	Financial Trends	
	J-1 Net Position by Component	107
	J-2 Changes in Net Position	108-109
	J-3 Fund Balances – Governmental Funds	110
	J-4 Changes in Fund Balances – Governmental Funds	111
	J-5 Governmental Fund Other Local Revenue by Source	112
	Revenue Capacity	
	J-6 Assessed Value and Actual Value of Taxable Property	113
	J-7 Direct and Overlapping Property Tax Rates	114
	J-8 Principal Property Taxpayers	115
	J-9 Property Tax Levies and Collections	116
	Debt Capacity	
	J-10 Ratios of Outstanding Debt by Type	117
	J-11 Ratios of Net General Bonded Debt Outstanding	118
	J-12 Direct and Overlapping Government Activities Debt	119
	J-13 Legal Debt Margin Information	120
	Demographic and Economic Information	
	J-14 Demographic Statistics	121
	J-15 Principal Employers	122
	Operating Information	
	J-16 Full Time Equivalent District Employees by Function/Program	123
	J-17 Operating Statistics	124
	J-18 School Building Information	125-126
	J-19 Schedule of Required Maintenance for School Facilities	127
	J-20 Schedule of Insurance	128-129

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

Page

K. SINGLE AUDIT SECTION

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	130-131
K-2	Report on Compliance with Requirements for each Major Federal and State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards as Required by the U. S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 15-08-Independent Auditor's Report	132-134
K-3	Schedule of Expenditures of Federal Awards	135
K-4	Schedule of Expenditures of State Financial Assistance	136-137
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	138-139
K-6	Schedule of Findings and Questioned Costs – Part 1 – Summary of Auditor's Results	140-141
K-7	Schedule of Findings and Questioned Costs – Part 2 – Schedule of Financial Statement Findings	142
K-7	Schedule of Findings and Questioned Costs – Part 3 – Schedule of Federal and State Award Findings and Questioned Costs	143
K-8	Summary Schedule of Prior Year Findings	144

INTRODUCTORY SECTION

West Orange Board of Education

West Orange, New Jersey

J. Scott Cascone, Ed. D.
Superintendent of Schools

Tonya Flowers
Business Administrator

January 26, 2021

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, 2020, 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 2019-2020 fiscal year with an enrollment of 6,620 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:

- The effective implementation of virtual instruction grades PreK-12, to include:
 - compacting curriculum
 - providing adequate technology to all students for at home virtual learning
 - adopting software and online programs to support virtual instruction and learning
 - providing comprehensive professional development around virtual learning, hybrid instruction, authentic student engagement, assessment in a virtual setting and tiered intervention
 - establishing an Educational Technology team to support teachers through virtual instruction and professional development
- Providing support to K-5 ELA teachers in the area of Balanced Literacy through professional learning opportunities and 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 NJSLS.
- Implementing district initiatives around diversity, equity and access across the district in the areas of history, implicit bias, microaggressions, curriculum development, and the adoption of resources that represent all student groups.
- Adoption of online instructional programs for World Language K-5
- 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, 2020.

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

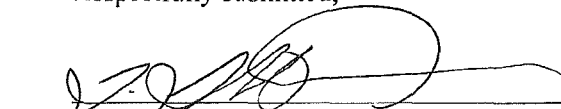
The Honorable President and Members of
the Board of Education
West Orange School District
Page 4

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.

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,



J. Scott Cascone, Ed. D.
Superintendent of Schools



Tonya Flowers
Business Administrator/Board Secretary

WEST ORANGE PUBLIC SCHOOLS
ORGANIZATION CHART

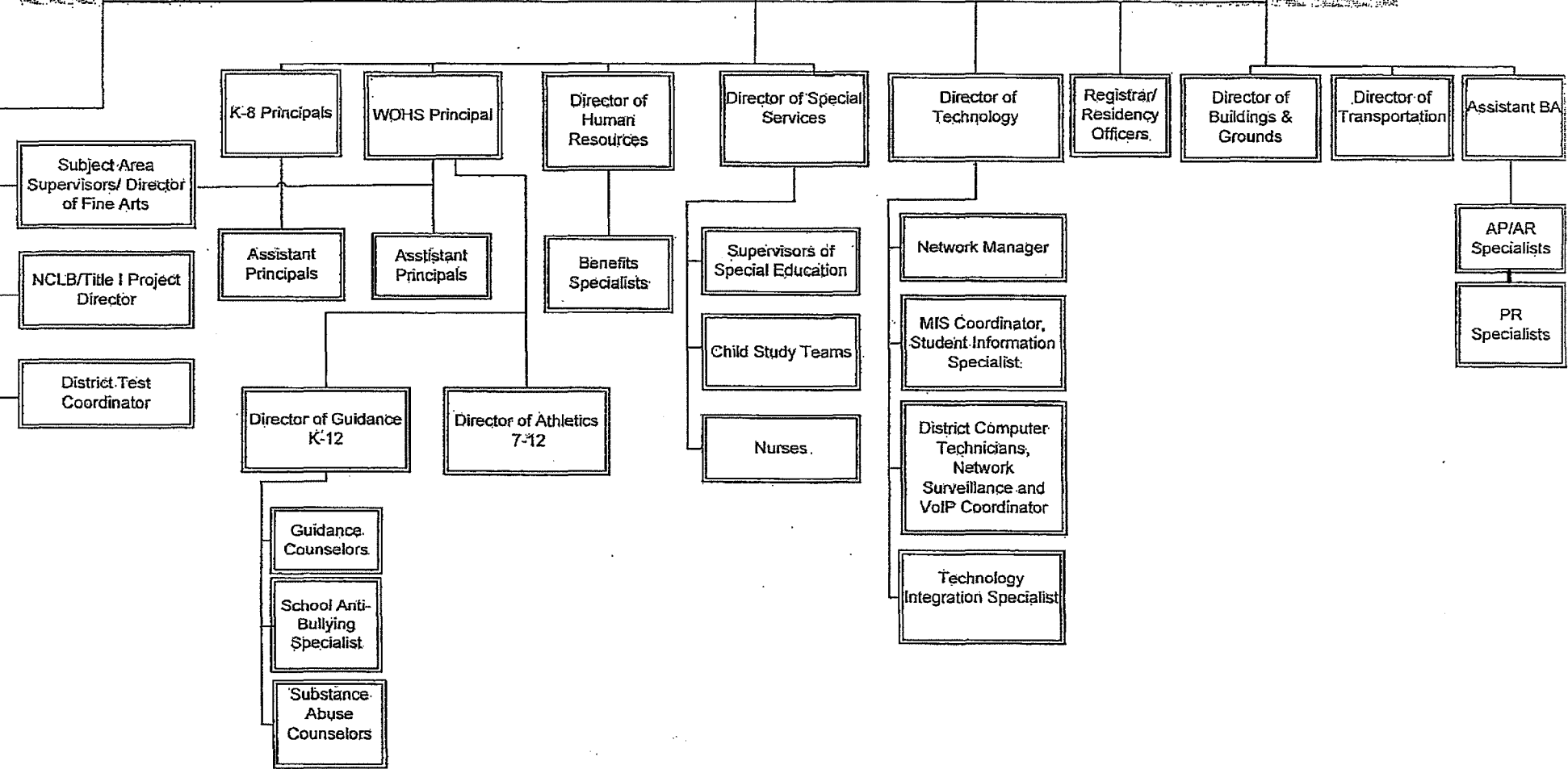
BOARD OF EDUCATION

Board Secretary

Superintendent

Business Administrator

Assistant Superintendent
of Curriculum/Instruction



**WEST ORANGE SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2020**

Members of the Board of Education

Term Expires

Ken Alper, President	2021
Terry Trigg-Scales, Vice President	2022
Cheryl Merklinger	2022
Gary Rothstein	2023
Jennifer Tunnicliffe	2023

Other Officers

Title

Eveny de Mendez	Acting Superintendent of Schools 7/1/19-7/13/19
J. Scott Cascone	Superintendent of Schools 7/14/19-6/30/20
Elizabeth Veneziano	Acting Assistant Superintendent of Curriculum & Instruction 7/1/19-7/13/19
Eveny de Mendez	Assistant Superintendent of Curriculum & Instruction 7/14/19-6/30/20
John Calavano	Board Secretary/School Business Administrator
Joseph Antonucci	Treasurer

WEST ORANGE SCHOOL DISTRICT
Consultants and Advisors

Attorneys

Matthew Giacobbe, Esq.
Cleary Giacobbe Alfieri Jacobs LLC
169 Ramapo Valley Road
Oakland, New Jersey 07436

Eric Harrison
Methfessel & Werbel, Esqs.
2025 Lincoln Highway, Suite 200
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

JULIUS B. CONSONI, CPA, PSA

ANDREW D. PARENTE, CPA, RMA, PSA

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

INDEPENDENT AUDITOR'S REPORT

ELIZABETH A. SHICK, CPA, RMA, PSA

ROBERT W. HAAG, CPA, PSA

RALPH M. PICONE, III, CPA, RMA, PSA

DONNA L. JAPHET, CPA, PSA

DEBRA GOLLE, CPA

MARK SACO, CPA

ROBERT LERCH, CPA

CHRIS SOHN, CPA

CHRISTOPHER M. VINCI, CPA

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, 2020 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, 2020, 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 January 26, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
Certified Public Accountants
Public School Accountants



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
January 26, 2021

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, 2020**

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, 2020. 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 (2019-2020) and the prior year (2018-2019) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2019-2020 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 \$41,818,945 (deficit net position).
- Overall revenues were \$201,634,238. General revenues accounted for \$148,540,938 or 74% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$53,093,300 or 26% of total revenues.
- The school district had \$195,970,471 in expenses for governmental activities; only \$49,853,799 of these expenses was offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$148,538,491 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 \$4,718,843.
- The General Fund fund balance at June 30, 2020 was \$4,718,839 an increase of \$2,959,395 when compared with the beginning balance at July 1, 2019 of \$1,759,444.

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

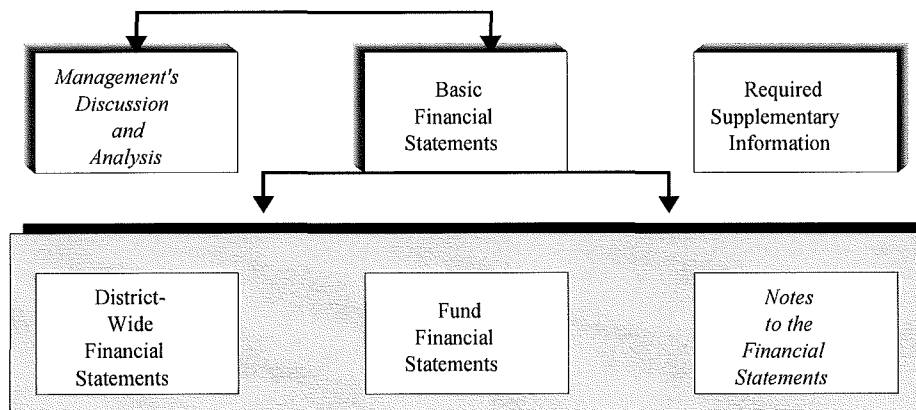
**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

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, 2020**

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, 2020**

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, 2020**

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 \$(40,589,807) and \$(43,026,699) as of June 30, 2020 and June 30, 2019, 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, 2020**

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, 2020 and 2019**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current Assets	\$ 7,935,571	\$ 3,050,275	\$ 1,079,734	\$ 1,005,323	\$ 9,015,305	\$ 4,055,598
Capital Assets, Net	<u>66,002,943</u>	<u>69,477,971</u>	<u>297,413</u>	<u>353,707</u>	<u>66,300,356</u>	<u>69,831,678</u>
Total Assets	<u>73,938,514</u>	<u>72,528,246</u>	<u>1,377,147</u>	<u>1,359,030</u>	<u>75,315,661</u>	<u>73,887,276</u>
Deferred Amounts on Refunding of Debt	1,812,780	2,105,975	-	-	1,812,780	2,105,975
Deferred Amounts on Net Pension Liability	<u>6,658,543</u>	<u>9,396,614</u>	<u>-</u>	<u>-</u>	<u>6,658,543</u>	<u>9,396,614</u>
Total Deferred Outflows of Resources	<u>8,471,323</u>	<u>11,502,589</u>	<u>-</u>	<u>-</u>	<u>8,471,323</u>	<u>11,502,589</u>
Total Assets and Deferred Outflows of Resources	<u>82,409,837</u>	<u>84,030,835</u>	<u>1,377,147</u>	<u>1,359,030</u>	<u>83,786,984</u>	<u>85,389,865</u>
Long-Term Liabilities	103,242,111	108,748,275	-	-	103,242,111	108,748,275
Other Liabilities	<u>3,398,391</u>	<u>1,719,716</u>	<u>148,009</u>	<u>144,965</u>	<u>3,546,400</u>	<u>1,864,681</u>
Total Liabilities	<u>106,640,502</u>	<u>110,467,991</u>	<u>148,009</u>	<u>144,965</u>	<u>106,788,511</u>	<u>110,612,956</u>
Deferred Amounts on Net Pension Liability	<u>17,368,800</u>	<u>17,803,608</u>	<u>-</u>	<u>-</u>	<u>17,368,800</u>	<u>17,803,608</u>
Total Deferred Inflows of Resources	<u>17,368,800</u>	<u>17,803,608</u>	<u>-</u>	<u>-</u>	<u>17,368,800</u>	<u>17,803,608</u>
Total Liabilities and Deferred Inflows of Resources	<u>124,009,302</u>	<u>128,271,599</u>	<u>148,009</u>	<u>144,965</u>	<u>124,157,311</u>	<u>128,416,564</u>
Net Investment in Capital Assets	9,988,846	8,870,463	297,413	353,707	10,286,259	9,224,170
Restricted	1,664,981	573	-	-	1,664,981	573
Unrestricted	<u>(53,472,772)</u>	<u>(53,111,800)</u>	<u>931,725</u>	<u>860,358</u>	<u>(52,541,047)</u>	<u>(52,251,442)</u>
Total Net Position	<u>\$ (41,818,945)</u>	<u>\$ (44,240,764)</u>	<u>\$ 1,229,138</u>	<u>\$ 1,214,065</u>	<u>\$ (40,589,807)</u>	<u>\$ (43,026,699)</u>

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

**Changes in Net Position
For The Fiscal Years Ended June 30, 2020 and 2019**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues						
Program Revenues						
Charges for Services	\$ 310,549	\$ 474,357	\$ 1,327,531	\$ 1,902,342	\$ 1,638,080	\$ 2,376,699
Operating Grants and Contributions	49,500,719	55,145,617	1,911,970	2,028,612	51,412,689	57,174,229
Capital Grants and Contributions	42,531	342,955			42,531	342,955
General Revenues						
Property Taxes	143,418,080	138,153,000			143,418,080	138,153,000
State Aid	4,835,597	3,390,358			4,835,597	3,390,358
Other	284,814	297,581	2,447	3,383	287,261	300,964
Total Revenues	<u>198,392,290</u>	<u>197,803,868</u>	<u>3,241,948</u>	<u>3,934,337</u>	<u>201,634,238</u>	<u>201,738,205</u>
Expenses						
Instruction						
Regular	82,895,918	83,827,931			82,895,918	83,827,931
Special Education	35,693,461	33,936,486			35,693,461	33,936,486
Vocational Education-Tuition	70,687	82,060			70,687	82,060
School Sponsored Activities and Athletics	3,046,150	3,620,792			3,046,150	3,620,792
Other Instruction	6,583,153	6,241,671			6,583,153	6,241,671
Support Services						
Student and Instruction Related Services	21,433,891	22,123,130			21,433,891	22,123,130
School Administrative Services	9,319,800	9,764,953			9,319,800	9,764,953
General Administrative Services	2,436,590	2,474,908			2,436,590	2,474,908
Plant Operations and Maintenance	17,387,897	17,325,731			17,387,897	17,325,731
Pupil Transportation	10,512,310	10,418,854			10,512,310	10,418,854
Business and Other Support Services	4,447,495	4,845,221			4,447,495	4,845,221
Interest on Long-Term Debt	2,143,119	2,286,896			2,143,119	2,286,896
Food Service			3,053,450	3,809,921	3,053,450	3,809,921
Other-Summer Enrichment	-	-	173,425	168,904	173,425	168,904
Total Expenses	<u>195,970,471</u>	<u>196,948,633</u>	<u>3,226,875</u>	<u>3,978,825</u>	<u>199,197,346</u>	<u>200,927,458</u>
Change in Net Position	2,421,819	855,235	15,073	(44,488)	2,436,892	810,747
Net Position (Deficit), Beginning of Year	<u>(44,240,764)</u>	<u>(44,820,848)</u>	<u>1,214,065</u>	<u>1,299,383</u>	<u>(43,026,699)</u>	<u>(43,521,465)</u>
Prior Period Adjustment- Capital Asset, Net	-	(275,151)	-	(40,830)	-	(315,981)
Net Position (Deficit), End of Year	<u>\$ (41,818,945)</u>	<u>\$ (44,240,764)</u>	<u>\$ 1,229,138</u>	<u>\$ 1,214,065</u>	<u>\$ (40,589,807)</u>	<u>\$ (43,026,699)</u>

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

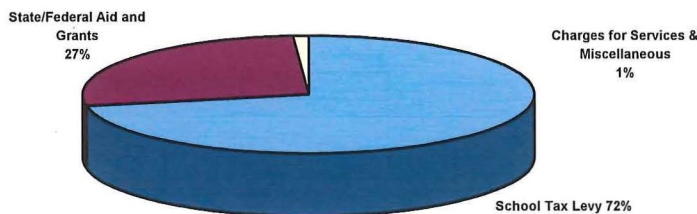
**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$198,392,290 and \$197,803,868 for the fiscal years ended June 30, 2020 and June 30, 2019, respectively. Property taxes of \$143,418,080 and \$138,153,000 represented 72% and 70% of revenues. Another portion of revenues came from State and Federal aid; total State, Federal and formula aid was \$54,336,316 and \$58,535,975 which was represented 27% and 29% of the revenues for fiscal years ended June 30, 2020 and 2019, 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, 2020. This adjustment which impacts both the revenues and expenses of the governmental activities was \$1,884,953 for fiscal year ended June 30, 2020 compared to \$6,699,655 for the prior year. Capital contributions of \$42,531 and \$342,955 represented less than 1% of total revenues for the fiscal year ended June 30, 2020 and 2019, respectively. The balance of revenues for fiscal year June 30, 2020 and 2019, respectively is charges for services (\$310,549 and \$474,357) and miscellaneous income (\$181,495 and \$160,457), and investment earnings (\$103,319 and \$137,124).

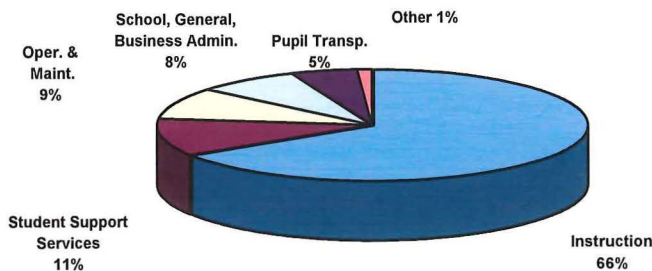
The total cost of all governmental activities programs and services was \$195,970,471 and \$196,948,633 for the fiscal years ended June 30, 2020 and 2019, respectively. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$128,289,369 and \$127,708,940 (66% and 65%) of total expenses for each of the fiscal years, respectively. Student and Instruction Related Services totaled \$21,433,891 and \$22,123,130 or (11% and 11%) of total expenses. Plant operations and maintenance services totaled \$17,387,897 and \$17,325,731 (9% and 9%) of total expenses. Administrative services were \$16,203,885 and \$17,085,082 or (8% and 9%) of total expenses. Pupil transportation totaled \$10,512,310 and \$10,418,854 5% and 5%), respectively of total expenses. Interest on long-term debt accounted for \$2,143,119 and \$2,286,896 (1% and 1%) of total expenses.

Total governmental activities revenues exceeded expenses resulting in net position increasing \$2,421,819 over the previous year.

Revenues by Source- Governmental Activities
For Fiscal Year 2020



Expenses by Type- Governmental Activities
For Fiscal Year 2020



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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

Total and Net Cost of Governmental Activities. The District's total cost of services was \$195,970,471 and \$196,948,633 for the fiscal years ended June 30, 2020 and 2019. After applying program revenues, derived from charges for services of \$310,549 and \$474,357, operating grants and contributions of \$49,500,719 and \$55,145,617 and capital contributions of \$42,531 and \$342,955, the net cost of services of the District is \$146,116,672 and \$140,985,704, respectively

**Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2020 and 2019**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Instruction				
Regular	\$ 82,895,918	\$ 83,827,931	\$ 60,078,834	\$ 57,179,579
Special Education	35,693,461	33,936,486	19,851,960	17,863,425
Vocational Education-Tuition	70,687	82,060	70,687	82,060
School Sponsored Activities and Athletics	3,046,150	3,620,792	2,310,646	2,670,653
Other Instruction	6,583,153	6,241,671	4,782,863	4,357,566
Support Services				
Student and Instruction Related Services	21,433,891	22,123,130	20,106,313	20,110,088
School Administrative Services	9,319,800	9,764,953	7,413,572	7,423,177
General Administrative Services	2,436,590	2,474,908	2,423,736	2,423,635
Plant Operations and Maintenance	17,387,897	17,325,731	15,313,448	14,837,555
Pupil Transportation	10,512,310	10,418,854	7,383,672	7,275,237
Business and Other Support Services	4,447,495	4,845,221	4,393,394	4,631,709
Interest on Long-Term Debt	<u>2,143,119</u>	<u>2,286,896</u>	<u>1,987,547</u>	<u>2,131,020</u>
Total	<u>\$ 195,970,471</u>	<u>\$ 196,948,633</u>	<u>\$ 146,116,672</u>	<u>\$ 140,985,704</u>

Business-Type Activities – The District's total business-type activities revenues were \$3,241,948 and \$3,934,337 for the fiscal years ended June 30, 2020 and 2019, respectively. Charges for services accounted for 41% and 48% of total revenues for the fiscal years, respectively. Operating grants and contributions of \$1,911,970 and \$2,028,612 accounted for 59% and 52% of total revenue for each of the fiscal years. The balance of the revenues, \$2,447 and \$3,383 represents investment earnings.

The total cost of all business-type activities programs and services was \$3,226,875 and \$3,978,825 for the fiscal years ended June 30, 2020 and 2019. The District's expenses are related to Food Service programs provided to all students, teachers and administrators and the operation of the Summer Enrichment Program within the District.

Total business-type activities revenues exceeded expenses increasing net position by \$15,073 over the last year.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

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, 2020, its governmental funds reported a combined fund balance of \$4,718,843. At June 30, 2019, the fund balance was \$1,759,448.

Revenues and other financing sources for the District's governmental funds were \$191,377,032 while total expenditures and other financing uses were \$188,417,637 thereby increasing fund balance by \$2,959,395 for the fiscal year ended June 30, 2020.

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, 2020</u>	Fiscal Year Ended <u>June 30, 2019</u>	Amount of Increase (Decrease)	Percent Change
Local Sources				
Property Tax Levy	\$ 137,645,823	\$ 132,380,400	\$ 5,265,423	4%
Interest	102,095	137,124	(35,029)	-26%
State/Federal Sources	41,402,256	36,626,477	4,775,779	13%
Miscellaneous	<u>492,044</u>	<u>634,814</u>	<u>(142,770)</u>	-22%
Total General Fund Revenues	<u>\$ 179,642,218</u>	<u>\$ 169,778,815</u>	<u>\$ 9,863,403</u>	6%

Total General Fund Revenues increased by \$9,863,403 or 6% over the previous year.

Local property taxes increased \$5,265,423 or 4% over the previous year. State and federal aid revenues increased \$4,775,779 or 13% predominantly attributable to an increase in state On-Behalf TPAF pension costs contributed by the state as well as the \$1,606,160 of additional state Equalization Aid allotted to the District.

Interest income revenues decreased due to a decrease in interest rates on bank balances.

Miscellaneous revenues decreased primarily due to a decrease in tuition revenue.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

The following schedule presents a summary of General Fund expenditures.

	Fiscal Year Ended <u>June 30, 2020</u>	Fiscal Year Ended <u>June 30, 2019</u>	Amount of Increase (Decrease)	Percent Change
Instruction	\$ 116,154,397	\$ 108,801,427	\$ 7,352,970	7%
Support and Undistributed Services	60,034,674	59,430,709	603,965	1%
Capital Outlay	563,936	1,228,221	(664,285)	-54%
Debt Service	<u>1,607,466</u>	<u>1,820,200</u>	<u>(212,734)</u>	-12%
Total Expenditures	<u>\$ 178,360,473</u>	<u>\$ 171,280,557</u>	<u>\$ 7,079,916</u>	4%

Total General Fund expenditures increased \$7,079,916 or 4% 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 decrease in capital outlay was largely due to the District's Sports Bubble Replacement Project expended in the prior year.

In 2019-2020, General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$2,959,395. As a result, total fund balance increased to \$4,718,839 at June 30, 2020. After deducting transfers and reserves, the unrestricted, unassigned fund balance increased from a deficit of \$744,645 at June 30, 2019 to a balance of \$282,560 at June 30, 2020.

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 \$3,582,326 for the year ended June 30, 2020. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 82% of the total revenue for the year.

Total Special Revenue Fund revenues decreased \$353,864 or 9% from the previous year. State sources decreased \$103,549 or 15% and Federal sources decreased \$89,797 or 3%. Local sources decreased \$160,518.

Expenditures of the Special Revenue Fund were \$3,582,326. Instructional expenditures were \$3,357,667 or 94% of total expenditures.

Capital Projects – The activity during the 2019/20 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 2019/20.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

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 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, 2020 amounts to \$66,300,356 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 2019-2020 amounted to \$4,463,447 for governmental activities and \$88,762 for business-type activities.

Capital Assets at June 30, 2020 and 2019
(Net of Accumulated Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 4,565,829	\$ 4,565,829			\$ 4,565,829	\$ 4,565,829
Construction in Progress	148,299	1,033,472			148,299	1,033,472
Site Improvements	3,726,211	4,197,854			3,726,211	4,197,854
Building and Building Improvements	54,015,115	55,512,719			54,015,115	55,512,719
Machinery and Equipment	<u>3,547,489</u>	<u>4,168,097</u>	<u>\$ 297,413</u>	<u>\$ 353,707</u>	<u>3,844,902</u>	<u>4,521,804</u>
Total Capital Assets, Net	<u>\$ 66,002,943</u>	<u>\$ 69,477,971</u>	<u>\$ 297,413</u>	<u>\$ 353,707</u>	<u>\$ 66,300,356</u>	<u>\$ 69,831,678</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, 2020**

LONG TERM LIABILITIES

At year end, the District's long-term liabilities of the governmental activities consisted of compensated absences payable of \$2,358,653, bonds payable (including unamortized premium) of \$24,852,752 lease purchase agreements ("COPS") payable of \$23,235,000, capital leases/lease purchase agreements payable of \$11,118,425, workers' compensation claims and judgements payable of \$1,508,971, deferred pension obligation payable of \$284,011, net pension liability – Essex County of \$131,454 and net pension liability – PERS payable of \$39,752,845.

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 2020-2021 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, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 6,768,025	\$ 879,921	\$ 7,647,946
Receivables, net			
Receivables from Other Governments	940,738	147,622	1,088,360
Accounts Receivable	226,808	6,762	233,570
Inventory		45,429	45,429
Capital Assets			
Not Being Depreciated	4,714,128		4,714,128
Being Depreciated, net	<u>61,288,815</u>	<u>297,413</u>	<u>61,586,228</u>
Total Assets	<u>73,938,514</u>	<u>1,377,147</u>	<u>75,315,661</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding of Debt	1,812,780	-	1,812,780
Deferred Amounts on Net Pension Liability	<u>6,658,543</u>	<u>-</u>	<u>6,658,543</u>
Total Deferred Outflows of Resources	<u>8,471,323</u>	<u>-</u>	<u>8,471,323</u>
Total Assets and Deferred Outflows of Resources	<u>82,409,837</u>	<u>1,377,147</u>	<u>83,786,984</u>
LIABILITIES			
Accounts Payable and Other Liabilities	2,589,416	146,031	2,735,447
Intergovernmental Payable	203,554		203,554
Accrued Interest Payable	401,143		401,143
Unearned Revenue	204,278	1,978	206,256
Noncurrent Liabilities			
Due Within One Year	5,575,657		5,575,657
Due Beyond One Year	<u>97,666,454</u>	<u>-</u>	<u>97,666,454</u>
Total Liabilities	<u>106,640,502</u>	<u>148,009</u>	<u>106,788,511</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>17,368,800</u>	<u>-</u>	<u>17,368,800</u>
Total Liabilities and Deferred Inflows of Resources	<u>124,009,302</u>	<u>148,009</u>	<u>124,157,311</u>
NET POSITION			
Net Investment in Capital Assets	9,988,846	297,413	10,286,259
Restricted for:			
Capital Projects	1,000,573		1,000,573
Other Purposes	664,408		664,408
Unrestricted	<u>(53,472,772)</u>	<u>931,725</u>	<u>(52,541,047)</u>
Total Net Position	<u>\$ (41,818,945)</u>	<u>\$ 1,229,138</u>	<u>\$ (40,589,807)</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, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:							
Instruction							
Regular	\$ 82,895,918	\$ 43,010	\$ 22,738,283	\$ 35,791	\$ (60,078,834)		\$ (60,078,834)
Special Education	35,693,461	207,214	15,634,287		(19,851,960)		(19,851,960)
Vocational-Instruction	70,687				(70,687)		(70,687)
Other Instruction	6,583,153	340	1,799,950		(4,782,863)		(4,782,863)
School Sponsored Activities and Athletics	3,046,150		735,504		(2,310,646)		(2,310,646)
Support Services							
Student and Instruction Related Services	21,433,891		1,320,838	6,740	(20,106,313)		(20,106,313)
School Administrative Services	9,319,800		1,906,228		(7,413,572)		(7,413,572)
General Administrative Services	2,436,590		12,854		(2,423,736)		(2,423,736)
Plant Operations and Maintenance	17,387,897	59,985	2,014,464	-	(15,313,448)		(15,313,448)
Pupil Transportation	10,512,310		3,128,638		(7,383,672)		(7,383,672)
Business and Other Support Services	4,447,495		54,101		(4,393,394)		(4,393,394)
Interest on Long-Term Debt and Other Charges	2,143,119	-	155,572	-	(1,987,547)	-	(1,987,547)
Total Governmental Activities	<u>195,970,471</u>	<u>310,549</u>	<u>49,500,719</u>	<u>42,531</u>	<u>(146,116,672)</u>	<u>-</u>	<u>(146,116,672)</u>
Business-Type Activities:							
Summer Enrichment	173,425	167,253				\$ (6,172)	(6,172)
Food Service	<u>3,053,450</u>	<u>1,160,278</u>	<u>1,911,970</u>	<u>-</u>	<u>-</u>	<u>18,798</u>	<u>18,798</u>
Total Business-Type Activities	<u>3,226,875</u>	<u>1,327,531</u>	<u>1,911,970</u>	<u>-</u>	<u>-</u>	<u>12,626</u>	<u>12,626</u>
Total Primary Government	<u>\$ 199,197,346</u>	<u>\$ 1,638,080</u>	<u>\$ 51,412,689</u>	<u>\$ 42,531</u>	<u>(146,116,672)</u>	<u>12,626</u>	<u>(146,104,046)</u>

Continued

**WEST ORANGE BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Total Primary Government (Carried Forward)	\$ (146,116,672)	\$ 12,626	\$ (146,104,046)
General Revenues			
Taxes:			
Property Taxes, Levied for General Purposes	137,645,823		137,645,823
Taxes Levied for Debt Service	5,772,257		5,772,257
Unrestricted State Aid	4,680,026		4,680,026
State Aid Restricted for Debt Service	155,571		155,571
Investment Earnings	103,319	2,447	105,766
Miscellaneous Income	181,495	-	181,495
Total General Revenues	148,538,491	2,447	148,540,938
Change in Net Position	2,421,819	15,073	2,436,892
Net Position Beginning of Year (Restated)	(44,240,764)	1,214,065	(43,026,699)
Net Position End of Year	\$ (41,818,945)	\$ 1,229,138	\$ (40,589,807)

FUND FINANCIAL STATEMENTS

**WEST ORANGE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2020**

	<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	\$ 6,567,708	\$ 200,313		\$ 4	\$ 6,768,025
Receivables, Net					
Receivables From Other Governments	319,350	621,388			940,738
Accounts	<u>215,508</u>	<u>11,300</u>	<u>-</u>	<u>-</u>	<u>226,808</u>
Total Assets	<u>\$ 7,102,566</u>	<u>\$ 833,001</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 7,935,571</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 2,034,682	\$ 449,085			\$ 2,483,767
Accrued Salaries and Wages	96,717				96,717
Due to Other Funds	8,932	-			8,932
Payable to State Governments	-	203,554			203,554
Unearned Revenue	23,916	180,362		-	204,278
Claims and Judgments Payable	<u>219,480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>219,480</u>
Total Liabilities	<u>2,383,727</u>	<u>833,001</u>	<u>-</u>	<u>-</u>	<u>3,216,728</u>
Fund Balances					
Restricted					
Capital Reserve	1,000,573				1,000,573
Emergency Reserve	664,404				664,404
Debt Service				\$ 4	4
Committed					
Year-end Encumbrances	56,038				56,038
Assigned					
Year-end Encumbrances	715,264				715,264
Designated for Subsequent Year's Budget (2020/21 Budget)	2,000,000				2,000,000
Unassigned	<u>282,560</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>282,560</u>
Total Fund Balances	<u>4,718,839</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>4,718,843</u>
Total Liabilities and Fund Balances	<u>\$ 7,102,566</u>	<u>\$ 833,001</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 7,935,571</u>

**WEST ORANGE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2020**

Total Fund Balance (Exhibit B-1) \$ 4,718,843

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 \$131,168,052 and the accumulated depreciation is \$65,165,559. 66,002,943

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: (401,143)

Long-term liabilities, including bonds payable, lease purchase agreements, compensated absences, claims and judgments 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) (103,242,111)

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. 1,812,780

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	\$ 6,658,543	
Deferred Inflows of Resources - PERS	(17,350,457)	
Deferred Inflows of Resources - Essex County	<u>(18,343)</u>	
		<u>(10,710,257)</u>

Net Position of Governmental Activities (Exhibit A-1) \$ (41,818,945)

**WEST ORANGE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<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	\$ 137,645,823			\$ 5,772,257	\$ 143,418,080
Tuition	232,564				232,564
Rents	59,985				59,985
Interest	102,095		\$ 1,224		103,319
Miscellaneous	199,495	\$ 37,356	-	-	236,851
Total - Local Sources	138,239,962	37,356	1,224	5,772,257	144,050,799
State Sources	41,142,794	589,643		311,143	42,043,580
Federal Sources	259,462	2,955,327	-	-	3,214,789
Total Revenues	179,642,218	3,582,326	1,224	6,083,400	189,309,168
EXPENDITURES					
Current					
Regular Instruction	75,349,594	1,331,439			76,681,033
Special Education Instruction	31,803,297	2,026,228			33,829,525
Vocational Instruction- Tuition	70,687				70,687
Other Instruction	6,087,184				6,087,184
School Sponsored Activities and Athletics	2,843,635				2,843,635
Support Services					
Student and Instruction Related Services	20,509,690	152,331			20,662,021
General Administrative Services	2,285,863				2,285,863
School Administrative Services	8,636,458				8,636,458
Plant Operations and Maintenance	13,856,595	29,797			13,886,392
Pupil Transportation	10,483,908				10,483,908
Business and Other Support Services	4,262,160				4,262,160
Debt Service					
Principal	1,216,105			4,255,000	5,471,105
Interest	391,361			1,828,400	2,219,761
Capital Outlay	563,936	42,531	\$ 381,952	-	988,419
Total Expenditures	178,360,473	3,582,326	381,952	6,083,400	188,408,151
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,281,745	-	(380,728)	-	901,017
OTHER FINANCING SOURCES (USES)					
Transfers In	1,224		8,262		9,486
Transfers Out	(8,262)		(1,224)		(9,486)
Lease Purchase Proceeds	1,684,688	-	373,690	-	2,058,378
Total Other Financing Sources (Uses)	1,677,650	-	380,728	-	2,058,378
Net Change in Fund Balances	2,959,395	-	-	-	2,959,395
Fund Balance, Beginning of Year	1,759,444	-	-	4	1,759,448
Fund Balance, End of Year	<u>\$ 4,718,839</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 4,718,843</u>

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

**WEST ORANGE BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 2,959,395

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	\$ (4,463,447)	
Capital Outlay	<u>988,419</u>	(3,475,028)

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) 3,412,727

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	(292,395)	
Net Increase in Claims and Judgements for Self Insurance Claims	(553,564)	
Net Decrease in Pension Expense-PERS	198,150	
Net Decrease in Pension Expense- Essex County	45,506	
Net Decrease in Deferred Pension Obligation	<u>50,386</u>	(551,917)

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		342,091
Amortization of Deferred Amount on Refunding of Debt		<u>(293,195)</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>27,746</u>
------------------------------	--	---------------

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 2,421,819

**WEST ORANGE BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2020**

	Business-Type Activities		
	Enterprise Fund		
	Food Services	Other Non-Major Summer Enrichment	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 814,509	\$ 65,412	\$ 879,921
Intergovernmental Receivable			
State	9,985		9,985
Federal	137,637		137,637
Other	6,762	-	6,762
Inventories	45,429	-	45,429
Total Current Assets	<u>1,014,322</u>	<u>65,412</u>	<u>1,079,734</u>
Capital Assets			
Furniture, Machinery and Equipment	1,684,814		1,684,814
Less: Accumulated Depreciation	<u>(1,387,401)</u>	<u>-</u>	<u>(1,387,401)</u>
Total Capital Assets, Net	<u>297,413</u>	<u>-</u>	<u>297,413</u>
Total Assets	<u>1,311,735</u>	<u>65,412</u>	<u>1,377,147</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	146,031	-	146,031
Unearned Revenue	<u>978</u>	<u>1,000</u>	<u>1,978</u>
Total Current Liabilities	<u>147,009</u>	<u>1,000</u>	<u>148,009</u>
NET POSITION			
Investment in Capital Assets	297,413		297,413
Unrestricted	<u>867,313</u>	<u>64,412</u>	<u>931,725</u>
Total Net Position	<u>\$ 1,164,726</u>	<u>\$ 64,412</u>	<u>\$ 1,229,138</u>

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

**WEST ORANGE BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Business-Type Activities		
	Enterprise Fund		
	Food Services	Other Non-Major Summer Enrichment	Total
OPERATING REVENUES			
Charges for Services			
Daily Sales - Reimbursable	\$ 879,616		\$ 879,616
Daily Sales- Non-Reimbursable	208,918		208,918
Special Functions	71,744		71,744
Program Fees	-	\$ 167,253	167,253
	<u>1,160,278</u>	<u>167,253</u>	<u>1,327,531</u>
Total Operating Revenues			
OPERATING EXPENSES			
Salaries and Wages	1,083,414	153,621	1,237,035
Cost of Sales			-
Reimbursable Programs	1,220,497		1,220,497
Non-Reimbursable Programs	92,827		92,827
Repairs	170,208	410	170,618
Other Expenses	1,438	1,125	2,563
Insurance	143,033		143,033
Supplies	49,925	15,029	64,954
Miscellaneous	63,346	3,240	66,586
Depreciation Expense	88,762		88,762
Administrative and Management Fees	140,000	-	140,000
	<u>3,053,450</u>	<u>173,425</u>	<u>3,226,875</u>
Total Operating Expenses			
Operating Income (Loss)	<u>(1,893,172)</u>	<u>(6,172)</u>	<u>(1,899,344)</u>
NONOPERATING REVENUES			
State Sources			
State School Lunch Program	36,409		36,409
Federal Sources			
School Breakfast Program	391,257		391,257
Federal School Lunch Program	1,201,024		1,201,024
Fresh Fruits & Vegetables Program	32,298		32,298
Food Distribution Program	240,982		240,982
Local Sources- Donation	10,000		10,000
Interest Income	2,447	-	2,447
	<u>1,914,417</u>	<u>-</u>	<u>1,914,417</u>
Total Nonoperating Revenues			
Change in Net Position	21,245	(6,172)	15,073
Net Position, Beginning of Year (Restated)	<u>1,143,481</u>	<u>70,584</u>	<u>1,214,065</u>
Net Position, End of Year	<u>\$ 1,164,726</u>	<u>\$ 64,412</u>	<u>\$ 1,229,138</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, 2020**

	Business-Type Activities		
	Enterprise Fund		
	Food Services	Other Non-Major Summer Enrichment	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 1,179,895	\$ 28,458	\$ 1,208,353
Cash Payments for Employees' Salaries and Benefits	(1,083,414)	(153,621)	(1,237,035)
Cash Payments to Suppliers for Goods and Services	(1,507,027)	(19,804)	(1,526,831)
Net Cash (Used) By Operating Activities	(1,410,546)	(144,967)	(1,555,513)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received from Donations	10,000	-	10,000
Cash Received from State and Federal Subsidy Reimbursements	1,882,671	-	1,882,671
Net Cash Provided by Noncapital and Related Activities	1,892,671	-	1,892,671
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(32,468)	-	(32,468)
Net Cash Used by Capital Financing Activities	(32,468)	-	(32,468)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	2,447	-	2,447
Net Cash Provided by Investing Activities	2,447	-	2,447
Net Change in Cash and Cash Equivalents	452,104	(144,967)	307,137
Cash and Cash Equivalents, Beginning of Year	362,405	210,379	572,784
Cash and Cash Equivalents, End of Year	\$ 814,509	\$ 65,412	\$ 879,921
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED) FOR OPERATING ACTIVITIES			
Operating (Loss)	\$ (1,893,172)	\$ (6,172)	\$ (1,899,344)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used) for Operating Activities			
Depreciation	88,762		88,762
Federal Food Distribution Program	240,982		240,982
Change in Assets and Liabilities			
(Increase)/Decrease in Inventories	(12,766)		(12,766)
(Increase)/Decrease in Other Accounts Receivable	23,354	455	23,809
Increase/(Decrease) in Accounts Payable	146,031	-	146,031
Increase/(Decrease) in Unearned Revenue	(3,737)	(139,250)	(142,987)
Total Adjustments	482,626	(138,795)	343,831
Net Cash (Used) By Operating Activities	\$ (1,410,546)	\$ (144,967)	\$ (1,555,513)
Non-Cash Investing, Capital and Related Financing Activities			
Fair Value of Food Distribution Program- National School Lunch Program	\$ 240,982		

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, 2020**

	Unemployment Compensation <u>Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 357,515	\$ 5,621,445
Due from Other Funds	30,985	8,932
Accounts Receivable		25,055
Cash with Fiscal Agent	<u>-</u>	<u>65,942</u>
 Total Assets	 <u>388,500</u>	 <u>\$ 5,721,374</u>
LIABILITIES		
Accrued Salaries and Wages		\$ 38,775
Payroll Deductions and Withholdings		5,286,805
Reserve for Flexible Spending		66,063
Due to Other Funds		30,985
Accounts Payable		8,431
Intergovernmental Payable	85,813	
Due to Student Groups	<u>-</u>	<u>290,315</u>
 Total Liabilities	 <u>85,813</u>	 <u>\$ 5,721,374</u>
NET POSITION		
Held In Trust For Unemployment Claims	 <u>\$ 302,687</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, 2020**

	Unemployment Compensation <u>Trust Fund</u>
ADDITIONS	
Contributions	
Employee	\$ 131,450
Investment Earnings	
Interest	<u>2,112</u>
Total Additions	<u>133,562</u>
DEDUCTIONS	
Unemployment Claims	<u>147,765</u>
Total Deductions	<u>147,765</u>
Change in Net Position	(14,203)
Net Position Beginning of Year	<u>316,890</u>
Net Position, End of Year	<u><u>\$ 302,687</u></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, 2020**

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. A Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions 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 currently operates a Pre-Kindergarten through grade twelve (12) school district.

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 Superintendent is the Chief Administrative Officer of the District who is responsible for general supervision of all schools, planning and operational functions of the District. The Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent to the Board.

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

For fiscal year 2020, there were no GASB statements required to be adopted and implemented by the District.

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

- GASB No. 84, *Fiduciary Activities*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2021. 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, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 87, *Leases*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. 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*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objectives of this Statement is to improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.
- GASB No. 92, *Omnibus 2020*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022 except requirements related to GASB No. 87 and Implementation Guide No. 2019-3 are effective upon issuance. The objective of this Statement is to enhance comparability in the application of accounting and financial reporting requirements and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics.
- GASB No. 96, *Subscription – Based Information Technology Arrangements*, will be effective beginning with the fiscal year ending June 30, 2023. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.
- GASB No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No.84, and a Supersession of GASB Statement No. 32*, the section that maybe applicable to the District will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to provide more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 funds 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.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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 administrators, teachers and special events.

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

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

Additionally, the District 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.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

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

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

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

Property taxes, tuition, 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, 2020**

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>
Site Improvements	5-30
Buildings	20-50
Building Improvements	15-20
Heavy Equipment	8-20
Office Equipment and Furniture	5-10
Computer Equipment	5

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.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type of item, which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category are 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 vacation, personal and 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.

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.

WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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*

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 3B).

Emergency Reserve – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education. (See Note 3C).

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.

Year-End Encumbrances – 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.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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)

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2020/2021 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.

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.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2018-2019 and 2019-2020 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, 2020**

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, lease purchase agreements, compensated absences, claims and judgements 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 (\$103,242,111) difference are as follows:

Bonds Payable	\$ (22,750,000)
Add: Issuance premium (to be amortized over life of debt)	(2,102,752)
Lease Purchase Agreements "COPS"	(23,235,000)
Capital Leases/Lease Purchase Agreements	(11,118,425)
Claims and Judgments Payable	(1,508,971)
Compensated Absences	(2,358,653)
Deferred Pension Obligation	(284,011)
Net Pension Liability - Essex County	(131,454)
Net Pension Liability - PERS	<u>(39,752,845)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ (103,242,111)</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 \$3,412,727 difference are as follows:

Debt issued or incurred:	
Lease purchase financing	\$ (2,058,378)
Principal repayments:	
General obligation bonds	2,380,000
Lease Purchase Agreements - Certificates of Participation	1,875,000
Capital leases/lease purchase agreements	<u>1,216,105</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 3,412,727</u>

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 2019/2020. Also, during 2019/2020 the Board increased the original general fund budget by \$469,420 and the original special revenue fund budget by \$2,106,730. The increase in the general fund budget was funded by the additional appropriation of unassigned fund balance for prior year Extraordinary Aid of \$215,900, and the reappropriation of prior year general fund encumbrances \$253,520. During the fiscal year the Board authorized and approved additional fund balance appropriations for prior year Extraordinary Aid of \$159,900 and \$56,000 from the general fund were made on August 23, 2019 and September 23, 2019, respectively. 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, 2020**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. 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, 2020 is as follows:

Balance, July 1, 2019		\$	569
Increased by:			
Interest Earnings	\$		4
Deposits Approved by Board Resolution		<u>1,000,000</u>	
Total Increases			<u>1,000,004</u>
			1,000,573
Balance, June 30, 2020		<u>\$</u>	<u>1,000,573</u>

C. Emergency Reserve

An emergency reserve account was established by the District. The accumulation of funds will be used to finance unanticipated General Fund current expenditures required for a thorough and efficient education in subsequent fiscal years.

Funds placed in the emergency reserve are restricted to finance reasonably unforeseeable costs and shall not include additional costs due to poor planning. A District may appropriate funds into the emergency reserve 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. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent or the withdrawal is included in the original budget certified for taxes to finance school security improvements to school facilities pursuant to 18A:7G-6(c)1. Pursuant to NJAC 6A:23A-14.4(A), the balance in the reserve cannot at any time exceed the greater of \$250,000 or one percent of the school district’s General Fund budget as certified for taxes up to a maximum of \$1,000,000.

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Emergency Reserve (Continued)

The activity of the emergency reserve for the fiscal year ended June 30, 2020 is as follows:

Balance, July 1, 2019		
Increased by		
Deposits Approved by Board Resolution	\$ 664,404	
Total Increases		<u>\$ 664,404</u>
Balance, June 30, 2020		<u>\$ 664,404</u>

D. Transfers to Capital Outlay

During the 2019/2020 school year, the district appropriated \$215,900 of 2018/19 Extraordinary Aid and transferred \$64,841 of budget appropriations to the non-equipment capital outlay accounts. The transfers were approved by the County Superintendent to support emergent circumstances 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, 2020, the book value of the Board's deposits were \$13,692,848 and bank and brokerage firm balances of the Board's deposits amounted to \$17,515,592. 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	\$ 17,449,529
Uninsured and Collateralized - Cash with Fiscal Agent	<u>66,063</u>
	<u>\$ 17,515,592</u>

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

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, 2020 the Board’s bank balance of \$66,063 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

\$ 66,063

\$ 66,063

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, 2020, 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.

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2020 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>Agency Fiduciary Funds</u>		<u>Total</u>
				<u>Student Activities</u>	<u>Payroll Agency</u>	
Receivables:						
Accounts	\$ 215,508	\$ 11,300	\$ 6,762	\$ 23,231	\$ 1,824	\$ 258,625
Intergovernmental-						
Federal	1,114	584,824	137,637			723,575
State	<u>318,236</u>	<u>36,564</u>	<u>9,985</u>	<u>-</u>	<u>-</u>	<u>364,785</u>
Total Receivables	<u>\$ 534,858</u>	<u>\$ 632,688</u>	<u>\$ 154,384</u>	<u>\$ 23,231</u>	<u>\$ 1,824</u>	<u>\$ 1,346,985</u>

C. Unearned Revenue

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

General Fund	
Rentals	\$ 500
Employees Health Insurance Reimbursements	21,405
Prepaid Tuition/Fees	2,011
Special Revenue Fund	
Unencumbered Local Grants Draw Downs	30,945
Grant Draw Downs Reserved for Encumbrances	<u>149,417</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 204,278</u>

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	Balance, July 1, 2019 (Restated)	Increases	Decreases	Transfers	Balance, June 30, 2020
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 4,565,829				\$ 4,565,829
Construction in Progress	1,033,472	\$ 148,299	-	\$ (1,033,472)	148,299
Total Capital Assets, Not Being Depreciated	<u>5,599,301</u>	<u>148,299</u>	<u>-</u>	<u>(1,033,472)</u>	<u>4,714,128</u>
Capital Assets, Being Depreciated:					
Site Improvements	9,552,227				9,552,227
Buildings and Building Improvements	94,053,975	294,556		1,033,472	95,382,003
Machinery and Equipment	20,974,580	545,564	-	-	21,520,144
Total Capital Assets Being Depreciated	<u>124,580,782</u>	<u>840,120</u>	<u>-</u>	<u>1,033,472</u>	<u>126,454,374</u>
Less Accumulated Depreciation for:					
Site Improvements	(5,354,373)	(471,643)			(5,826,016)
Buildings and Building Improvements	(38,541,256)	(2,825,632)			(41,366,888)
Machinery and Equipment	(16,806,483)	(1,166,172)	-	-	(17,972,655)
Total Accumulated Depreciation	<u>(60,702,112)</u>	<u>(4,463,447)</u>	<u>-</u>	<u>-</u>	<u>(65,165,559)</u>
Total Capital Assets, Being Depreciated, Net	<u>63,878,670</u>	<u>(3,623,327)</u>	<u>-</u>	<u>-</u>	<u>61,288,815</u>
Governmental Activities Capital Assets, Net	<u>\$ 69,477,971</u>	<u>\$ (3,475,028)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,002,943</u>

	Balance, July 1, 2019 (Restated)	Increases	Decreases	Balance, June 30, 2020
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Furniture and Equipment	\$ 1,652,346	\$ 32,468	-	\$ 1,684,814
Total Capital Assets Being Depreciated	<u>1,652,346</u>	<u>32,468</u>	<u>-</u>	<u>1,684,814</u>
Less Accumulated Depreciation for:				
Furniture and Equipment	(1,298,639)	(88,762)	-	(1,387,401)
Total Accumulated Depreciation	<u>(1,298,639)</u>	<u>(88,762)</u>	<u>-</u>	<u>(1,387,401)</u>
Total Capital Assets, Being Depreciated, Net	<u>(1,298,639)</u>	<u>(88,762)</u>	<u>-</u>	<u>(1,387,401)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 353,707</u>	<u>\$ (56,294)</u>	<u>\$ -</u>	<u>\$ 297,413</u>

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental Activities:

Instruction		
Regular		\$ 320,697
		<u>320,697</u>
Total Instruction		<u>320,697</u>
Support Services		
Student and Instruction Related Services		320,697
General Administrative Services		139,941
School Administrative Services		139,941
Plant Operations and Maintenance		3,402,230
Business and Other Support Services		<u>139,941</u>
		<u>4,142,750</u>
Total Support Services		<u>4,142,750</u>
		<u>\$ 4,463,447</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 4,463,447</u>
Business-Type Activities:		
Food Service Fund		<u>\$ 88,762</u>
Total Depreciation Expense-Business-Type Activities		<u>\$ 88,762</u>

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2020:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
High School Locker Room Reconstruction	\$ 365,762	<u>\$ 56,038</u>
Total		<u>\$ 56,038</u>

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2020, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Payroll Agency Fund	General Fund	\$ 8,932
Unemployment Compensation Trust Fund	Payroll Agency Fund	<u>30,985</u>
Total		<u>\$ 39,917</u>

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

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

Interfund Transfers

	<u>Transfer In:</u>		
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Transfer Out:			
General Fund		\$ 8,262	\$ 8,262
Capital Projects Fund	\$ 1,224	-	<u>1,224</u>
Total transfers out	<u>\$ 1,224</u>	<u>\$ 8,262</u>	<u>\$ 9,486</u>

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

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, 2020 were \$269,291. The future minimum lease payments for these operating leases are as follows:

Fiscal Year Ending June 30,	<u>Amount</u>
2021	\$ 269,291
2022	<u>269,291</u>
Total	<u>\$ 538,582</u>

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Capital Leases/Lease Purchase Agreements

The District is leasing buses, computer supplies and various energy incentive program project totaling \$14,694,510 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>843,266</u>
	<u>\$ 11,632,197</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 were as follows:

Fiscal Year Ending <u>June 30,</u>	Governmental <u>Activities</u>
2021	\$ 1,435,975
2022	1,394,874
2023	963,357
2024	943,188
2025	703,733
2026-2030	3,752,172
2031-2035	<u>4,170,862</u>
Total minimum lease payments	13,364,161
Less: amount representing interest	<u>(2,245,736)</u>
Present value of minimum lease payments	<u>\$ 11,118,425</u>

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Lease Purchase Agreements – Certificates of Participation

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

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

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

Governmental Activities:

Fiscal Year Ending June 30,	<u>Certificates of Participation</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
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	2,740,000	460,025	3,200,025
2026-2030	<u>11,475,000</u>	<u>1,005,244</u>	<u>12,480,244</u>
Total	<u>\$ 23,235,000</u>	<u>\$ 4,370,491</u>	<u>\$ 27,605,491</u>

G. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets or 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, 2020 are comprised of the following issues:

\$31,535,000, 2012 Refunding School Bonds, due in annual installments of \$2,115,000 to \$3,575,000 through November 1, 2027, interest at 2.625% to 5.000%	\$22,000,000
\$1,775,000, 2015 Refunding School Bonds, due in annual installments of \$370,000 to \$380,000 through July 15, 2021, interest at 4.00%	<u>750,000</u>
Total	<u>\$22,750,000</u>

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

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

Governmental Activities:

Fiscal Year Ending June 30,	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$ 2,485,000	\$ 794,482	\$ 3,279,482
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	2,515,000	371,322	2,886,322
2026-2028	<u>10,400,000</u>	<u>522,455</u>	<u>10,922,455</u>
Total	<u>\$ 22,750,000</u>	<u>\$ 3,406,977</u>	<u>\$ 26,156,977</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2020 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 254,519,352
Less: Net Debt	<u>22,750,000</u>
Remaining Borrowing Power	<u>\$ 231,769,352</u>

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020 is \$284,011.

During the fiscal years ended June 30, 2020, 2019 and 2018 the Board was required to contribute for the deferred pension obligation the following amounts which equaled the required contribution for each year.

Fiscal Year Ending <u>June 30,</u>	<u>PERS</u>
2020	\$ 73,794
2019	73,200
2018	72,792

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.

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities (Continued)

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

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, \$25,395 and \$26,770 for fiscal years 2020, 2019 and 2018, respectively.

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

At June 30, 2020, the District reported a liability of \$131,454 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, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the District's proportion was 0.494%, which was a decrease of .229% from its proportion measured as of June 30, 2019 of 0.723%.

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to County of Essex pension from the following sources:

	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 18,343
Total	<u>\$ 18,343</u>

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2020, was as follows:

	Balance, July 1, 2019	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, 2020	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 25,130,000		\$ (2,380,000)	\$ 22,750,000	\$ 2,485,000
Add: Unamortized Premium	<u>2,444,843</u>	-	<u>(342,091)</u>	<u>2,102,752</u>	-
Total Bonds Payable	27,574,843	-	(2,722,091)	24,852,752	2,485,000
Lease-Purchase Agreement ("COPS")	25,110,000		(1,875,000)	23,235,000	1,935,000
Capital Leases/Lease Purchase Agreements	10,276,152	\$ 2,058,378	(1,216,105)	11,118,425	1,155,657
Claims and Judgments	955,407	553,564		1,508,971	
Compensated Absences	2,066,258	439,057	(146,662)	2,358,653	
Deferred Pension Obligation	334,397	23,408	(73,794)	284,011	
Net Pension Liability					
PERS	42,228,716		(2,475,871)	39,752,845	
Essex County	<u>202,502</u>	-	<u>(71,048)</u>	<u>131,454</u>	-
Governmental Activities Long-Term Liabilities	<u>\$ 108,748,275</u>	<u>\$ 3,074,407</u>	<u>\$ (8,580,571)</u>	<u>\$ 103,242,111</u>	<u>\$ 5,575,657</u>

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

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. The District has purchased excess coverage 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. 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 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.

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

Estimates of claims payable and of claims incurred, but not reported (IBNR) at June 30, 2020, 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 \$1,728,451 reported at June 30, 2020 is based on the requirements of the Governmental Accounting Standards Board, 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, 2020 and 2019 are as follows:

Governmental Activities:	<u>Fiscal Year Ended</u>	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Unpaid Claims, Beginning of Year	\$ 1,052,412	\$ 850,749
Incurred Claims	1,315,044	771,025
Claim Payments and Claims Adjustments	(639,005)	(569,262)
Unpaid Claims, End of Year	<u>\$ 1,728,451</u>	<u>\$ 1,052,512</u>
General Fund		
Other Current Liabilities	\$ 219,480	\$ 97,105
Governmental Activities		
Noncurrent Liabilities	<u>1,508,971</u>	<u>955,407</u>
	<u>\$ 1,728,451</u>	<u>\$ 1,052,512</u>

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

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

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

<u>Fiscal Year Ended June 30,</u>	<u>Employee Contributions</u>	<u>District Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020	\$ 131,450		\$ 147,765	\$ 302,687
2019	130,095		81,141	316,890
2018	125,717	\$ 320,000	229,645	265,564

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

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, 2020, 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, 2020, the District has not estimated its arbitrage earnings due to the IRS, if any.

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.

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

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.

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:

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

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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 reaching 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.

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.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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.

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.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2019 is \$18.1 billion and the plan fiduciary net position as a percentage of the total pension liability is 56.27%. The collective net pension liability of the State funded TPAF at June 30, 2019 is \$61.5 billion and the plan fiduciary net position as a percentage of total pension liability is 26.95%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2018 which were rolled forward to June 30, 2019.

Actuarial Methods and Assumptions

In the July 1, 2018 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 2020.

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, 2020 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 the 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 2020, 2019 and 2018 were equal to the required contributions.

During the fiscal years ended June 30, 2020, 2019 and 2018 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 unfunded 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>
2020	\$ 2,146,019	\$ 14,438,790	\$ 67,648
2019	2,133,316	12,002,092	66,766
2018	2,102,908	9,408,436	66,011

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

In addition for fiscal years 2020, 2019 and 2018 the District contributed \$10,256, \$11,444 and \$38,203, respectively for PERS and the State contributed \$8,690, \$9,012 and \$10,205, 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 \$5,118,575 during the fiscal year ended June 30, 2020 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 both a revenue and expense/expenditure in accordance with GASB No. 85.

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, 2018 through June 30, 2019. 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, 2019 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2019.

At June 30, 2020, the District reported in the statement of net position (accrual basis) a liability of \$39,752,845 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018. The District's proportionate share of the net pension liability was based on the ratio of the District's share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2019. At June 30, 2019, the District's proportionate share was .22062 percent, which was an increase of .00615 percent from its proportionate share measured as of June 30, 2018 of .21447 percent.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,947,869 for PERS. The pension contribution made by the District during the current 2019/2020 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, 2020 with a measurement date of the prior fiscal year end of June 30, 2019. 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, 2020 for contributions made subsequent to the measurement date. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 713,512	\$ 175,611
Changes of Assumptions	3,969,468	13,798,087
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		627,514
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>1,975,563</u>	<u>2,749,245</u>
Total	<u>\$ 6,658,543</u>	<u>\$ 17,350,457</u>

At June 30, 2020, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

Year Ending <u>June 30,</u>	<u>Total</u>
2021	\$ (1,304,785)
2022	(3,925,967)
2023	(3,530,948)
2024	(1,805,025)
2025	(125,189)
Thereafter	<u>-</u>
	<u>\$ (10,691,914)</u>

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>PERS</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00%-7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2019.

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

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2019) 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 rates 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 PERS's target asset allocation as of June 30, 2019 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	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

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>
2020	June 30, 2019	6.28%
2019	June 30, 2018	5.66%

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2057
Municipal Bond Rate *	From July 1, 2057 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. 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 6.28%, 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 (5.28 percent) or 1-percentage-point higher (7.28 percent) than the current rate:

	1% Decrease <u>5.28%</u>	Current Discount Rate <u>6.28%</u>	1% Increase <u>7.28%</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 50,214,303</u>	<u>\$ 39,752,845</u>	<u>\$ 30,937,585</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability as of the measurement date of June 30, 2019. A sensitivity analysis specific to the District's net pension liability at June 30, 2019 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, 2020**

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 measurement period July 1, 2018 through June 30, 2019. 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, 2019, 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, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$21,636,959 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, 2020 the State's proportionate share of the net pension liability attributable to the District is \$366,835,836. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2019. At June 30, 2019, the State's share of the net pension liability attributable to the District was .59773 percent, which was a decrease of .02601 percent from its proportionate share measured as of June 30, 2018 of .62374 percent.

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.55% Based on Years of Service
Thereafter	2.75%-5.65% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2019.

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

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2019) 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 TPAF's target asset allocation as of June 30, 2019 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	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2019	5.60%
2019	June 30, 2018	4.86%

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, 2054
Municipal Bond Rate *	From July 1, 2054 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. 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 5.60%, 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 (4.60 percent) or 1-percentage-point higher (6.60 percent) than the current rate:

	1% Decrease <u>(4.60%)</u>	Current Discount Rate <u>(5.60%)</u>	1% Increase <u>(6.60%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 432,580,644</u>	<u>\$ 366,835,836</u>	<u>\$ 312,288,406</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2019. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2019 was not provided by the pension system.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2019. 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, 2020**

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, 2018:

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>-</u>
Total	<u>364,943</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.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2019 is \$41.7 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, 2018 which were rolled forward to June 30, 2019.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2018 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 \$1.28 billion to the OPEB plan in fiscal year 2019.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution 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. over a period not to exceed thirty years. 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, 2020, 2019 and 2018 were \$5,356,527, \$5,444,130 and \$6,076,708, 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.

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, 2018 through June 30, 2019. 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, 2020, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$7,241,480. 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, 2020 the State's proportionate share of the OPEB liability attributable to the District is \$196,442,369. 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, 2019 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2019. At June 30, 2019, the state's share of the OPEB liability attributable to the District was 0.47 percent, which was the same as its proportionate share measured as of June 30, 2018 of 0.47 percent.

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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)

Actuarial Assumptions

The OPEB liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
TPAF:	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 3.05%
Rate Thereafter	1.55% to 3.05%
Mortality:	
PERS	Pre-retirement and Post-retirement based on Pub-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.
TPAF	Pre-retirement and Post-retirement based on Pub-2010 "Teachers" and "General" classifications respectively, headcount-weighted mortality tables with fully generational mortality improvement projections from the central year using Scale MP-2019.
Long-Term Rate of Return	2.00%

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and the members years of service.

For the June 30, 2019 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2015 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the plan upon retirement.

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 2.00% as of June 30, 2019.

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>
2020	June 30, 2019	3.50%
2019	June 30, 2018	3.87%

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, 2020**

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, 2020 (measurement date June 30, 2019) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2018 Measurement Date	<u>\$ 214,615,943</u>
Changes Recognized for the Fiscal Year:	
Service Cost	9,654,862
Interest on the Total OPEB Liability	8,567,129
Differences Between Expected and Actual Experience	(33,473,094)
Changes of Assumptions	2,928,972
Gross Benefit Payments	(6,030,195)
Contributions from the Member	178,752
Net Changes	<u>\$ (18,173,574)</u>
Balance, June 30, 2019 Measurement Date	<u>\$ 196,442,369</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% percent in 2018 to 3.50% percent in 2019.

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, 2019.

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 3.50%, 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 (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

	1% Decrease <u>(2.50%)</u>	Current Discount Rate <u>(3.50%)</u>	1% Increase <u>(4.50%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 232,076,066	\$ 196,442,369	\$ 168,136,913

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)	\$ 161,859,756	\$ 196,442,369	\$ 242,222,647

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2019. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2019 were not provided by the pension system.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

F. Subsequent Events

Refunding Bonds

On September 21, 2020 the Board approved a refunding bond ordinance providing for refunding of all or a portion of the outstanding callable refunding school bonds dated February 1, 2012, issued in the original principal amount of \$31,535,000 appropriating not to exceed \$19,000,000 therefor and authorizing the issuance of not to exceed \$19,000,000 refunding bonds to provide for such refunding. As of the date of the audit, the Board had not sold refunding bonds in conjunction with this ordinance.

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.

NOTE 6 RESTATEMENT

The District conducted an update of its capital asset inventory report as of June 30, 2020. The District has restated its July 1, 2019 capital asset values as well as the accumulated depreciation amounts to reflect the amounts reported in the updated capital asset report. The net effect of this restatement was a decrease to governmental activities net position of \$275,151 and a decrease to business-type activities (Food Service Enterprise Fund) net position of \$40,830.

NOTE 7 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 7 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC (Continued)

New Jersey Governor Phil Murphy has issued multiple Executive Orders since March 16, 2020 including but not limited to aggressive social distancing measures, restrictions on local elections, restrictions on foreclosure and evictions, suspension of all elective surgeries, closing of all schools and child care centers, the commandeering of property such as medical supplies, the cessation of all non-essential construction projects, extending insurance premium grace periods, the temporary reprieve to certain at-risk inmates and the extension of the permitted statutory grace period from May 11, 2020 to June 1, 2020 for quarterly property taxes due May 1, 2020. The Board expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19. The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the School District. The declaration of a public health emergency remains in effect as of the date of audit . As part of a planned multi-stage approach to restart the State's economy, Governor Murphy has signed a series of Executive Orders permitting the resumption of certain activities.

Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Board cannot predict how the outbreak will impact the financial condition or operations of the School District, or if there will be any impact on the assessed values of property within the School District or deferral of tax payments to municipalities. The Board cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain it facilities either before or after an outbreak of an infectious disease.

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, 2020

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	\$ 137,645,823		\$ 137,645,823	\$ 137,645,823	
Tuition-Other LEAs within the State	278,000		278,000	207,214	\$ (70,786)
Tuition-Individual/Preschool/Child Development Program	27,000		27,000	25,010	(1,990)
Tuition from Other Government Sources w/in the State	20,000		20,000		(20,000)
Tuition from Summer School				340	340
Rents and Royalties	155,000		155,000	59,985	(95,015)
Interest	-		-	102,091	102,091
Interest on Capital Reserve	10		10	4	(6)
After Care Fees			-	18,000	18,000
Miscellaneous	225,000	-	225,000	181,495	(43,505)
Total Local Sources	138,350,833	-	138,350,833	138,239,962	(110,871)
State Sources					
Special Education Aid	4,159,988		4,159,988	4,159,988	
Equalization Aid	4,840,642		4,840,642	4,840,642	
Security Aid	1,866,353		1,866,353	1,866,353	
Transportation Aid	3,033,009	-	3,033,009	3,033,009	
Extraordinary Aid	1,400,000		1,400,000	2,672,273	1,272,273
Reimbursed Nonpublic Transportation Aid	100,000		100,000	61,780	(38,220)
TPAF Pension Contribution (On-Behalf)					
Normal Pension Contribution				14,184,548	14,184,548
NCGI Contributions				254,242	254,242
Long Term Disability Insurance				8,690	8,690
Post Retirement				5,356,527	5,356,527
TPAF Social Security Contribution (On-Behalf)	-	-	-	5,118,575	5,118,575
Total State Sources	15,399,992	-	15,399,992	41,556,627	26,156,635
Federal Source					
Medicaid Reimbursement	216,414	-	216,414	259,462	43,048
Total Federal Sources	216,414	-	216,414	259,462	43,048
Total Revenues	153,967,239	-	153,967,239	180,056,051	26,088,812
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	2,303,809	\$ (62,914)	2,240,895	2,217,926	22,969
Grades 1-5	16,758,063	(34,032)	16,724,031	16,497,682	226,349
Grades 6-8	11,232,085	(685,271)	10,546,814	10,415,015	131,799
Grades 9-12	14,985,308	137,573	15,122,881	15,083,652	39,229
Home Instruction					
Salaries of Teachers	126,582	(31,000)	95,582	32,139	63,443
Purchased Professional- Educational Services	35,500	34,300	69,800	46,383	23,417
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	774,883	259,884	1,034,767	1,019,683	15,084
Unused Sick Payment to Terminated/Retired Staff	84,189	-	84,189	83,961	228
Purchased Professional- Educational Services	42,516	(4,258)	38,258	11,755	26,503
Purchased Technical Services	14,455	-	14,455	3,455	11,000
Other Purchased Services	950,418	(53,138)	897,280	820,800	76,480
General Supplies	1,910,309	(9,944)	1,900,365	1,625,192	275,173
General Supplies- Acquired Under Lease Purchase (Non-Budgeted)				1,684,688	(1,684,688)
Textbooks	554,168	(140,529)	413,639	395,562	18,077
Other Objects	37,174	170	37,344	37,344	27,774
Total Regular Programs	49,809,459	(589,159)	49,220,300	49,947,463	(727,163)
Special Education					
Cognitive Mild					
Salaries of Teachers	786,779	(13,966)	772,813	769,857	2,956
Other Salaries for Instruction	603,663	(26,100)	577,563	572,991	4,572
General Supplies	8,480	(4,800)	3,680	2,700	980
Other Objects	140	4,800	4,940	3,326	1,614
Total Cognitive Mild	1,399,062	(40,066)	1,358,996	1,348,874	10,122
Learning and/or Language Disabilities					
Salaries of Teachers	2,321,946	150,663	2,472,609	2,439,128	33,481
Other Salaries for Instruction	727,229	238,228	965,457	948,077	17,380
General Supplies	10,652	-	10,652	6,854	3,798
Total Learning and/or Language Disabilities	3,059,827	388,891	3,448,718	3,394,059	54,659
Behavioral Disabilities					
Salaries of Teachers	63,753	60,694	124,447	124,335	112
Other Salaries for Instruction	71,877	26,495	98,372	80,285	18,087
General Supplies	9,627	-	9,627	7,771	1,856
Total Behavioral Disabilities	145,257	87,189	232,446	212,391	20,055

WEST ORANGE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Exhibit C-1

EXPENDITURES	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENDITURES (Continued)					
Multiple Disabilities					
Salaries of Teachers	\$ 111,662	\$ 14,194	\$ 125,856	\$ 124,460	\$ 1,396
Other Salaries for Instruction	337,055	21,280	358,335	352,747	5,588
General Supplies	6,200	-	6,200	342	5,858
Total Multiple Disabilities	454,917	35,474	490,391	477,549	12,842
Resource Room/Resource Center					
Salaries of Teachers	4,555,293	309,093	4,864,386	4,831,715	32,671
Other Salaries for Instruction	1,270,566	(460,823)	809,743	809,122	621
General Supplies	19,674	-	19,674	12,564	7,110
Total Resource Room	5,845,533	(151,730)	5,693,803	5,653,401	40,402
Autistic Program					
Salaries of Teachers	695,119	(2,059)	693,060	681,946	11,114
Other Salaries of Instruction	929,680	144,486	1,074,166	1,020,552	53,614
General Supplies	19,262	-	19,262	13,601	5,661
Total Autistic Program	1,644,061	142,427	1,786,488	1,716,099	70,389
Preschool Disabilities - Part-Time					
Salaries of Teachers	239,414	42,741	282,155	272,838	9,317
Other Salaries for Instruction	265,132	(34,000)	231,132	230,826	306
General Supplies	-	26,000	26,000	24,052	1,948
Total Preschool Disabilities - Part-Time	504,546	34,741	539,287	527,716	11,571
Preschool Disabilities - Full-Time					
Salaries of Teachers	317,831	30,735	348,566	345,204	3,362
Other Salaries for Instruction	491,894	51,500	543,394	534,556	8,838
General Supplies	9,936	-	9,936	8,936	1,000
Total Preschool Disabilities - Full-Time	819,661	82,235	901,896	888,696	13,200
Home Instruction					
Salaries of Teachers	163,812	25,000	188,812	176,001	12,811
Purchased Prof-Ed. Services	120,500	11,899	132,399	50,753	81,646
General Supplies	50	-	50	-	50
Total Home Instruction	284,362	36,899	321,261	226,754	94,507
Total Special Education					
	14,157,226	616,060	14,773,286	14,445,539	327,747
Basic Skills/Remedial					
Salaries of Teachers	2,312,438	147,678	2,460,116	2,460,082	34
Unused Sick Payment to Terminated/Retired Staff	16,929	-	16,929	16,701	228
General Supplies	6,736	(100)	6,636	5,290	1,346
Total Basic Skills/Remedial	2,336,103	147,578	2,483,681	2,482,073	1,608
Bilingual Education					
Salaries of Teachers	1,392,802	(26,000)	1,366,802	1,344,642	22,160
General Supplies	74,012	(7,900)	66,112	27,883	38,229
Textbooks	42,850	400	43,250	23,199	20,051
Total Bilingual Education	1,509,664	(33,500)	1,476,164	1,395,724	80,440
School Sponsored Co-Curricular Activities					
Salaries	531,163	-	531,163	474,847	56,316
Purchased Services	64,350	(7,000)	57,350	1,476	55,874
Supplies and Materials	66,567	8,700	75,267	57,649	17,618
Other Objects	47,780	-	47,780	10,829	36,951
Total School Sponsored Co-Curricular Activities	709,860	1,700	711,560	544,801	166,759
School Sponsored Athletics - Instruction					
Salaries	1,095,579	25,000	1,120,579	1,080,422	40,157
Purchased Services	260,047	(8,213)	251,834	168,324	83,510
Supplies & Materials	149,295	4,699	153,994	135,785	18,209
Other Objects	57,225	(14,900)	42,325	29,823	12,502
Total School Sponsored Athletics - Instruction	1,562,146	6,586	1,568,732	1,414,354	154,378

**WEST ORANGE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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)					
Summer School - Instruction					
Salaries of Teachers	\$ 35,500	\$ (1,600)	\$ 33,900	\$ 28,391	\$ 5,509
Summer School - Support Services					
Salaries	3,000	1,600	4,600	4,598	2
Total Summer School	<u>38,500</u>	<u>-</u>	<u>38,500</u>	<u>32,989</u>	<u>5,511</u>
Total - Instruction	<u>70,122,958</u>	<u>149,265</u>	<u>70,272,223</u>	<u>70,262,943</u>	<u>9,280</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs within the State-Reg.	137,793	(46,801)	90,992	84,994	5,998
Tuition to Other LEAs within the State-Spec.	677,248	445,000	1,122,248	1,072,368	49,880
Tuition to County Vocational School District-Reg.	53,738	(5,000)	48,738	45,515	3,223
Tuition to County Vocational School District-Spec.	31,864	(2,000)	29,864	25,172	4,692
Tuition to County Special Services - School Districts & Regional Day Schools	261,582	(41,900)	219,682	212,611	7,071
Tuition to Private Schools - Disabled w/ State	7,450,416	261,841	7,712,257	7,702,550	9,707
Tuition- Other	222,259	19,000	241,259	229,509	11,750
Total Undistributed Expenditures - Instruction	<u>8,834,900</u>	<u>630,140</u>	<u>9,465,040</u>	<u>9,372,719</u>	<u>92,321</u>
Attendance and Social Work					
Salaries	200,758	9,606	210,364	210,269	95
Purchased Prof & Tech Svc.	48,818	980	49,798	49,796	2
Supplies & Materials	2,000	(1,700)	300	206	94
Total Attendance and Social Work	<u>251,576</u>	<u>8,886</u>	<u>260,462</u>	<u>260,271</u>	<u>191</u>
Health Services					
Salaries	1,328,078	23,378	1,351,456	1,290,383	61,073
Purchased Professional & Technical Services	87,699	13,000	100,699	80,286	20,413
Other Purchased Services	675	1,000	1,675	670	1,005
Supplies and Materials	42,442	(5,200)	37,242	33,085	4,157
Other Objects	3,060	85	3,145	2,292	853
Total Health Services	<u>1,461,954</u>	<u>32,263</u>	<u>1,494,217</u>	<u>1,406,716</u>	<u>87,501</u>
Speech, OT, PT & Related Services					
Salaries	1,662,062	(30,500)	1,631,562	1,623,125	8,437
Purchased Professional/Educational Services	336,800	138,000	474,800	454,405	20,395
Travel	-	2,000	2,000	1,102	898
Supplies and Materials	11,855	500	12,355	12,075	280
Other Objects	5,000	(5,000)	-	-	-
Total Speech, OT, PT & Related Services	<u>2,015,717</u>	<u>105,000</u>	<u>2,120,717</u>	<u>2,090,707</u>	<u>30,010</u>
Other Support Services Std- Extra Serv					
Salaries	523,248	(390,663)	132,585	122,230	10,355
Purchased Professional- Educational Services	258,000	(56,000)	202,000	155,186	46,814
Total Other Support Services Std- Extra Serv	<u>781,248</u>	<u>(446,663)</u>	<u>334,585</u>	<u>277,416</u>	<u>57,169</u>
Guidance					
Salaries of Other Professional Staff	2,811,912	15,237	2,827,149	2,827,148	1
Salaries of Secretarial and Clerical Assistants	433,448	(41,293)	392,155	390,072	2,083
Other Purchased Prof. and Tech. Services	220,210	1,158	221,368	181,304	40,064
Other Purchased Services	-	1,000	1,000	-	1,000
Supplies and Materials	37,463	(2,465)	34,998	25,816	9,182
Other Objects	540	2,000	2,540	1,430	1,110
Total Guidance	<u>3,503,573</u>	<u>(24,363)</u>	<u>3,479,210</u>	<u>3,425,770</u>	<u>53,440</u>
Child Study Teams					
Salaries of Other Professional Staff	3,440,068	(895)	3,439,173	3,375,893	63,280
Salaries of Secretarial and Clerical Assistants	375,547	30,424	405,971	401,607	4,364
Purchased Prof-Educational Services	105,400	(29,825)	75,575	42,073	33,502
Other Purchased Prof & Tech Svc.	26,000	-	26,000	25,696	304
Other Purchased Services	21,500	(17,350)	4,150	3,795	355
Supplies and Materials	42,861	-	42,861	39,530	3,331
Other Objects	500	-	500	150	350
Total Child Study Teams	<u>4,011,876</u>	<u>(17,646)</u>	<u>3,994,230</u>	<u>3,888,744</u>	<u>105,486</u>

WEST ORANGE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Exhibit C-1

EXPENDITURES	Original <u>Budget</u>	Budget <u>Adjustments</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to <u>Actual</u>
CURRENT EXPENDITURES (Continued)					
Improvement of Instruction Services/ Other Support Services-Instructional Staff					
Salaries of Supervisor of Instruction	\$ 1,864,907		\$ 1,864,907	\$ 1,787,890	\$ 77,017
Salaries of Other Professional Staff	176,799	\$ (7,275)	169,524	113,523	56,001
Salaries of Secr and Clerical Assist.	85,179	41,293	126,472	125,546	926
Salaries of Facilitators, Math & Literacy Coaches	197,485	-	197,485	197,485	-
Other Purchased Services	1,300	200	1,500	494	1,006
Supplies and Materials	3,600	-	3,600	711	2,889
Other Objects	1,282	-	1,282	348	934
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	2,330,552	34,218	2,364,770	2,225,997	138,773
Educational Media Services/School Library					
Salaries	1,096,649	3,120	1,099,769	1,090,456	9,313
Purchased Professional and Technical Services	16,473	-	16,473	15,668	805
Supplies and Materials	113,839	6,060	119,899	113,189	6,710
Other Objects	255	100	355	260	95
Total Educational Media Services/School Library	1,227,216	9,280	1,236,496	1,219,573	16,923
Instructional Staff Training Services					
Salaries of Other Professional Staff	16,000	19,879	35,879	32,996	2,883
Other Purchased Prof. And Tech. Services	203,839	(62,650)	141,189	70,232	70,957
Other Purchased Services	80,295	20,485	100,780	21,268	79,512
Supplies and Materials	5,000	500	5,500	5,202	298
Other Objects	39,000	(1,710)	37,290	4,300	32,990
Total Instructional Staff Training Services	344,134	(23,496)	320,638	133,998	186,640
Support Services General Administration					
Salaries	622,723	37,198	659,921	649,586	10,335
Legal Services	410,000	(50,998)	359,002	309,768	49,234
Audit Fees	73,550	-	73,550	63,154	10,396
Architectural/Engineering Services		21,800	21,800	15,500	6,300
Other Purchased Professional Services	111,870	(27,000)	84,870	65,365	19,505
Purchased Technical Services	-	12,000	12,000	8,600	3,400
Communications/Telephone	289,400	40,000	329,400	304,675	24,725
BOE Other Purchased Services	5,750	-	5,750	3,716	2,034
Misc. Purchased Services	392,337	(36,000)	356,337	349,047	7,290
General Supplies	9,200	7,000	16,200	14,057	2,143
BOE In-House Training/Meeting Supplies	11,750	(7,000)	4,750	3,073	1,677
Miscellaneous Expenditures	7,863	3,000	10,863	10,299	564
BOE Membership Dues and Fees	28,500	-	28,500	26,932	1,568
Total Support Services General Administration	1,962,943	-	1,962,943	1,823,772	139,171
Support Services School Administration					
Salaries of Principals/Asst. Principals	4,045,716	46,152	4,091,868	3,961,299	130,569
Salaries of Secretarial and Clerical Assistants	1,748,718	(77,710)	1,671,008	1,661,891	9,117
Unused Vacation Payment to Terminated/Retired Staff	17,357	14,200	31,557	31,552	5
Purchased Professional and Technical Services	-	3,000	3,000	3,000	-
Other Purchased Services	32,517	(300)	32,217	7,640	24,577
Supplies and Materials	98,369	11,665	110,034	78,042	31,992
Other Objects	2,240	3,100	5,340	2,687	2,653
Total Support Services School Administration	5,944,917	107	5,945,024	5,746,111	198,913
Central Services					
Salaries	1,478,515	(81,845)	1,396,670	1,364,415	32,255
Purchased Professional Services	54,898	6,000	60,898	44,010	16,888
Purchased Technical Services	91,200	1,000	92,200	86,061	6,139
Misc. Purchased Services	84,837	-	84,837	52,747	32,090
Supplies and Materials	26,940	(5,000)	21,940	20,021	1,919
Miscellaneous Expenditures	6,100	-	6,100	3,246	2,854
Total Central Services	1,742,490	(79,845)	1,662,645	1,570,500	92,145
Administration - Information Technology Services					
Salaries	1,340,746	32,335	1,373,081	1,369,757	3,324
Unused Vac Payment to Terminated/Retired Staff		14,139	14,139	14,138	1
Purchased Technical Services	150,098	3,121	153,219	143,772	9,447
Other Purchased Services	10,390	3,500	13,890	12,620	1,270
Supplies and Materials	76,336	28,000	104,336	101,424	2,912
Other Objects	2,760	-	2,760	1,024	1,736
Total Administration Information Technology Svcs.	1,580,330	81,095	1,661,425	1,642,735	18,690

**WEST ORANGE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Exhibit C-1

	Original <u>Budget</u>	Budget <u>Adjustments</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to <u>Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Required Maintenance for School Facilities					
Cleaning, Repair and Maintenance Services	\$ 1,634,337	\$ 184,767	\$ 1,819,104	\$ 1,665,432	\$ 153,672
Lead Testing of Drinking Water	1,000	-	1,000	1,000	1,000
General Supplies	585,150	(284,686)	300,464	256,132	44,332
Other Objects	22,500	-	22,500	14,933	7,567
Total Required Maint. For School Facilities	2,242,987	(99,919)	2,143,068	1,936,497	206,571
Custodial Services					
Salaries	4,406,197	16,346	4,422,543	4,174,438	248,105
Salaries of Non-Instructional Aides	637,128	(34,000)	603,128	569,985	33,143
Unused Vacation Payment to Terminated/Retired Staff	10,317	(7,346)	2,971	2,969	2
Unused Sick Payment to Terminated/Retired Staff	23,000	23,000	46,000	46,000	-
Purchased Professional & Technical Services	4,750	25,205	29,955	28,836	1,119
Cleaning, Repair and Maintenance Services	215,800	5,500	221,300	185,949	35,351
Rental of Land & Bldgs Other Than Lease	457,876	(1,500)	456,376	430,379	25,997
Lease Purchase Payments- Energy Savings	757,306	-	757,306	757,306	-
Other Purchased Property Services	144,510	-	144,510	117,582	26,928
Insurance	335,609	(11,955)	323,654	323,319	335
Miscellaneous Purchased Services	3,000	-	3,000	358	2,642
General Supplies	273,520	140,693	414,213	370,503	43,710
Energy (Natural Gas)	393,500	180,400	573,900	549,053	24,847
Energy (Electricity)	1,221,000	(90,700)	1,130,300	1,088,754	41,546
Energy (Gasoline)	35,000	(1,000)	34,000	18,865	15,135
Other Objects	950	9,000	9,950	7,710	2,240
Total Custodial Services	8,919,463	253,643	9,173,106	8,672,006	501,100
Care and Upkeep of Grounds					
Salaries	534,704	-	534,704	478,493	56,211
Cleaning, Repair and Maintenance Svc.	279,500	(10,000)	269,500	240,908	28,592
General Supplies	91,000	(22,000)	69,000	49,253	19,747
Total Care and Upkeep of Grounds	905,204	(32,000)	873,204	768,654	104,550
Security					
Salaries	667,025	92,632	759,657	756,281	3,376
Purchased Professional & Technical Services	-	47,850	47,850	40,950	6,900
Cleaning, Repair and Maintenance Svc.	234,496	(28,055)	206,441	37,978	168,463
General Supplies	176,139	(11,800)	164,339	107,587	56,752
Total Security	1,077,660	100,627	1,178,287	942,796	235,491
Student Transportation Services					
Salaries of Non-Instructional Aides	433,517	46,000	479,517	467,347	12,170
Salaries for Pupil Trans (Bet. Home & Sch)-Reg.	634,863	(46,000)	588,863	579,593	9,270
Salaries for Pupil Trans (Bet. Home & Sch)-Sp Ed.	608,699	-	608,699	590,857	17,842
Salaries for Pupil Trans (Other than Bet. Home & Sch)	70,000	13,000	83,000	72,792	10,208
Unused Vacation Payment to Terminated/Retired Staff	23,000	-	23,000	22,800	200
Management Fee- ESC & CTSA Trans. Program	98,214	7,800	106,014	105,952	62
Other Purchased Professional & Technical Services	28,667	-	28,667	28,022	645
Cleaning, Repair and Maintenance Svc.	164,069	(8,262)	155,807	87,101	68,706
Lease Purchase Payments- School Buses	180,981	-	180,981	178,478	2,503
Contract Services- Aid in Lieu Pymts-NonPub Sch	546,000	-	546,000	540,112	5,888
Contracted Services (Bet. Home and School)- Vendors	4,058,285	(227,800)	3,830,485	3,654,429	176,056
Contracted Services (Oth. Than Bet Home & School)- Vendors	503,987	(84,738)	419,249	238,876	180,373
Contracted Services (Sp. Ed. Stds)- Vendors	24,665	4,700	29,365	24,445	4,920
Contracted Services (Special Education Students)- Joint Agreements	-	44,304	44,304	27,727	16,577
Contracted Services (Reg. Students)-ESCs & CTSA	415,065	(78,000)	337,065	301,354	35,711
Contracted Services (Spec. Ed. Students)-ESCs & CTSA	2,591,749	338,000	2,929,749	2,925,576	4,173
Travel	-	1,763	1,763	779	984
Misc. Purchased Services	80,801	8,537	89,338	88,011	1,327
General Supplies	6,630	-	6,630	3,906	2,724
Transportation Supplies	196,800	(16,452)	180,348	60,106	120,242
Other Objects	8,900	2,000	10,900	7,880	3,020
Total Student Transportation Services	10,674,892	4,852	10,679,744	10,006,143	673,601
Unallocated Benefits - Employee Benefits					
Group Insurance	1,400	-	1,400	1,268	132
Social Security Contributions	2,050,000	(33,825)	2,016,175	1,854,560	161,615
Other Retirement Contribution-DCRP	102,000	(10,000)	92,000	90,210	1,790
Other Retirement Contribution-PERS	2,162,000	-	2,162,000	2,156,275	5,725
Other Retirement Contribution - PERS Deferred Pension Obligation	75,000	-	75,000	73,795	1,205
Unemployment Compensation	100,000	(100,000)	-	-	-
Worker's Compensation	362,013	505,000	867,013	866,215	798
Health Benefits	19,683,700	(1,162,897)	18,520,803	18,510,867	9,936
Tuition Reimbursement	275,000	77,858	352,858	338,866	13,992
Other Employee Benefits	850,115	-	850,115	848,903	1,212
Total Unallocated Benefits - Employee Benefits	25,661,228	(723,864)	24,937,364	24,740,959	196,405

WEST ORANGE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Exhibit C-1

	Original <u>Budget</u>	Budget <u>Adjustments</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to <u>Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
TPAF Pension Contribution (Non Budgeted)					
Normal Pension Contribution				\$ 14,184,548	\$ (14,184,548)
NCGI Contributions				254,242	(254,242)
Long Term Disability Insurance				8,690	(8,690)
Post Retirement				5,356,527	(5,356,527)
TPAF Social Security Contribution (Non Budgeted)	-	-	-	5,118,575	(5,118,575)
	-	-	-	24,922,582	(24,922,582)
Total Undistributed Expenditures	\$ 85,474,860	\$ (187,685)	\$ 85,287,175	107,074,666	(21,787,491)
Total Current Expenditures	155,597,818	(38,420)	155,559,398	177,337,609	(21,778,211)
CAPITAL OUTLAY					
Equipment					
Grades 1-5		-			
Grades 6-8	4,800	(761)	4,039	4,039	-
Grades 9-12	12,000	(4,039)	7,961	6,662	1,299
Preschool Disabilities- Full Time		2,051		2,050	1
School Sponsored and Other Instructional Programs Undistributed Expenditures	5,600	-	5,600	5,146	454
Support Services-Related & Extraordinary	12,000	-	12,000	11,640	360
Support Services- Instructional Staff	2,000	11,600	13,600	10,702	2,898
Central Services		5,000	5,000	4,990	10
Admin Info Tech.	65,535	(4,894)	60,641	58,334	2,307
Required Maintenance School Facilities		2,843	2,843	2,843	-
Security	-	14,700	14,700	14,675	25
Total Equipment	101,935	26,500	128,435	121,081	7,354
Facilities and Acquisitions					
Architectural/Engineering Services		229,900	229,900	224,887	5,013
Construction Services	244,040	243,178	487,218	430,855	56,363
Assessment for Debt Service on SDA Funding	114,991	-	114,991	114,991	-
Total Facilities and Acquisitions	359,031	473,078	832,109	770,733	61,376
Interest Deposit to Capital Reserve	10	-	10	-	10
Total Capital Outlay	460,976	499,578	960,554	891,814	68,740
TRANSFER OF FUNDS TO CHARTER SCHOOLS					
Transfer of Funds to Charter Schools	158,445	-	158,445	131,050	27,395
Total Transfer of Funds to Charter Schools	158,445	-	158,445	131,050	27,395
Total Expenditures - General Fund	156,217,239	461,158	156,678,397	178,360,473	(21,682,076)
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	(2,250,000)	(461,158)	(2,711,158)	1,695,578	4,406,736
Other Financing Sources (Uses)					
Transfers In				1,224	1,224
Lease Purchase Proceeds				1,684,688	1,684,688
Transfer to Capital Projects Fund- Capital Outlay	-	(8,262)	(8,262)	(8,262)	-
Total Other Financing Sources (Uses)	-	(8,262)	(8,262)	1,677,650	1,685,912
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Financing Sources					
	(2,250,000)	(469,420)	(2,719,420)	3,373,228	6,092,648
Fund Balances, Beginning of Year	5,370,553	-	5,370,553	5,370,553	-
Fund Balances, End of Year	\$ 3,120,553	\$ (469,420)	\$ 2,651,133	\$ 8,743,781	\$ 6,092,648
Recapitulation of Fund Balance					
Restricted					
Capital Reserve				\$ 1,000,573	
Emergency Reserve				664,404	
Committed					
Year-End Encumbrances				56,038	
Assigned					
Year-End Encumbrances				715,264	
Designated in Subsequent Year's Budget (2020/21 Budget)				2,000,000	
Unassigned Fund Balance				4,307,502	
Less State Aid not Recognized on a GAAP Basis				8,743,781	(4,024,942)
Fund Balance per Governmental Funds (GAAP)				\$ 4,718,839	

**WEST ORANGE BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources		\$ 69,562	\$ 69,562	\$ 38,618	\$ (30,944)
State Sources	\$ 654,688	237,583	892,271	589,249	(303,022)
Federal Sources	2,621,257	1,799,585	4,420,842	3,099,544	(1,321,298)
Total Revenues	<u>3,275,945</u>	<u>2,106,730</u>	<u>5,382,675</u>	<u>3,727,411</u>	<u>(1,655,264)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	714,703	160,743	875,446	758,182	117,264
Other Salaries for Instruction		1,944	1,944	1,944	-
Purchased Prof & Technical Services	13,124	125,456	138,580	18,480	120,100
Purchased Professional- Educational Services	232,086	78,796	310,882	151,421	159,461
Tuition	1,260,417	374,553	1,634,970	1,632,232	2,738
Other Purchased Services		35,495	35,495		35,495
General Supplies	373,212	(114,623)	258,589	74,109	184,480
Textbooks	66,950	8,478	75,428	71,478	3,950
Total Instruction	<u>2,660,492</u>	<u>670,842</u>	<u>3,331,334</u>	<u>2,707,846</u>	<u>623,488</u>
Support Services					
Salaries	28,000	81,399	109,399	32,355	77,044
Salaries of Program Directors	-	8,500	8,500	4,798	3,702
Employee Benefits	182,250	111,169	293,419	268,940	24,479
Purchased Prof. and Technical Services	36,570	320,728	357,298	191,791	165,507
Purchased Professional-Education Services	283,396	232,739	516,135	202,205	313,930
Purchased Property Services		21,752	21,752	1,752	20,000
Cleaning, Repair and Maintenance Services		35,802	35,802	30,997	4,805
Other Purchased Services	85,237	19,319	104,556	44,646	59,910
General Supplies		440,179	440,179	199,018	241,161
Other Objects	-	532	532	532	-
Total Support Services	<u>615,453</u>	<u>1,272,119</u>	<u>1,887,572</u>	<u>977,034</u>	<u>910,538</u>
Facilities Acquisition and Construction Services					
Instructional Equipment	-	35,791	35,791	35,791	-
Non-Instructional Equipment	-	127,978	127,978	6,740	121,238
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>163,769</u>	<u>163,769</u>	<u>42,531</u>	<u>121,238</u>
Total Expenditures	<u>3,275,945</u>	<u>2,106,730</u>	<u>5,382,675</u>	<u>3,727,411</u>	<u>1,655,264</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, 2020**

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)	\$ 180,056,051	\$ 3,727,411	
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, 2019		4,332	
Encumbrances, June 30, 2020		(149,417)	
State Aid Payments not recognized for GAAP purposes, not recognized for budgetary statements (2018/19 State Aid)	3,611,109		
State Aid Payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year (2019/2020 State Aid)	<u>(4,024,942)</u>	<u>-</u>	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 179,642,218</u>	<u>\$ 3,582,326</u>	
Uses/Outflows of Resources			
Actual expenditure amounts (budgetary basis) (Exhibits C-1 and C-2)	\$ 178,360,473	\$ 3,727,411	
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, 2019		4,332	
Encumbrances, June 30, 2020	<u>\$ -</u>	<u>(149,417)</u>	
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 178,360,473</u>	<u>\$ 3,582,326</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>2020</u>	<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)	0.22062%	0.21447%	0.22700%	0.23576%	0.22313%	0.21477%	0.22573%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 39,752,845</u>	<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>\$ 15,498,663</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>	<u>\$ 15,849,310</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	256.49%	278.43%	355.83%	481.54%	336.97%	278.98%	258.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 2,146,019	\$ 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>(2,146,019)</u>	<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>	<u>\$ -</u>
District's Covered Payroll	<u>\$ 15,483,408</u>	<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	13.86%	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*

	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Position Liability (Asset)	0%	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>\$ 366,835,836</u>	<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>\$ 71,150,358</u>	<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	515.58%	579.42%	683.04%	759.39%	591.70%	493.55%	488.74%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.95%	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>2020</u>	<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)	0.494%	0.644%	0.621%	0.618%	0.618%	0.639%	0.667%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 131,454</u>	<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%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.00%	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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 17,819	\$ 25,395	\$ 26,770	\$ 25,280	\$ 25,596	\$ 37,410	\$ 31,418
Contributions in Relation to the Contractually Required Contribution	<u>(17,819)</u>	<u>(25,395)</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>	<u>\$ -</u>
District's Covered Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of Covered Payroll	0%	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, 2020**

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>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 9,654,862	\$ 10,847,670	\$ 13,227,808
Interest on Total OPEB Liability	8,567,129	9,068,829	7,737,672
Differences Between Expected and Actual Experiences	(33,473,094)	(20,349,321)	
Changes of Assumptions	2,928,972	(24,628,254)	(32,396,771)
Gross Benefit Payments	(6,030,195)	(5,738,754)	(6,917,994)
Contribution from the Member	<u>178,752</u>	<u>198,340</u>	<u>254,738</u>
Net Change in Total OPEB Liability	(18,173,574)	(30,601,490)	(18,094,547)
Total OPEB Liability - Beginning	<u>214,615,943</u>	<u>245,217,433</u>	<u>263,311,980</u>
Total OPEB Liability - Ending	<u>\$ 196,442,369</u>	<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>\$ 196,442,369</u>	<u>\$ 214,615,943</u>	<u>245,217,433</u>
Total OPEB Liability - Ending	<u>\$ 196,442,369</u>	<u>\$ 214,615,943</u>	<u>\$ 245,217,433</u>
District's Covered Payroll	<u>\$ 86,649,021</u>	<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%	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, 2020**

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, 2020

	Pre- Apprenticeship	Title I	Carl A. Perkins	IDEA Basic	IDEA Preschool	Title IIA	Nonpublic Technology	Nonpublic Textbooks	Nonpublic Nursing	Total Page 2	Total
REVENUES											
Local										\$ 38,618	\$ 38,618
State	\$ 532						\$ 48,977	\$ 71,478	\$ 139,195	329,067	589,249
Federal	-	\$ 956,143	\$ 58,273	\$ 1,614,381	\$ 68,701	\$ 132,495	-	-	-	269,551	3,099,544
Total Revenues	\$ 532	\$ 956,143	\$ 58,273	\$ 1,614,381	\$ 68,701	\$ 132,495	\$ 48,977	\$ 71,478	\$ 139,195	\$ 637,236	\$ 3,727,411
EXPENDITURES											
Instruction											
Salaries of Teachers		\$ 662,796				\$ 52,398				\$ 42,988	\$ 758,182
Other Salaries for Instruction										1,944	1,944
Purchased Prof. and Technical Services		900	\$ 17,580							-	18,480
Purchased Prof-Educational Services										151,421	151,421
Textbooks								\$ 71,478			71,478
Tuition				\$ 1,563,531	\$ 68,701						1,632,232
Supplies	-	8,287	30,845	-	-	4,387	\$ 16,985	-	-	13,605	74,109
Total Instruction	-	671,983	48,425	1,563,531	68,701	56,785	16,985	71,478	-	209,958	2,707,846
Support Services											
Salaries		28,000	3,003							1,352	32,355
Salaries of Program Directors		4,798								-	4,798
Employee Benefits		247,022	230			18,858				2,830	268,940
Purchased Prof. and Technical Services		3,700				23,825				164,266	191,791
Purchased Professional-Educational Services				50,850				\$ 139,195		12,160	202,205
Purchased Property Services			1,752								1,752
Cleaning, Repair and Maintenance Services										30,997	30,997
Other Purchased Services		640	1,064			33,027				9,915	44,646
Supplies										199,018	199,018
Other Objects	\$ 532	-	-	-	-	-	-	-	-	-	532
Total Support Services	532	284,160	6,049	50,850	-	75,710	-	-	139,195	420,538	977,034
Facilities Acquisition and Construction Services											
Instructional Equipment			3,799				31,992			-	35,791
Non-Instructional Equipment										6,740	6,740
Total Facilities Acquisition and Construction Services			3,799				31,992			6,740	42,531
Total Expenditures	\$ 532	\$ 956,143	\$ 58,273	\$ 1,614,381	\$ 68,701	\$ 132,495	\$ 48,977	\$ 71,478	\$ 139,195	\$ 637,236	\$ 3,727,411

**WEST ORANGE BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	COPS	Title III	Title IV	Non Public Chapter 192			Non Public Chapter 193			Local Grants	Total Page 2
				Home Instruction	Compens. Education	Nonpublic Security	Exam. And Class	Corrective Speech	Supplem. Instruction		
REVENUES											
Local										\$ 38,618	\$ 38,618
State				\$ 2,197	\$ 7,301	\$ 183,646	\$ 96,644	\$ 10,299	\$ 28,980		329,067
Federal	\$ 192,138	\$ 40,045	\$ 37,368	-	-	-	-	-	-	-	269,551
Total Revenues	\$ 192,138	\$ 40,045	\$ 37,368	\$ 2,197	\$ 7,301	\$ 183,646	\$ 96,644	\$ 10,299	\$ 28,980	\$ 38,618	\$ 637,236
EXPENDITURES											
Instruction											
Salaries of Teachers		\$ 17,182	\$ 16,506							\$ 9,300	\$ 42,988
Other Salaries for Instruction		1,944									1,944
Purchased Prof. and Technical Services											-
Purchased Professional-Educational Services		6,000		\$ 2,197	\$ 7,301		\$ 96,644	\$ 10,299	\$ 28,980		151,421
Textbooks											-
Supplies			3,079			\$ 2,185				8,341	13,605
Other Objects	-	-	-	-	-	-	-	-	-	-	-
Total Instruction	-	25,126	19,585	2,197	7,301	2,185	96,644	10,299	28,980	17,641	209,958
Support Services											
Salaries		1,352									1,352
Salaries of Program Directors											-
Purchased Prof. and Technical Services			7,500			156,766					164,266
Employee Benefits		1,567	1,263								2,830
Purchased Professional-Educational Services		12,000								160	12,160
Cleaning, Repair and Maintenance Services						21,705				9,292	30,997
Other Purchased Services			9,020							895	9,915
Supplies	\$ 192,138	-	-	-	-	-	-	-	-	6,880	199,018
Total Support Services	192,138	14,919	17,783	-	-	178,471	-	-	-	17,227	420,538
Facilities Acquisition and Construction											
Instructional Equipment											-
Non- Instructional Equipment	-	-	-	-	-	2,990	-	-	-	3,750	6,740
Total Facilities Acquisition and Construction	-	-	-	-	-	2,990	-	-	-	3,750	6,740
Total Expenditures	\$ 192,138	\$ 40,045	\$ 37,368	\$ 2,197	\$ 7,301	\$ 183,646	\$ 96,644	\$ 10,299	\$ 28,980	\$ 38,618	\$ 637,236

**WEST ORANGE BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION PROGRAM AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020**

<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2020</u>
		<u>Prior Year</u>	<u>Current Year</u>	
Acquisition of School Vehicles	\$ 381,952	\$ -	\$ 381,952	\$ -
	<u>\$ 381,952</u>	<u>\$ -</u>	<u>\$ 381,952</u>	<u>\$ -</u>
Project Balances, June 30, 2020				\$ -
Reserved for Payment of Lease Purchase				<u>-</u>
Fund Balance, June 30, 2020 (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, 2020**

REVENUES AND OTHER FINANCING SOURCES

Revenues

Interest on Lease Purchase Proceeds	\$ 1,224
Other Financing Sources	
Lease Purchase Proceeds	373,690
Transfer from Capital Outlay	8,262
Total Revenues and Other Financing Sources	383,176

EXPENDITURES AND OTHER FINANCING USES

Expenditures

Vehicles	381,952
Other Financing Uses	
Transfer to General Fund - Interest Earnings on Lease Purchase Proceeds	1,224
Total Expenditures and Other Financing Uses	383,176

Excess of Revenues and Other Financing Sources over
Expenditures and Other Financing Uses

-

Fund Balance, July 1, 2019

-

Fund Balance, June 30, 2020

\$ -

**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, 2020**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Lease Proceeds		\$ 373,690	\$ 373,690	\$ 373,690
Transfer from Capital Outlay	\$ -	8,262	8,262	8,262
	<u>-</u>	<u>381,952</u>	<u>381,952</u>	<u>381,952</u>
Expenditures and Other Financing Uses				
Vehicles	-	381,952	381,952	381,951
	<u>-</u>	<u>381,952</u>	<u>381,952</u>	<u>381,952</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	\$ 381,952
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 381,952

Percentage Increase Over Original Authorized Cost	
Percentage Completion	100%
Original Target Completion Date	2019/2020
Revised Target Completion Date	

ENTERPRISE FUNDS

**WEST ORANGE BOARD OF EDUCATION
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2020**

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

**COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020**

	<u>Student Activity</u>	<u>Agency Payroll</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 275,515	\$ 5,345,930	\$ 5,621,445
Accounts Receivable	23,231	1,824	25,055
Due from Other Funds		8,932	8,932
Cash with Fiscal Agent	-	65,942	65,942
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 298,746</u>	<u>\$ 5,422,628</u>	<u>\$ 5,721,374</u>
LIABILITIES			
Due to Student Groups	\$ 290,315		\$ 290,315
Interfund Accounts Payable:			
Unemployment Fund		\$ 30,985	30,985
Accounts Payable	8,431		8,431
Accrued Salaries and Wages		38,775	38,775
Payroll Deductions and Withholdings		5,286,805	5,286,805
Reserve for Flexible Spending	-	66,063	66,063
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ 298,746</u>	<u>\$ 5,422,628</u>	<u>\$ 5,721,374</u>

**FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020**

	<u>Balance</u> <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance,</u> <u>June 30, 2020</u>
Due to Student Groups				
ELEMENTARY SCHOOLS				
Gregory	\$ 1,887	\$ 1,405	\$ 1,461	\$ 1,831
Saint Cloud	1,207	6,112	5,283	2,036
Hazel Avenue	2,658	3,162	3,411	2,409
Kelly School	3,176	3,480	3,484	3,172
Washington	3,040	1,077	1,030	3,087
Mount Pleasant	2,047	244	230	2,061
Redwood	1,618	3,408	2,973	2,053
MIDDLE SCHOOLS				
Roosevelt	37,559	35,073	35,497	37,135
Edison	4,729	7,280	6,680	5,329
Liberty	25,710	63,030	59,109	29,631
SENIOR HIGH SCHOOL				
West Orange High School	172,058	131,211	123,925	179,344
ATHLETICS				
High School	1,218	121,110	100,101	22,227
Roosevelt Middle School	-	4,013	4,013	-
Liberty Middle School	-	4,017	4,017	-
Accounts Receivable	-	(23,231)		(23,231)
Accounts Payable	<u>23,358</u>	<u>8,431</u>	<u>23,358</u>	<u>8,431</u>
	<u>\$ 280,265</u>	<u>\$ 369,822</u>	<u>\$ 374,572</u>	<u>\$ 275,515</u>

**PAYROLL AGENCY FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Balance,</u> <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance,</u> <u>June 30, 2020</u>
Payroll Deductions and Withholdings	\$ 4,779,312	\$ 57,833,185	\$ 57,325,692	\$ 5,286,805
Interfund Payable	31,243	30,985	31,243	30,985
Interfund Receivable	-	-	8,932	(8,932)
Accounts Receivable	(931)	931	1,824	(1,824)
Accrued Salaries and Wages	2,155	57,450,082	57,413,462	38,775
Reserve for Flexible Spending	<u>36,703</u>	<u>403,185</u>	<u>373,825</u>	<u>66,063</u>
	<u>\$ 4,848,482</u>	<u>\$ 115,718,368</u>	<u>\$ 115,154,978</u>	<u>\$ 5,411,872</u>

LONG-TERM DEBT

**WEST ORANGE BOARD OF EDUCATION
LONG TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

103

<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, 2019</u>	<u>Retired</u>	<u>Balance, June 30, 2020</u>
			<u>Date</u>	<u>Amount</u>				
2012 School Refunding Bonds	1/19/2012	\$ 31,535,000	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	\$ 24,025,000	\$ 2,025,000	\$ 22,000,000
2015 School Refunding	3/13/2015	1,775,000	7/15/2020	370,000	4.000			
			7/15/2021	380,000	4.000	<u>1,105,000</u>	<u>355,000</u>	<u>750,000</u>
						<u>\$ 25,130,000</u>	<u>\$ 2,380,000</u>	<u>\$ 22,750,000</u>
Paid by Budget Appropriation							<u>\$ 2,380,000</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, 2020**

<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, 2019</u>	<u>Retired</u>	<u>Balance, June 30, 2020</u>
2015 Refunding Certificates	10/22/15	\$ 25,475,000	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	\$ 21,285,000	\$ 1,295,000	\$ 19,990,000
2016 Refunding Certificates	7/14/2016	4,970,000	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>3,825,000</u>	<u>580,000</u>	<u>3,245,000</u>
					<u>\$ 25,110,000</u>	<u>\$ 1,875,000</u>	<u>\$ 23,235,000</u>	
						<u>\$ 1,875,000</u>		

Paid by Budget Appropriation

\$ 1,875,000

**WEST ORANGE BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES/LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR JUNE 30, 2020**

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2020</u>
Energy Savings Improvement Program Lease	2.730%	\$ 11,520,000	\$ 9,840,000		\$ 492,009	\$ 9,347,991
Lease Purchase Agreement-Buses	1.982%	310,739	64,541		64,541	-
Lease Purchase- Chrome Books (Supplies)	1.957%	545,531	181,821		181,821	-
Lease Purchase Agreement-Buses	4.680%	158,837	124,099		28,930	95,169
Lease Purchase- Chrome Books (Supplies)	5.010%	101,025	65,691		32,043	33,648
Lease Purchase Agreement-Buses	2.100%	373,690		\$ 373,690	77,725	295,965
Lease Purchase- Chrome Books (Supplies)	2.054%	998,320	-	998,320	339,036	659,284
Lease Purchase- Chrome Books (Supplies)	1.552%	<u>686,368</u>	<u>-</u>	<u>686,368</u>	<u>-</u>	<u>686,368</u>
		<u>\$ 14,694,510</u>	<u>\$ 10,276,152</u>	<u>\$ 2,058,378</u>	<u>\$ 1,216,105</u>	<u>\$ 11,118,425</u>
					Paid by Budget Appropriation	<u>\$ 1,216,105</u>

**WEST ORANGE BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<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	\$ 5,772,257	-	\$ 5,772,257	\$ 5,772,257	
State Sources					
Debt Service Aid	311,143	-	311,143	311,143	-
<u>Total Revenues</u>	<u>6,083,400</u>	<u>-</u>	<u>6,083,400</u>	<u>6,083,400</u>	<u>-</u>
EXPENDITURES					
Principal Payments- Comm Approved					
Lease Purchase Agreement	1,875,000	-	1,875,000	1,875,000	
Interest Payments- Comm Approved					
Lease Purchase Agreement	926,495	-	926,495	926,494	\$ 1
Principal	2,380,000	-	2,380,000	2,380,000	
Interest	901,907	-	901,907	901,906	1
<u>Total Expenditures</u>	<u>6,083,402</u>	<u>-</u>	<u>6,083,402</u>	<u>6,083,400</u>	<u>2</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(2)</u>	<u>-</u>	<u>(2)</u>	<u>-</u>	<u>2</u>
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures	(2)	-	(2)	-	2
Fund Balance, Beginning of Year	<u>4</u>	<u>-</u>	<u>4</u>	<u>4</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 (2020/21 Budget)	\$ 2
Available for Debt Service Expenditures	2
	<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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net Investment in Capital Assets	\$ 50,380,283	\$ 52,834,155	\$ 56,057,197	\$ 59,644,905	\$ 6,206,060	\$ 5,013,062	\$ 5,142,084	\$ 7,014,988	\$ 8,870,463	\$ 9,988,846
Restricted	233,986	1,793,274	3,758,926	2,429,584	689,187	367,589	53,823	504,228	573	1,664,981
Unrestricted (Deficit)	<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>	<u>(53,472,772)</u>
Total Governmental Activities Net Position	\$ 56,637,941	\$ 60,719,586	\$ 63,707,776	\$ 24,145,685	\$ (34,376,662)	\$ (37,993,492)	\$ (46,339,443)	\$ (44,820,848)	\$ (44,240,764)	\$ (41,818,945)
Business-Type Activities										
Net Investment in Capital Assets	\$ 92,083	\$ 108,294	\$ 96,465	\$ 78,903	\$ 837,743	\$ 717,879	\$ 616,162	\$ 500,918	\$ 353,707	\$ 297,413
Unrestricted	<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>	<u>931,725</u>
Total Business-Type Activities Net Position	\$ 420,544	\$ 381,635	\$ 273,580	\$ 356,349	\$ 1,179,682	\$ 1,222,281	\$ 1,276,946	\$ 1,299,383	\$ 1,214,065	\$ 1,229,138
District-Wide										
Net Investment in Capital Assets	\$ 50,472,366	\$ 52,942,449	\$ 56,153,662	\$ 59,723,808	\$ 7,043,803	\$ 5,730,941	\$ 5,758,246	\$ 7,515,906	\$ 9,224,170	\$ 10,286,259
Restricted	233,986	1,793,274	3,758,926	2,429,584	689,187	367,589	53,823	504,228	573	1,664,981
Unrestricted	<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>	<u>(52,541,047)</u>
Total District Net Position	\$ 57,058,485	\$ 61,101,221	\$ 63,981,356	\$ 24,502,034	\$ (33,196,980)	\$ (36,771,211)	\$ (45,062,497)	\$ (43,521,465)	\$ (43,026,699)	\$ (40,589,807)

Source: District Financial Statements

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 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	\$ 82,895,918
Special Education	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	35,693,461
Vocational Instruction-Tuition						175,783	154,935	135,994	82,060	70,687
Other Special Education	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	6,583,153
Other Instruction	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	3,046,150
Support Services:										
Tuition	6,723,081	7,653,063	8,120,169	8,966,563	7,361,760					
Student and Instruction Related Services	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	21,433,891
General Administration Services	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	2,436,590
School Administration Services	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	9,319,800
Central Services	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	4,447,495
Plant Operations And Maintenance	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	17,387,897
Pupil Transportation	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	10,512,310
Capital Outlay										
Interest On Long-Term Debt	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	2,143,119
Transfer of Funds to Charter Schools					255,172					
Unallocated Depreciation	2,366,214	2,507,544	2,675,170	2,874,763	5,121,756	-	-	-	-	-
Total Governmental Activities Expenses	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	195,970,471
Business-Type Activities										
Food Service	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	3,053,450
Community Education	-	-	-	-	133,754	127,773	140,192	153,746	168,904	173,425
Total Business-Type Activities Expense	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	3,226,875
Total District Expenses	\$ 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	\$ 199,197,346
Program Revenues										
Governmental Activities										
Charges For Services	\$ 194,732	\$ 445,612	\$ 440,999	\$ 578,707	\$ 311,761	\$ 332,145	\$ 657,964	\$ 634,813	\$ 474,357	\$ 310,549
Operating Grants and Contributions	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	49,500,719
Capital Grants and Contributions	43,124	-	-	-	-	-	7,284	104,546	342,955	42,531
Total Governmental Activities Program Revenues	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	49,853,799
Business-Type Activities										
Charges For Services										
Food Service	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	1,160,278
Summer Enrichment					162,283	145,768	150,529	167,061	169,312	167,253
Operating Grants And Contributions	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	1,911,970
Total Business Type Activities Program Revenues	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	3,239,501
Total District Program Revenues	\$ 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	\$ 53,093,300
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (146,116,672)
Business-Type Activities	27,322	(38,982)	(108,072)	82,742	52,023	42,565	54,555	21,827	(47,871)	12,626
Total District-Wide Net Expenses	\$ (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)	\$ (146,104,046)

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Assets										
Governmental Activities										
Property Taxes Levied For General Purposes, Net	\$ 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	\$ 137,645,823
Taxes Levied For Debt Service	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	5,772,257
Federal and State Aid - Unrestricted	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	4,835,597
Investment Earnings	50,169	21,484	11,368	7,977	5,139	6,802	10,556	25,489	137,124	103,319
Miscellaneous Income	488,456	542,729	741,945	907,811	256,959	584,629	471,473	257,329	160,457	181,495
Donated Assets										
Transfers	-	500,000	-	-	-	-	-	-	-	-
Total Governmental Activities	127,393,644	125,736,808	129,701,362	131,627,308	135,653,310	134,270,491	136,529,239	142,361,980	141,840,939	148,538,491
Business-Type Activities										
Investment Earnings	64	73	17	27	15	34	110	610	3,383	2,447
Total Business-Type Activities	64	73	17	27	15	34	110	610	3,383	2,447
Total District-Wide	\$ 127,393,708	\$ 125,736,881	\$ 129,701,379	\$ 131,627,335	\$ 135,653,325	\$ 134,270,525	\$ 136,529,349	\$ 142,362,590	\$ 141,844,322	\$ 148,540,938
Change in Net Position										
Governmental Activities	\$ 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	\$ 2,421,819
Business-Type Activities	27,386	(38,909)	(108,055)	82,769	52,038	42,599	54,665	22,437	(44,488)	15,073
Total District	\$ 2,651,881	\$ 3,407,644	\$ 3,537,780	\$ 1,834,914	\$ (1,317,447)	\$ (3,574,231)	\$ (8,291,286)	\$ 1,541,032	\$ 810,747	\$ 2,436,892

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Restricted	\$ 1	\$ 1,349,220	\$ 3,860,212	\$ 2,393,105	\$ 648,772	\$ 273,014	\$ 4,209	\$ 504,226	\$ 569	\$ 1,664,977
Committed						2,583,598		116,667	192,337	56,038
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	2,715,264
Unassigned	<u>3,417,328</u>	<u>2,827,610</u>	<u>2,513,648</u>	<u>2,511,440</u>	<u>2,368,040</u>	<u>(314,101)</u>	<u>(143,511)</u>	<u>(377,415)</u>	<u>(744,645)</u>	<u>282,560</u>
Total General Fund	\$ 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	\$ 4,718,839
All Other Governmental Funds										
Restricted/Reserved for:										
Capital Projects Fund	\$ 59,864	\$ 54,864	\$ 42,364			\$ 8,605,089	\$ 754,371			
Debt Service Fund	<u>174,121</u>	<u>389,190</u>	<u>1,217</u>	<u>\$ 36,479</u>	<u>\$ 40,415</u>	<u>214,574</u>	<u>47,302</u>	<u>2</u>	<u>4</u>	<u>4</u>
Total All Other Governmental Funds	\$ 233,985	\$ 444,054	\$ 43,581	\$ 36,479	\$ 40,415	\$ 8,819,663	\$ 801,673	\$ 2	\$ 4	\$ 4

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax Levy	\$ 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	\$ 143,418,080
Tuition Charges	194,732	445,612	440,999	578,707	311,761	302,945	524,819	513,225	361,257	232,564
Miscellaneous	593,460	608,908	762,784	919,499	313,392	635,219	669,089	548,197	608,555	400,155
State Sources	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	42,043,580
Federal Sources	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	3,214,789
Total Revenues	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	189,309,168
Expenditures										
Instruction										
Regular Instruction	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	76,681,033
Special Education Instruction	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	33,829,525
Vocational Instruction- Tuition						175,783	154,935	135,994	82,060	70,687
Other Special Instruction	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	6,087,184
Other Instruction	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	2,843,635
Support Services										
Tuition	6,723,081	7,633,063	8,120,169	8,966,563	7,361,760					
Student and Inst. Related Services	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	20,662,021
General Administration Services	1,391,407	1,415,161	1,450,618	1,417,716	1,884,726	2,153,246	2,072,895	1,971,269	2,275,876	2,285,863
School Administration Services	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	8,636,458
Central Services	1,060,212	917,106	891,714	934,706	1,542,368	4,128,993	4,532,978	4,289,012	4,471,633	4,262,160
Administrative Information Technology					357,243					
Plant Operations And Maintenance	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	13,886,392
Pupil Transportation	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	10,483,908
Unallocated Employee Benefits	28,271,199	29,259,331	32,981,309	29,595,409	33,019,505	255,172				
Transfer of Funds to Charter Schools										
Cost of Issuance						499,298	171,579			
Capital Outlay	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	988,419
Debt Service										
Principal	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	5,471,105
Interest and Other Charges	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	2,219,761
Total Expenditures	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	188,408,151
Excess (Deficiency) of Revenues Over (Under) Expenditures	(124,631)	1,221,909	412,748	(1,551,140)	(1,407,184)	(5,330,326)	(12,323,167)	424,134	(1,660,577)	901,017
Other Financing Sources (Uses)										
Lease Purchase Agreements						12,820,535				
School Bonds Issued		31,535,000				27,250,000				
School Bonds Defeased		(31,409,000)				(28,199,370)				
Bond Issuance Costs		(262,639)								
Bond Premiums		2,730,173				1,448,668	481,347			
Deferred Interest on Refunding		(2,593,534)								
Refunding Certificates of Participation							4,970,000			
Payment to Escrow Agent							(5,279,768)			
Capital Leases (Non-Budgeted)					958,640		630,768	545,531	259,862	2,058,378
Gain/Insurance Recovery on Capital Assets							7,284		174,220	-
Transfers In	6,525	502,892	2,591	35,273			98	8,745		9,486
Transfers Out	(6,525)	(2,892)	(2,591)	(35,273)			(98)	(8,745)		(9,486)
Total Other Financing Sources (Uses)	-	500,000	-	-	958,640	13,319,833	809,631	545,531	434,082	2,058,378
Net Change in Fund Balances	\$ (124,631)	\$ 1,721,909	\$ 412,748	\$ (1,551,140)	\$ (448,544)	\$ 7,989,507	\$ (11,513,536)	\$ 969,665	\$ (1,226,495)	\$ 2,959,395
Debt Service as a Percentage of Noncapital Expenditures	4.82%	4.36%	4.26%	4.22%	3.80%	4.07%	4.42%	4.73%	4.39%	4.10%

* 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>
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
2020	102,095	232,564	59,985		138,971		60,524	594,139

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
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	2.44
2020	32,157,100	4,513,034,930	844,881,400	20,359,400	159,341,600	5,569,774,430	9,345,372	5,579,119,802	660,865,005	6,516,700,616	2.60

* 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	School	Overlapping Rates		Total Direct and Overlapping Tax Rate
		Municipality	County	
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
2020	2.60	1.11	0.57	4.28

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	2020		2011	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Essex Green LLC	\$ 76,748,400	1.38%	\$ 21,173,300	1.41%
Blackburn Development Co. Inc.	54,500,000	0.98%		
Kessler Institute	50,139,500	0.90%	13,195,200	0.88%
West Orange Plaza	50,000,000	0.90%		
Bow and Arrow Manor Inc.	42,380,000	0.76%	14,967,200	0.99%
Reckson Operating Partnership L.P.			13,648,700	0.91%
Blackburn Development Co. Inc.	-	0.00%	13,227,700	0.88%
West Orange Plaza			10,747,600	0.71%
Atkins Kent	24,000,000	0.43%		
Montclair Golf Club	21,250,000	0.38%	7,490,400	0.50%
Crestmont County Club	18,500,000	0.33%	8,961,500	0.59%
Prism Green Associates			7,787,300	0.52%
Atkins & Kent Limited			7,531,000	0.50%
Apple Nine Hospitality Ownership	17,548,000	0.32%		
Hutton Lafayette Apartments	16,380,000	0.29%		
Essex Country Club	16,323,700	0.29%		
HCP MA4 W. Orange, NJ	16,231,900	0.29%		
	<u>\$ 404,001,500</u>	<u>7.25%</u>	<u>\$ 118,729,900</u>	<u>7.88%</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	
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
2020	143,418,080	143,418,080	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	Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases			
2011	\$ 38,991,000	\$ 40,450,000	\$ 357,555	\$ 79,798,555	46,457	\$ 1,718
2012	37,557,000	38,870,000	208,626	76,635,626	46,474	1,649
2013	35,927,000	37,230,000	107,097	73,264,097	46,756	1,567
2014	34,232,000	35,515,000		69,747,000	46,838	1,489
2015	32,847,000	33,730,000	688,916	67,265,916	46,889	1,435
2016	31,225,000	31,185,000	12,856,478	75,266,478	46,952	1,603
2017	29,510,000	28,800,000	12,543,775	70,853,775	47,692	1,486
2018	27,405,000	26,935,000	11,421,487	65,761,487	47,646	1,380
2019	25,130,000	25,110,000	10,276,152	60,516,152	47,563	1,272
2020	22,750,000	23,235,000	11,118,425	57,103,425	47,563 E	1,201

Source: District records

E Estimate

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2011	\$ 38,991,000		\$ 38,991,000	2.58%	\$ 839
2012	37,557,000		37,557,000	0.66%	808
2013	35,927,000		35,927,000	0.63%	768
2014	34,232,000		34,232,000	0.61%	731
2015	32,847,000		32,847,000	0.59%	701
2016	31,225,000		31,225,000	0.56%	665
2017	29,510,000		29,510,000	0.53%	619
2018	27,405,000		27,405,000	0.49%	575
2019	25,130,000		25,130,000	0.45%	528
2020	22,750,000		22,750,000	0.41%	478

Source: District records

**WEST ORANGE BOARD OF EDUCATION
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF DECEMBER 31, 2019
 (Unaudited)**

	<u>Gross Debt</u>
Municipal Debt: (1)	
West Orange Board of Education	\$ 22,750,000
Township of West Orange	<u>93,512,075</u>
	<u>116,262,075</u>
 Overlapping Debt Apportioned to the Municipality:	
Essex County	
County of Essex (A)	<u>37,740,742</u>
	<u>37,740,742</u>
 Total Direct and Overlapping Debt	 <u>\$ 154,002,817</u>

Source:

(1) Township of West Orange's 2019 Annual Debt Statement

(A) The debt for this entity was apportioned to West Orange by dividing the municipality's 2019 equalized value by the total 2019 equalized value for Essex County.

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 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	\$ 254,519,352
Total Net Debt Applicable to Limit	<u>38,991,000</u>	<u>37,557,000</u>	<u>35,927,000</u>	<u>34,232,000</u>	<u>32,847,000</u>	<u>31,225,000</u>	<u>29,510,000</u>	<u>27,405,000</u>	<u>25,130,000</u>	<u>22,750,000</u>
Legal Debt Margin	<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>	<u>\$ 231,769,352</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	14.51%	14.58%	14.29%	14.27%	14.08%	13.39%	12.47%	11.28%	10.12%	8.94%

Legal Debt Margin Calculation for Fiscal Year 2020

Equalized Valuation Basis

2019	\$ 6,509,088,281
2018	6,364,242,854
2017	<u>6,215,620,287</u>

\$ 19,088,951,422

3 Year Average \$ 6,362,983,807

4% of Avg. Equalized Valuation \$ 254,519,352
 Less Net Debt 22,750,000

Remaining Borrowing Power \$ 231,769,352

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>
2011	7.70%	\$ 54,225	46,457
2012	8.00%	55,049	46,474
2013	6.90%	55,797	46,756
2014	6.00%	58,470	46,838
2015	5.10%	60,836	46,889
2016	4.4%	62,253	46,952
2017	4.1%	64,232	47,692
2018	3.8%	67,459	47,646
2019	3.2%	N/A	47,563
2020	N/A	N/A	47,563 E

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

N/A - Not Available
E Estimate

**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>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>	<u>2020</u>
Instruction										
Regular	605	603	622	492	497	508	511	509	505	503
Special Education	109	120	120	306	311	313	308	291	288	290
Support Services:										
Student & Instruction-Related Services	75	90	103	100	101	115	116	121	125	125
School Administration Services	50	55	48	75	68	76	73	77	77	75
General Administration Services	3	3	6	7	7	7	5	5	5	5
Plant Operations and Maintenance	71	75	72	140	141	144	149	118	117	119
Pupil Transportation	14	16	16	27	34	36	36	43	41	40
Central Services/Administrative Information Technology	13	14	15	15	31	35	33	34	34	35
Total	<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>	<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
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%
2020	6,620	179,728,866	27,149	4.13%	630	10.4	10.1	11.0	6,623	6,345	0.21%	95.80%

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)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
District Building										
<u>Elementary</u>										
Gregory School										
Square Feet	67,666	67,666	67,666	67,666	67,666	67,666	67,666	67,666	67,666	67,666
Capacity (students)	502	502	502	502	502	502	502	502	502	502
Enrollment	590	575	571	571	546	521	504	467	442	454
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	368	380	376	376	381	366	337	332	335	319
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	416	424	414	414	394	380	365	364	344	353
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	447	370	491	492	442	419	456	447	460	455
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	574	569	591	591	566	546	573	533	515	510
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	386	377	394	394	401	388	367	379	377	396
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	403	415	445	445	438	434	433	413	428	417

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
District Building										
<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	475	493	449	466	545	517	487	482	493	516
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	485	489	515	515	522	535	558	535	487	488
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	551	421	503	501	449	497	533	512	528	536
<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	2,175	2,190	2,117	2,111	2,048	2,085	2,019	2,094	2,119	2,105

Number of Schools at June 30, 2020

- Preschool = 1 (Leased)
- Elementary = 7
- Middle School = 3
- Senior High School = 1

Source: District Facilities Office

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

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

	<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>	<u>2020</u>
<u>School Facilities</u>										
Gregory	126,984	114,363	119,828	128,912	185,350	81,872	73,493	79,075	62,154	206,764
Hazel	83,116	74,855	78,432	84,378	121,319	53,588	48,104	65,090	126,612	101,592
Mount Pleasant	78,804	70,971	74,363	80,000	115,024	50,808	45,608	82,667	67,844	69,250
Kelly	142,758	128,568	134,712	144,925	208,373	92,042	82,622	43,599	49,853	117,792
Redwood	131,695	118,605	124,273	133,694	192,226	84,909	76,220	34,983	81,228	112,370
Saint Cloud	79,168	71,299	74,706	80,370	115,556	51,043	45,819	65,870	71,979	168,089
Washington	108,072	97,330	101,981	109,712	157,745	69,678	62,548	37,184	84,664	64,653
Edison Middle	154,841	139,451	146,115	157,192	226,011	99,832	89,616	58,983	173,423	161,050
Roosevelt Middle	209,691	188,849	197,874	212,875	306,072	135,197	121,361	54,628	162,076	140,426
Liberty Middle	217,204	195,614	204,963	220,501	317,037	140,040	125,709	59,253	82,303	92,484
West Orange High	716,251	645,059	675,887	727,126	1,045,463	461,796	414,538	479,616	513,647	617,236
Administration Building	40,534	36,505	38,251	41,151	59,166	26,134	23,460	22,178	37,814	62,246
Bus Garage	79,196	71,323	74,733	80,398	115,596	51,061	45,835	24,504	19,256	20,646
Betty Maddelena ELC	-	-	-	-	-	-	-	32,935	3,077	1,899
Grand Total	<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>	<u>\$ 1,936,497</u>

**WEST ORANGE BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2020
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - American Guarantee & Liability Insurance Co.:		
Property - Blanket Real and Personal Property	\$ 280,413,758	\$ 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 A	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, 2020
(Unaudited)**

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
American Alternative Insurance Corp. School Board Legal Liability	\$ 1,000,000	25,000
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 - RLI Insurance Co. John Calavano, Business Administrator/Board Secretary Joseph Antonucci, Treasurer	550,000 575,000	-0- -0-
Excess Umbrella - NJ Unshared Excess Program (Markel/Starstone)	30,000,000	-0-
Excess of Primary - American Alternative Insurance Corp.	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 - American Alternative Insurance Corp. Security and Privacy Liability	1,000,000	20,000
		Cyber Extension Deductible

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
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, 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 Education
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, 2020 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 January 26, 2021.

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 January 26, 2021.

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.


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


Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
January 26, 2021



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, 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 Education
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, 2020. 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 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, 2020.

Report on Internal Control Over Compliance

Management of the West Orange Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the West Orange Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the West Orange Board of Education's internal control over compliance.

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

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


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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the West Orange Board of Education, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated January 26, 2021, 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.



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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
January 26, 2021

WEST ORANGE BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant Period	Award Amount	Balance July 1, 2019	Carryover Amount	Cash Received	Budgetary Expenditures	Adjust Receivables	Refund of Prior Years' Balances	June 30, 2020			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	201NJ304N1099	7/1/19-6/30/20	\$ 240,982			\$ 240,982	\$ 240,982							
School Breakfast Program	10.553	191NJ304N1099	7/1/18-6/30/19	369,612	(89,364)		89,364								
School Breakfast Program	10.553	201NJ304N1099	7/1/19-6/30/20	391,257			391,257	391,257			(51,788)				(51,788)
National School Lunch Program	10.553	191NJ304N1099	7/1/18-6/30/19	1,349,123	(272,372)		272,372								
National School Lunch Program	10.555	201NJ304N1099	7/1/19-6/30/20	1,201,024			1,116,944	1,201,024			(84,080)				(84,080)
Total Child Nutrition Cluster					(361,736)		2,059,131	1,833,263			(135,868)				(135,868)
Fresh Fruit and Vegetable Program	10.582	201NJ304L1603	7/1/19-6/30/20	32,298			30,529	32,298			(1,769)				(1,769)
							30,529	32,298			(1,769)				(1,769)
Total Enterprise Fund					(361,736)		2,089,660	1,865,561			(137,637)				(137,637)
U.S. Department of Health and Human Services															
Passed-through State Dept. of Ed															
General Fund															
Medical Assistance Program	93.778	2005NJSMP	7/1/19-6/30/20	259,462			258,348	259,462			(1,114)				(1,114)
Total U.S. Department of Health and Human Services							258,348	259,462			(1,114)				(1,114)
Total General Fund							258,348	259,462			(1,114)				(1,114)
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	(335,786)	(55,119)	335,786		\$ 55,119						
Title I - Part A	84.010	S010A190030	7/1/19-9/30/2020	932,907		55,119	639,427	956,143	(55,119)		(348,599)	\$ 31,883			(316,716)
Total Title I Cluster					(335,786)		975,213	956,143			(348,599)	31,883			(316,716)
Title II - Part A	84.367A	S367A180029	7/1/18-6/30/19	198,301	(53,636)	(11,027)	53,636		11,027						
Title II - Part A	84.367A	S367A190029	7/1/19-9/30/2020	184,930		11,027	89,948	132,495	(11,027)		(106,009)	63,462			(42,547)
Title III	84.365A	S365A180030	7/1/18-6/30/19	43,023	(5,376)	(6,383)	5,376		6,383						
Title III	84.365A	S365A190030	7/1/19-9/30/2020	46,630		6,383	38,478	40,045	(6,383)		(14,535)	12,968			(1,567)
Title IV	84.424	S424A180031	7/1/18-6/30/19	59,991	(36,506)	(10,959)	36,506		10,959						
Title IV	84.424	S424A190031	7/1/19-9/30/2020	58,204		10,959	34,852	37,368	(10,959)		(34,311)	31,795			(2,516)
Carl D. Perkins Secondary Education	84.048A	V048A180030	7/1/18-6/30/19	56,616	(6,327)		6,327								
Carl D. Perkins Secondary Education	84.048A	V048A190030	7/1/19-6/30/20	58,273			47,743	58,273			(10,530)				(10,530)
I.D.E.A. - Part B, Basic Regular	84.027	H027A180100	7/1/18-6/30/19	1,664,657	(204,175)	(270,872)	204,175		270,872						
I.D.E.A. - Part B, Basic Regular	84.027	H027A190100	7/1/19-9/30/2020	1,667,437		270,872	1,595,571	1,614,381	(270,872)		(342,738)	323,928			(18,810)
I.D.E.A. - Part B, Preschool	84.173	H173A190114	7/1/19-9/30/2020	68,701			68,701	68,701							
Total Special Education Cluster IDEA					(204,175)		1,868,447	1,683,082			(342,738)	323,928			(18,810)
CARES Emergency Relief Grant	84.425D	S425D200027	3/13/2020-9/30/2020	749,910							(749,910)	749,910			
Total U.S. Department of Education					(641,806)		3,156,526	2,907,406			(1,606,632)	1,213,946			(392,686)
U.S. Department of Justice- Office of Community															
Oriented Policing Services															
Public Safety Partnership & Community															
Policing Grants (COPS)															
Policing Grants (COPS)	16.710	2019SVWX0026	10/1/2019-9/30/2020	299,490				192,138			(299,490)	107,352			(192,138)
Total Special Revenue Fund					(641,806)		3,156,526	3,099,544			(1,906,122)	1,321,298			(584,824)
Total Federal Financial Awards					\$ (1,003,542)	\$ -	\$ 5,504,534	\$ 5,224,567	\$ -	\$ -	\$ (2,044,873)	\$ 1,321,298	\$ -		\$ (723,575)

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

WEST ORANGE BOARD OF EDUCATION
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Balance, July 1, 2019				Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2020			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	\$ (303,301)		\$ 303,301			\$ -				
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	3,033,009			2,729,708	\$ 3,033,009		(303,301)			\$ 3,033,009	
Nonpublic Transportation Costs	19-495-034-5120-014	7/1/18-6/30/19	236,179	(236,179)		236,179							
Nonpublic Transportation Costs	20-495-034-5120-014	7/1/19-6/30/20	61,780				61,780		(61,780)			\$ (61,780)	61,780
Total Transportation Aid Cluster				(539,480)		3,269,188	3,094,789		(365,081)			(61,780)	3,094,789
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	3,234,482	(323,448)		323,448							
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	4,840,642			4,356,578	4,840,642		(484,064)				4,840,642
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	4,159,988	(369,097)		369,097							
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	4,159,988			3,781,319	4,159,988		(378,669)				4,159,988
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	1,866,353	(186,635)		186,635							
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	1,866,353			1,679,718	1,866,353		(186,635)				1,866,353
Total State Aid Public Cluster				(879,180)		10,696,795	10,866,983		(1,049,368)				10,866,983
Extraordinary Special Education Costs	19-495-034-5120-044	7/1/18-6/30/19	2,428,628	(2,428,628)		2,428,628							
Extraordinary Special Education Costs	20-495-034-5120-044	7/1/19-6/30/20	2,672,273				2,672,273		(2,672,273)				2,672,273
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18-6/30/19	5,018,314	(248,277)		248,277							
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19-6/30/20	5,118,575			4,862,119	5,118,575		(256,456)			(256,456)	5,118,575
TPAF On-Behalf Contributions													
TPAF Pension Contribution-Normal Costs	20-495-034-5094-002	7/1/19-6/30/20	14,184,548			14,184,548	14,184,548						14,184,548
TPAF Pension Contribution -NGI	20-495-034-5094-004	7/1/19-6/30/20	254,242			254,242	254,242						254,242
TPAF- Long Term Disability Insurance	20-495-034-5094-004	7/1/19-6/30/20	8,690			8,690	8,690						8,690
TPAF Pension Contribution - Post Retirement Cost	20-495-034-5094-001	7/1/19-6/30/20	5,356,527			5,356,527	5,356,527						5,356,527
Total On-Behalf TPAF Contribution Cluster						19,804,007	19,804,007						19,804,007
Total General Fund				(4,095,565)		41,309,014	41,556,627		(4,343,178)			(318,236)	41,556,627
<i>Special Revenue Fund</i>													
<i>New Jersey Nonpublic Aid:</i>													
<i>Auxiliary Services (Chapter 192)</i>													
Home Instruction	20-100-034-5120-067	7/1/19-6/30/20	2,197				2,197		(2,197)			(2,197)	2,197
Compensatory Education	19-100-034-5120-067	7/1/18-6/30/19	9,306		\$ 7,445			\$ 7,445					
Compensatory Education	20-100-034-5120-067	7/1/19-6/30/20	12,736			11,381	7,301		(1,355)	\$ 5,435		(1,355)	7,301
ESL	19-100-034-5120-067	7/1/18-6/30/19	5,953		5,090			5,090					
ESL	20-100-034-5120-067	7/1/19-6/30/20	3,309			2,951			(358)		3,309	(358)	
Total Nonpublic Auxiliary Services Aid (Chap 192) Cluster					12,535	14,332	9,498	12,535	(3,910)		8,744	(3,910)	9,498
<i>Handicapped Services (Chap. 193)</i>													
Supplementary Instruction	19-100-034-5120-066	7/1/18-6/30/19	76,917		41,549			41,549					
Supplementary Instruction	20-100-034-5120-066	7/1/19-6/30/20	89,043			80,140	28,980		(8,903)		60,063	(8,903)	28,980
Examination and Classification	19-100-034-5120-066	7/1/18-6/30/19	275,371		113,760			113,760					
Examination and Classification	20-100-034-5120-066	7/1/19-6/30/20	183,546			162,332	96,644		(21,214)		86,902	(21,214)	96,644
Corrective Speech	19-100-034-5120-666	7/1/18-6/30/19	24,731		12,143			12,143					
Corrective Speech	20-100-034-5120-666	7/1/19-6/30/20	20,051			18,046	10,299		(2,005)		9,752	(2,005)	10,299
Total Nonpublic Handicapped Services Aid (Chap 193) Cluster					167,452	260,518	135,923	167,452	(32,122)		156,717	(32,122)	135,923
Textbook Aid	19-100-034-5120-064	7/1/18-6/30/19	78,765		7,899			7,899					
Textbook Aid	20-100-034-5120-064	7/1/19-6/30/20	75,428			75,428	71,478				3,950		71,478
Nursing Services	20-100-034-5120-070	7/1/19-6/30/20	139,195			139,195	139,195						139,195
Security Aid	19-100-034-5120-509	7/1/18-6/30/19	221,850		7,028			7,028					
Security Aid	20-100-034-5120-509	7/1/19-6/30/20	215,250			215,250	183,646				31,604		183,646
Technology Initiative	20-100-034-5120-373	7/1/19-6/30/20	51,516			51,516	48,977				2,539		48,977
Technology Initiative	19-100-034-5120-373	7/1/18-6/30/19	53,100		4			4					
EXPAND Pre-Apprenticeship Competitive Grant	20E00100	2/1/2020-6/30/2021	100,000				532		(100,000)	\$ 99,468		(532)	532
Total Special Revenue Fund					194,918	756,239	589,249	194,918	(136,032)	99,468	203,554	(36,564)	589,249

WEST ORANGE BOARD OF EDUCATION
 SCHEDULE OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2019			Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2020			Memo	
				(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	20-495-034-5120-075	7/1/19-6/30/20	\$ 311,143	-	-	\$ 311,143	\$ 311,143	-	-	-	-	-	\$ 311,143
Enterprise Fund													
State School Lunch Program	19-100-010-3350-023	7/1/18-6/30/19	35,495	\$ (7,569)	-	7,569	-	-	-	-	-	\$ -	-
State School Lunch Program	20-100-010-3350-023	7/1/19-6/30/20	36,409	-	-	26,424	36,409	-	(9,985)	-	-	(9,985)	36,409
Total Department of Agriculture/Enterprise Fund				(7,569)	-	33,993	36,409	-	(9,985)	-	-	(9,985)	36,409
Total State Financial Assistance Subject to Single Audit Determination				\$ (4,103,134)	\$ 194,918	\$ 42,410,389	\$ 42,493,428	\$ 194,918	\$ (4,489,195)	\$ 99,468	\$ 203,554	\$ (364,785)	\$ 42,493,428
State Financial Assistance Not Subject to Single Audit Major Program Determination													
General Fund													
TPAF Pension Contribution-Normal Costs	20-495-034-5094-002	7/1/19-6/30/20	14,184,548	-	-	(14,184,548)	(14,184,548)	-	-	-	-	-	(14,184,548)
TPAF Pension Contribution -NCGI	20-495-034-5094-004	7/1/19-6/30/20	254,242	-	-	(254,242)	(254,242)	-	-	-	-	-	(254,242)
TPAF - Long Term Disability Insurance	20-495-034-5094-004	7/1/19-6/30/20	8,690	-	-	(8,690)	(8,690)	-	-	-	-	-	(8,690)
TPAF Pension Contribution - Post Retirement Cost	20-495-034-5094-001	7/1/19-6/30/20	5,356,527	-	-	(5,356,527)	(5,356,527)	-	-	-	-	-	(5,356,527)
Total State Financial Assistance Subject to Single Audit Major Programs Determination				\$ (4,103,134)	\$ 194,918	\$ 22,606,382	\$ 22,689,421	\$ 194,918	\$ (4,489,195)	\$ 99,468	\$ 203,554	\$ (364,785)	\$ 22,689,421

137

**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, 2020**

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 \$413,833 for the general fund and a decrease of \$145,085 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	\$ 259,462	\$ 41,142,794	\$ 41,402,256
Special Revenue Fund	2,955,327	589,643	3,544,970
Debt Service Fund		311,143	311,143
Food Service Fund	<u>1,865,561</u>	<u>36,409</u>	<u>1,901,970</u>
Total Awards and Financial Assistance	<u>\$ 5,080,350</u>	<u>\$ 42,079,989</u>	<u>\$ 47,160,339</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, 2020**

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 \$5,118,575 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, 2020. The amount reported as TPAF Pension System Contributions in the amount of \$14,438,790, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$5,356,527 and TPAF Long-Term Disability Insurance in the amount of \$8,690 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2020.

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, 2020**

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>
<u>84.027</u>	<u>H027A190100</u>	<u>IDEA, Part B Basic</u>
<u>84.173</u>	<u>H173A190114</u>	<u>IDEA Preschool</u>
<u>10.555</u>	<u>201NJ304N1099</u>	<u>National School Lunch Program</u>
<u>10.553</u>	<u>201NJ304N1099</u>	<u>School Breakfast Program</u>
<u>84.010</u>	<u>S010A190030</u>	<u>Title I, Part A</u>

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 (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>495-034-5094-003</u>	<u>Reimbursed TPAF Social Security Contributions</u>
<u>495-034-5120-014</u>	<u>Transportation Aid</u>
<u>495-034-5120-078</u>	<u>Equalization Aid</u>
<u>495-034-5120-089</u>	<u>Special Education Aid</u>
<u>495-034-5120-084</u>	<u>Security Aid</u>
<u>495-034-5120-044</u>	<u>Extraordinary Special Education Costs Aid</u>

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, 2020**

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, 2020

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, 2020**

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

There were none.