

**WEST ORANGE BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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, 2021**

**Prepared by**

**Business Office**

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## **INTRODUCTORY SECTION**

# West Orange Board of Education West Orange, New Jersey

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

Tonya Flowers  
Business Administrator

February 8, 2022

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, 2021, 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 2020-2021 fiscal year with an enrollment of 6,731 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 of these students as they enter the workplace or ongoing education environments.

The goal of the business office is 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 accelerated learning strategies as an ongoing instructional process by which educators engage in formative practices to improve students' access to and mastery of grade-level standards. This includes, but is not limited to:
  - Providing conditions of learning that will foster social and emotional well-being of students, families and educators.
  - Improving equitable access to grade level content and high-quality resources for each student.
  - Prioritizing content and learning by focusing on the depth of instruction, rather than the pace.
  - Implementing a K-12 accelerated learning cycle to identify gaps and scaffold as needed.
- Providing support to students and staff in the area of Social Emotional Learning. Resources are shared regularly with teachers and staff, to include comprehensive access to mental health services. Small groups for administrators have been created for school and district leaders to have access to group sessions. SEL is integrated into the daily lesson plans of teachers.

- Providing ongoing professional development to teachers PreK-12 for accelerated learning, closing learning and opportunity gaps, and the use of informative data to inform instruction.
- Providing a wide range of before and after school academic support, intervention, acceleration, writing workshops, tutorials, homework help, credit recovery, AP support and Saturday STEM programs, across the district, K-12.
- 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.
- Developing a preschool expansion grant in order to partner with private providers in application to the NJDOE preschool aid with the expectation to be able to open a minimum of ten (10) sections of preschool in the 2022-2023 school year, and serve 90% of the preschool universe within five (5) years.
- 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 The Honorable President and Members of the Board of Education 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.

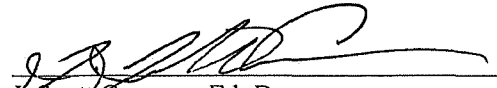
As a recipient of federal and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the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

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,



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

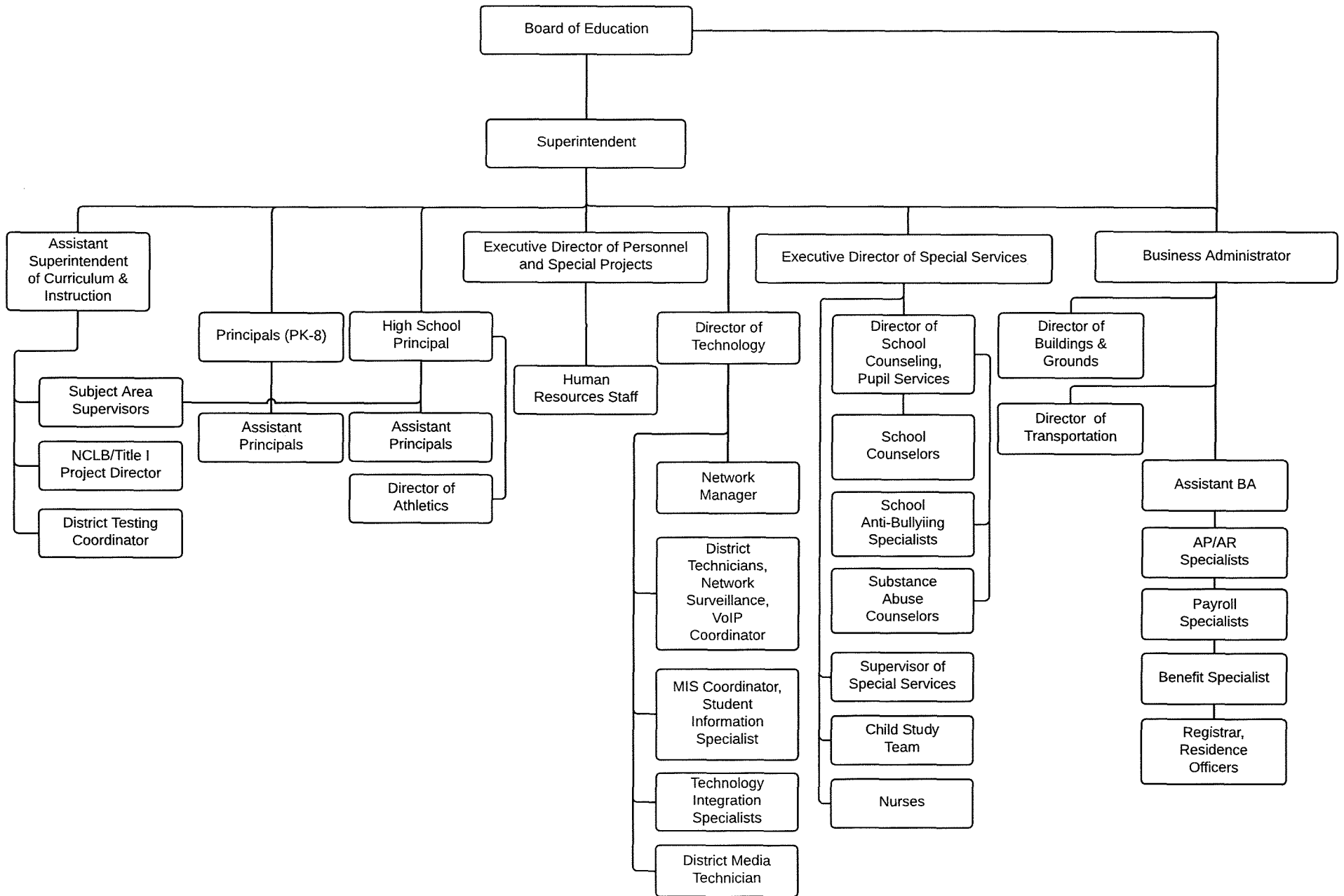


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Tonya Flowers  
Business Administrator/Board Secretary

# WEST ORANGE PUBLIC SCHOOLS

## Organization Chart



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**WEST ORANGE SCHOOL DISTRICT  
 ROSTER OF OFFICIALS  
 JUNE 30, 2021**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Terry Trigg-Scales, President	2022
Jennifer Tunnicliffe, Vice President	2023
Cheryl Merklinger	2022
Gary Rothstein	2023
Melinda Huerta	2024

<u>Other Officers</u>	<u>Title</u>
J. Scott Cascone, Ed. D.	Superintendent of Schools
Eveny de Mendez	Assistant Superintendent of Curriculum & Instruction
John Calavano	Board Secretary/School Business Administrator 7/1/2020-12/31/2020
Ana Flores	Acting Board Secretary/School Business Administrator 1/1/2021-1/16/2021
Tonya Flowers	Board Secretary/School Business Administrator 1/17/21-6/30/21
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 208N  
Fair Lawn, New Jersey 07410

**Bond Counsel**

McManimon & Scotland, L.L.C.  
75 Livingston Avenue  
2<sup>nd</sup> 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

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
RALPH M. PICONE, III, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA  
CHRISTOPHER M. VINCI, CPA, PSA  
CHRISTINA CUIFFO, CPA

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the West Orange Board of Education, as of and for the fiscal year ended June 30, 2021 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, 2021, 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.

## *Emphasis of Matter*

### *Adoption of New Accounting Pronouncement*

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2021, the West Orange Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities which provided guidance on identifying fiduciary activities and how they should be reported. The adoption of this standard resulted in a change to how previously reported fiduciary fund activities are currently reported in the financial statements. Our opinion is not modified with respect to this matter.

## *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, 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 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, 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.

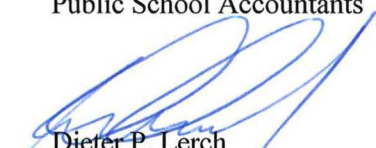
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with Government Auditing Standards, we have also issued our report dated February 8, 2022 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  
February 8, 2022

## **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, 2021**

This section of the West Orange Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2021. 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 (2020-2021) and the prior year (2019-2020) is required to be presented in the MD&A.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2020-2021 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 \$27,636,162 (deficit net position).
- Overall revenues were \$224,342,240. General revenues accounted for \$153,606,607 or 68% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$70,735,633 or 32% of total revenues.
- The school district had \$210,190,748 in expenses for governmental activities; only \$68,091,957 of these expenses was offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$153,606,601 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 \$10,333,191.
- The General Fund fund balance at June 30, 2021 was \$10,053,251 an increase of \$5,031,725 when compared with the beginning balance at July 1, 2020 of \$5,021,526, as restated.

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

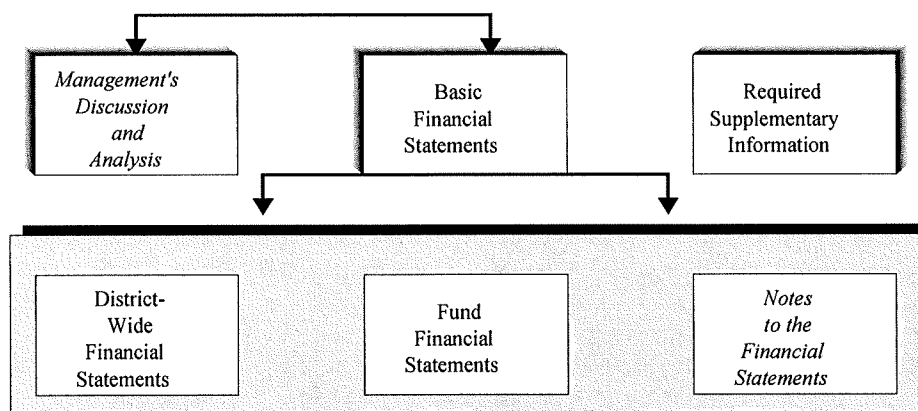
**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021**

**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.

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, 2021**

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
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
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
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial 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 there after; no capital assets or long-term liabilities included	All asset, liabilities, and deferred inflows/outflows, both financial and capital short-term and long-term
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.

**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, 2021**

**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 two kinds of funds:

- *Governmental Funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps 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.

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**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

**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 \$(27,636,162) and \$(40,011,605) as of June 30, 2021 and June 30, 2020, 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.



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**Management's Discussion and Analysis  
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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, 2021 and 2020**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u> (Restated)	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u> (Restated)
Current Assets	\$ 22,848,992	\$ 8,513,773	\$ 2,218,437	\$ 1,079,734	\$ 25,067,429	\$ 9,593,507
Capital Assets, Net	63,876,896	66,002,943	253,889	297,413	64,130,785	66,300,356
<b>Total Assets</b>	<u>86,725,888</u>	<u>74,516,716</u>	<u>2,472,326</u>	<u>1,377,147</u>	<u>89,198,214</u>	<u>75,893,863</u>
Deferred Amounts on Refunding of Debt	1,536,970	1,812,780	-	-	1,536,970	1,812,780
Deferred Amounts on Net Pension Liability	4,108,380	6,658,543	-	-	4,108,380	6,658,543
<b>Total Deferred Outflows of Resources</b>	<u>5,645,350</u>	<u>8,471,323</u>	<u>-</u>	<u>-</u>	<u>5,645,350</u>	<u>8,471,323</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>92,371,238</u>	<u>82,988,039</u>	<u>2,472,326</u>	<u>1,377,147</u>	<u>94,843,564</u>	<u>84,365,186</u>
Long-Term Liabilities	91,676,184	103,242,111	-	-	91,676,184	103,242,111
Other Liabilities	12,872,864	3,398,391	375,555	148,009	13,248,419	3,546,400
<b>Total Liabilities</b>	<u>104,549,048</u>	<u>106,640,502</u>	<u>375,555</u>	<u>148,009</u>	<u>104,924,603</u>	<u>106,788,511</u>
Deferred Amounts on Net Pension Liability	17,555,123	17,368,800	-	-	17,555,123	17,368,800
<b>Total Deferred Inflows of Resources</b>	<u>17,555,123</u>	<u>17,368,800</u>	<u>-</u>	<u>-</u>	<u>17,555,123</u>	<u>17,368,800</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>122,104,171</u>	<u>124,009,302</u>	<u>375,555</u>	<u>148,009</u>	<u>122,479,726</u>	<u>124,157,311</u>
Net Investment in Capital Assets	12,733,874	9,988,846	253,889	297,413	12,987,763	10,286,259
Restricted	3,015,871	2,243,183	-	-	3,015,871	2,243,183
Unrestricted	(45,482,678)	(53,472,772)	1,842,882	931,725	(43,639,796)	(52,541,047)
<b>Total Net Position</b>	<u>\$ (29,732,933)</u>	<u>\$ (41,240,743)</u>	<u>\$ 2,096,771</u>	<u>\$ 1,229,138</u>	<u>\$ (27,636,162)</u>	<u>\$ (40,011,605)</u>

**WEST ORANGE BOARD OF EDUCATION  
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**Changes in Net Position  
For The Fiscal Years Ended June 30, 2021 and 2020**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 345,748	\$ 310,549	\$ 20,936	\$ 1,327,531	\$ 366,684	\$ 1,638,080
Operating Grants and Contributions	67,731,333	49,500,719	2,622,740	1,911,970	70,354,073	51,412,689
Capital Grants and Contributions	14,876	42,531			14,876	42,531
General Revenues						
Property Taxes	146,840,146	143,418,080			146,840,146	143,418,080
State Aid	6,042,564	4,835,597			6,042,564	4,835,597
Other	723,891	284,814	6	2,447	723,897	287,261
	<u>221,698,558</u>	<u>198,392,290</u>	<u>2,643,682</u>	<u>3,241,948</u>	<u>224,342,240</u>	<u>201,634,238</u>
<b>Expenses</b>						
Instruction						
Regular	87,405,934	82,895,918			87,405,934	82,895,918
Special Education	37,098,984	35,693,461			37,098,984	35,693,461
Vocational Education-Tuition		70,687			-	70,687
School Sponsored Activities and Athletics	2,810,733	3,046,150			2,810,733	3,046,150
Other Instruction	7,681,376	6,583,153			7,681,376	6,583,153
Support Services						
Student and Instruction Related Services	27,490,408	21,433,891			27,490,408	21,433,891
School Administrative Services	9,976,453	9,319,800			9,976,453	9,319,800
General Administrative Services	2,611,880	2,436,590			2,611,880	2,436,590
Plant Operations and Maintenance	19,343,934	17,387,897			19,343,934	17,387,897
Pupil Transportation	9,157,145	10,512,310			9,157,145	10,512,310
Business and Other Support Services	4,747,279	4,447,495			4,747,279	4,447,495
Interest on Long-Term Debt	1,866,622	2,143,119			1,866,622	2,143,119
Food Service			1,776,049	3,053,450	1,776,049	3,053,450
Other-Summer Enrichment	-	-	-	173,425	-	173,425
	<u>210,190,748</u>	<u>195,970,471</u>	<u>1,776,049</u>	<u>3,226,875</u>	<u>211,966,797</u>	<u>199,197,346</u>
<b>Change in Net Position</b>	<b>11,507,810</b>	<b>2,421,819</b>	<b>867,633</b>	<b>15,073</b>	<b>12,375,443</b>	<b>2,436,892</b>
<b>Net Position (Deficit), Beginning of Year</b>	<b>(41,240,743)</b>	<b>(44,240,764)</b>	<b>1,229,138</b>	<b>1,214,065</b>	<b>(40,011,605)</b>	<b>(43,026,699)</b>
<b>Prior Period Adjustment</b>	<b>-</b>	<b>578,202</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>578,202</b>
<b>Net Position (Deficit), End of Year</b>	<b>\$ (29,732,933)</b>	<b>\$ (41,240,743)</b>	<b>\$ 2,096,771</b>	<b>\$ 1,229,138</b>	<b>\$ (27,636,162)</b>	<b>\$ (40,011,605)</b>

**WEST ORANGE BOARD OF EDUCATION  
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**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021**

**Governmental Activities.** The District's total governmental activities' revenues, which includes State and Federal grants, were \$221,698,558 and \$198,392,290 for the fiscal years ended June 30, 2021 and June 30, 2020, respectively. Property taxes of \$146,840,146 and \$143,418,080 represented 66% and 72% of revenues. Another portion of revenues came from State and Federal aid; total State, Federal and formula aid was \$73,773,897 and \$54,336,316 which was represented 33% and 27% of the revenues for fiscal years ended June 30, 2021 and 2020, respectively. The significant increase 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, 2021. Capital contributions of \$14,876 and \$42,531 represented less than 1% of total revenues for the fiscal year ended June 30, 2021 and 2020, respectively. The balance of revenues for fiscal year June 30, 2021 and 2020, respectively is charges for services (\$345,748 and \$310,549) and miscellaneous income (\$723,891 and \$284,814).

The total cost of all governmental activities programs and services was \$210,190,748 and \$195,970,471 for the fiscal years ended June 30, 2021 and 2020, respectively. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$134,997,027 and \$128,289,369 (64% and 66%) of total expenses for each of the fiscal years, respectively. Student and Instruction Related Services totaled \$27,490,408 and \$21,433,891 or (13% and 11%) of total expenses. Plant operations and maintenance services totaled \$19,343,934 and \$17,387,897 (9% and 9%) of total expenses. Administrative services were \$17,335,612 and \$16,203,885 or (8% and 8%) of total expenses. Pupil transportation totaled \$9,157,145 and \$10,512,310 (5% and 5%), respectively of total expenses. Interest on long-term debt accounted for \$1,866,622 and \$2,143,119 (1% and 1%) of total expenses.

Total governmental activities revenues exceeded expenses resulting in net position increasing \$11,507,810 over the previous year.

**WEST ORANGE BOARD OF EDUCATION  
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**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021**

**Total and Net Cost of Governmental Activities.** The District's total cost of services was \$210,190,748 and \$195,970,471 for the fiscal years ended June 30, 2021 and 2020. After applying program revenues, derived from charges for services of \$345,748 and \$310,549, operating grants and contributions of \$67,731,333 and \$49,500,719 and capital contributions of \$14,876 and \$42,531, the net cost of services of the District is \$142,098,971 and \$146,116,672, respectively

**Total and Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2021 and 2020**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Instruction</b>				
Regular	\$ 87,405,934	\$ 82,895,918	\$ 57,773,782	\$ 60,078,834
Special Education	37,098,984	35,693,461	20,902,658	19,851,960
Vocational Education-Tuition		70,687		70,687
School Sponsored Activities and Athletics	2,810,733	3,046,150	2,310,183	2,310,646
Other Instruction	7,681,376	6,583,153	5,038,126	4,782,863
<b>Support Services</b>				
Student and Instruction Related Services	27,490,408	21,433,891	18,281,299	20,106,313
School Administrative Services	9,976,453	9,319,800	7,295,874	7,413,572
General Administrative Services	2,611,880	2,436,590	2,238,232	2,423,736
Plant Operations and Maintenance	19,343,934	17,387,897	16,474,207	15,313,448
Pupil Transportation	9,157,145	10,512,310	5,727,133	7,383,672
Business and Other Support Services	4,747,279	4,447,495	4,390,996	4,393,394
<b>Interest on Long-Term Debt</b>	<u>1,866,622</u>	<u>2,143,119</u>	<u>1,666,301</u>	<u>1,987,547</u>
<b>Total</b>	<b><u>\$ 210,190,748</u></b>	<b><u>\$ 195,970,471</u></b>	<b><u>\$ 142,098,791</u></b>	<b><u>\$ 146,116,672</u></b>

**Business-Type Activities** – The District's total business-type activities revenues were \$2,643,682 and \$3,241,948 for the fiscal years ended June 30, 2021 and 2020, respectively. Charges for services accounted for 1% and 41% of total revenues for the fiscal years, respectively. Operating grants and contributions of \$2,622,740 and \$1,911,970 accounted for 99% and 59% of total revenue for each of the fiscal years. The balance of the revenues, \$6 and \$2,447 represents investment earnings.

The total cost of all business-type activities programs and services was \$1,776,049 and \$3,226,875 for the fiscal years ended June 30, 2021 and 2020. 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 \$867,633 over the last year.

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**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021**

Total business-type activities revenues exceeded expenses increasing net position by \$867,633 over the last year.

**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, 2021, its governmental funds reported a combined fund balance of \$10,333,191. At June 30, 2020, the fund balance was \$5,297,045, as restated.

Revenues and other financing sources for the District's governmental funds were \$202,516,310 while total expenditures and other financing uses were \$197,480,164 thereby increasing fund balance by \$5,036,146 for the fiscal year ended June 30, 2021.

**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, 2021</u>	Fiscal Year Ended <u>June 30, 2020</u>	Amount of Increase (Decrease)	Percent Change
Local Sources				
Property Tax Levy	\$ 141,491,179	\$ 137,645,823	\$ 3,845,356	3%
Interest	4,711	102,095	(97,384)	-95%
State/Federal Sources	48,255,031	41,402,256	6,852,775	17%
Miscellaneous	<u>935,928</u>	<u>492,044</u>	<u>443,884</u>	90%
 Total General Fund Revenues	 <u>\$ 190,686,849</u>	 <u>\$ 179,642,218</u>	 <u>\$ 11,044,631</u>	 6%

Total General Fund Revenues increased by \$11,044,631 or 6% over the previous year.

Local property taxes increased \$3,845,356 or 3% over the previous year. State and federal aid revenues increased \$6,852,775 or 17% predominantly attributable to an increase in state On-Behalf TPAF pension costs contributed by the state.

**WEST ORANGE BOARD OF EDUCATION  
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**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021**

The following schedule presents a summary of General Fund expenditures.

	Fiscal Year Ended <u>June 30, 2021</u>	Fiscal Year Ended <u>June 30, 2020</u>	Amount of Increase (Decrease)	Percent Change
Instruction	\$ 117,987,915	\$ 116,154,397	\$ 1,833,518	2%
Support and Undistributed Services	64,687,267	60,034,674	4,652,593	8%
Capital Outlay	1,491,124	563,936	927,188	164%
Debt Service	<u>1,488,977</u>	<u>1,607,466</u>	<u>(118,489)</u>	-7%
Total Expenditures	<u>\$ 185,655,283</u>	<u>\$ 178,360,473</u>	<u>\$ 7,294,810</u>	4%

Total General Fund expenditures increased \$7,294,410 or 4% over the previous year.

The District realized increases in instruction costs as well as support and undistributed services costs and capital outlay. The decrease in debt service expenditures related to the final payments of various lease purchase agreements.

In 2020-2021, General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$5,031,725. As a result, total fund balance increased to \$10,053,251 at June 30, 2021. After deducting transfers and reserves, the unrestricted, unassigned fund balance increased from a balance of \$282,560 at June 30, 2020 to a balance of \$3,631,408 at June 30, 2021.

**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 \$5,491,488 for the year ended June 30, 2021. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 85% of the total revenue for the year.

Expenditures of the Special Revenue Fund were \$5,487,067. Instructional expenditures were \$4,408,975 or 80% of total expenditures.

**Capital Projects** – The activity during the 2020/21 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 2020/21.

**WEST ORANGE BOARD OF EDUCATION  
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**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021**

**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, 2021 amounts to \$64,112,785 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 2020-2021 amounted to \$3,887,678 for governmental activities and \$46,704 for business-type activities.

Capital Assets at June 30, 2021 and 2020  
(Net of Accumulated Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 4,565,829	\$ 4,565,829			\$ 4,565,829	\$ 4,565,829
Construction in Progress	12,000	148,299			12,000	148,299
Site Improvements	3,273,374	3,726,211			3,273,374	3,726,211
Building and Building Improvements	52,507,853	54,015,115			52,507,853	54,015,115
Machinery and Equipment	<u>3,517,840</u>	<u>3,547,489</u>	<u>\$ 253,889</u>	<u>\$ 297,413</u>	<u>3,771,729</u>	<u>3,844,902</u>
<b>Total Capital Assets, Net</b>	<u>\$ 63,876,896</u>	<u>\$ 66,002,943</u>	<u>\$ 253,889</u>	<u>\$ 297,413</u>	<u>\$ 64,130,785</u>	<u>\$ 66,300,356</u>

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

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**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021**

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

**LONG TERM LIABILITIES**

At year end, the District's long-term liabilities of the governmental activities consisted of compensated absences payable of \$2,527,684, bonds payable (including unamortized premium) of \$22,058,968 lease purchase agreements ("COPS") payable of \$21,300,000, capital leases/lease purchase agreements payable of \$10,166,731, deferred pension obligation payable of \$229,903, net pension liability – Essex County of \$104,401 and net pension liability – PERS payable of \$35,288,497.

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 2021-2022 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, 2021**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 21,086,266	\$ 1,845,877	\$ 22,932,143
Receivables, net			
Receivables from Other Governments	1,591,724	257,988	1,849,712
Accounts Receivable	149,424	68,477	217,901
Prepaid Deposits	21,578		21,578
Inventory		46,095	46,095
Capital Assets			
Not Being Depreciated	4,577,829		4,577,829
Being Depreciated, net	<u>59,299,067</u>	<u>253,889</u>	<u>59,552,956</u>
Total Assets	<u>86,725,888</u>	<u>2,472,326</u>	<u>89,198,214</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Refunding of Debt	1,536,970	-	1,536,970
Deferred Amounts on Net Pension Liability	<u>4,108,380</u>	<u>-</u>	<u>4,108,380</u>
Total Deferred Outflows of Resources	<u>5,645,350</u>	<u>-</u>	<u>5,645,350</u>
Total Assets and Deferred Outflows of Resources	<u>92,371,238</u>	<u>2,472,326</u>	<u>94,843,564</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Liabilities	12,166,666	181,137	12,347,803
Intergovernmental Payable	221,407		221,407
Accrued Interest Payable	357,063		357,063
Unearned Revenue	127,728	194,418	322,146
Noncurrent Liabilities			
Due Within One Year	5,854,941		5,854,941
Due Beyond One Year	<u>85,821,243</u>	<u>-</u>	<u>85,821,243</u>
Total Liabilities	<u>104,549,048</u>	<u>375,555</u>	<u>104,924,603</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	<u>17,555,123</u>	<u>-</u>	<u>17,555,123</u>
Total Liabilities and Deferred Inflows of Resources	<u>122,104,171</u>	<u>375,555</u>	<u>122,479,726</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	12,733,874	253,889	12,987,763
Restricted for:			
Capital Projects	1,333,141		1,333,141
Maintenance	1,000,000		1,000,000
Other Purposes	682,730		682,730
Unrestricted	<u>(45,482,678)</u>	<u>1,842,882</u>	<u>(43,639,796)</u>
Total Net Position	<u>\$ (29,732,933)</u>	<u>\$ 2,096,771</u>	<u>\$ (27,636,162)</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, 2021**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Governmental Activities:							
Instruction							
Regular	\$ 87,405,934	\$ 10,292	\$ 29,621,860		\$ (57,773,782)		\$ (57,773,782)
Special Education	37,098,984	197,057	15,999,269		(20,902,658)		(20,902,658)
Other Instruction	7,681,376		2,628,374	\$ 14,876	(5,038,126)		(5,038,126)
School Sponsored Activities and Athletics	2,810,733	128,841	371,709		(2,310,183)		(2,310,183)
Support Services							
Student and Instruction Related Services	27,490,408		9,209,109		(18,281,299)		(18,281,299)
School Administrative Services	9,976,453		2,680,579		(7,295,874)		(7,295,874)
General Administrative Services	2,611,880		373,648		(2,238,232)		(2,238,232)
Plant Operations and Maintenance	19,343,934	9,558	2,860,169		(16,474,207)		(16,474,207)
Pupil Transportation	9,157,145		3,430,012		(5,727,133)		(5,727,133)
Business and Other Support Services	4,747,279		356,283		(4,390,996)		(4,390,996)
					-		
Interest on Long-Term Debt and Other Charges	1,866,622	-	200,321	-	(1,666,301)	-	(1,666,301)
 Total Governmental Activities	 210,190,748	 345,748	 67,731,333	 14,876	 (142,098,791)	 -	 (142,098,791)
Business-Type Activities:							
Summer Enrichment							-
Food Service	1,776,049	20,936	2,622,740	-	-	\$ 867,627	867,627
 Total Business-Type Activities	 1,776,049	 20,936	 2,622,740	 -	 -	 867,627	 867,627
 Total Primary Government	 \$ 211,966,797	 \$ 366,684	 \$ 70,354,073	 \$ 14,876	 (142,098,791)	 867,627	 (141,231,164)

Continued

**WEST ORANGE BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Total Primary Government (Carried Forward)	\$ (142,098,791)	\$ 867,627	\$ (141,231,164)
General Revenues			
Taxes:			
Property Taxes, Levied for General Purposes	141,491,179		141,491,179
Taxes Levied for Debt Service	5,348,967		5,348,967
Federal and State Aid - Unrestricted	5,509,828		5,509,828
State Aid Restricted for Debt Service	532,736		532,736
Investment Earnings	4,870	6	4,876
Miscellaneous Income	719,021	-	719,021
Total General Revenues	153,606,601	6	153,606,607
Change in Net Position	11,507,810	867,633	12,375,443
Net Position Beginning of Year (Restated)	(41,240,743)	1,229,138	(40,011,605)
Net Position End of Year	\$ (29,732,933)	\$ 2,096,771	\$ (27,636,162)

**FUND FINANCIAL STATEMENTS**

**WEST ORANGE BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 20,805,354	\$ 280,908		\$ 4	\$ 21,086,266
Receivables, Net					
Receivables From Other Governments	463,974	1,127,750			1,591,724
Accounts	144,349	5,075			149,424
Due from Other Funds	583,000				583,000
Prepaid Deposits	21,578	-	-	-	21,578
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 22,018,255</u>	<u>\$ 1,413,733</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 23,431,992</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts Payable	\$ 701,650	\$ 342,002			\$ 1,043,652
Accrued Salaries and Wages	4,769,509	1,000			4,770,509
Due to Other Funds		583,000			583,000
Deposits Payable	4,675,630				4,675,630
Payroll Deductions and Withholdings Payable	242,420				242,420
Payable to State Governments	126,904	94,503			221,407
Unearned Revenue	14,436	113,292			127,728
Claims and Judgments Payable	1,434,455	-	-	-	1,434,455
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>11,965,004</u>	<u>1,133,797</u>	<u>-</u>	<u>-</u>	<u>13,098,801</u>
Fund Balances					
Restricted					
Capital Reserve	1,033,141				1,033,141
Capital Reserve- Designated for Subsequent Year's Expenditures	300,000				300,000
Maintenance Reserve	1,000,000				1,000,000
Emergency Reserve	664,429				664,429
Unemployment Compensation Reserve	402,794				402,794
Excess Surplus	455,878				455,878
Student Activities		279,936			279,936
Debt Service				\$ 4	4
Committed					
Year-end Encumbrances	564,617				564,617
Assigned					
Year-end Encumbrances	476,294				476,294
Designated for Subsequent Year's Expenditures	1,500,000				1,500,000
FFCRA/SEMI	24,690				24,690
Unassigned	3,631,408	-	-	-	3,631,408
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Fund Balances	<u>10,053,251</u>	<u>279,936</u>	<u>-</u>	<u>4</u>	<u>10,333,191</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities and Fund Balances	<u>\$ 22,018,255</u>	<u>\$ 1,413,733</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 23,431,992</u>

**WEST ORANGE BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2021**

**Total Fund Balance (Exhibit B-1)** \$ 10,333,191

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 \$132,875,907 and the accumulated depreciation is \$68,999,011. 63,876,896

The District has financed capital assets through the issuance of serial bonds, certificates of participation, and capital leases/lease purchase obligations. (357,063)  
The interest accrual at year end is:

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) (91,676,184)

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. 1,536,970

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	\$ 4,108,380	
Deferred Inflows of Resources - PERS	(17,503,373)	
Deferred Inflows of Resources - Essex County	<u>(51,750)</u>	
		<u>(13,446,743)</u>

**Net Position of Governmental Activities (Exhibit A-1)** **\$ (29,732,933)**

**WEST ORANGE BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 141,491,179			\$ 5,348,967	\$ 146,840,146
Tuition	207,349				207,349
Rents	9,558				9,558
Interest	4,711		\$ 159		4,870
Miscellaneous	<u>719,021</u>	<u>\$ 93,896</u>	<u>-</u>	<u>-</u>	<u>812,917</u>
Total - Local Sources	142,431,818	93,896	159	5,348,967	147,874,840
State Sources	47,946,088	741,438		733,057	49,420,583
Federal Sources	<u>308,943</u>	<u>4,656,154</u>	<u>-</u>	<u>-</u>	<u>4,965,097</u>
Total Revenues	<u>190,686,849</u>	<u>5,491,488</u>	<u>159</u>	<u>6,082,024</u>	<u>202,260,520</u>
<b>EXPENDITURES</b>					
Current					
Regular Instruction	75,604,848	2,237,835			77,842,683
Special Education Instruction	33,083,504	1,906,704			34,990,208
Other Instruction	6,705,971	140,016			6,845,987
School Sponsored Activities and Athletics	2,593,592	124,420			2,718,012
Support Services					
Student and Instruction Related Services	23,700,489	830,252			24,530,741
General Administrative Services	2,436,537				2,436,537
School Administrative Services	9,069,418				9,069,418
Plant Operations and Maintenance	15,703,571	230,964			15,934,535
Pupil Transportation	9,140,545				9,140,545
Business and Other Support Services	4,636,707	2,000			4,638,707
Debt Service					
Principal	1,207,325			4,420,000	5,627,325
Interest	281,652			1,662,024	1,943,676
Capital Outlay	<u>1,491,124</u>	<u>14,876</u>	<u>255,631</u>	<u>-</u>	<u>1,761,631</u>
Total Expenditures	<u>185,655,283</u>	<u>5,487,067</u>	<u>255,631</u>	<u>6,082,024</u>	<u>197,480,005</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>5,031,566</u>	<u>4,421</u>	<u>(255,472)</u>	<u>-</u>	<u>4,780,515</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	159				159
Transfers Out			(159)		(159)
Lease Purchase Proceeds	<u>-</u>	<u>-</u>	<u>255,631</u>	<u>-</u>	<u>255,631</u>
Total Other Financing Sources (Uses)	<u>159</u>	<u>-</u>	<u>255,472</u>	<u>-</u>	<u>255,631</u>
Net Change in Fund Balances	5,031,725	4,421	-	-	5,036,146
Fund Balance, Beginning of Year (Restated)	<u>5,021,526</u>	<u>275,515</u>	<u>-</u>	<u>4</u>	<u>5,297,045</u>
Fund Balance, End of Year	<u>\$ 10,053,251</u>	<u>\$ 279,936</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 10,333,191</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, 2021**

**Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)** \$ 5,036,146

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	\$ (3,887,678)	
Capital Outlay	<u>1,761,631</u>	(2,126,047)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Additionally, governmental funds report the effect of premiums, discounts and similar items when the debt is issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount represents the net effect of these activities (See Note 2B) 5,371,694

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	(169,031)	
Net Decrease in Claims and Judgements for Self Insurance Claims	1,508,971	
Net Decrease in Pension Expense-PERS	1,761,269	
Net Increase in Pension Expense- Essex County	(6,354)	
Net Decrease in Deferred Pension Obligation	<u>54,108</u>	3,148,963

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		308,784
Amortization of Deferred Amount on Refunding of Debt		<u>(275,810)</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>44,080</u>
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**Change in Net Position of Governmental Activities (Exhibit A-2)** \$ 11,507,810

**WEST ORANGE BOARD OF EDUCATION  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2021**

	<b>Business-Type Activities Enterprise Fund</b>		
	<b><u>Food Services</u></b>	<b><u>Other Non-Major Summer Enrichment</u></b>	<b><u>Total</u></b>
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 1,663,345	\$ 182,532	\$ 1,845,877
Intergovernmental Receivable			
State	16,922		16,922
Federal	241,066		241,066
Other	65,977	2,500	68,477
Inventories	46,095	-	46,095
 Total Current Assets	 <u>2,033,405</u>	 <u>185,032</u>	 <u>2,218,437</u>
Capital Assets			
Furniture, Machinery and Equipment	1,687,994		1,687,994
Less: Accumulated Depreciation	<u>(1,434,105)</u>	<u>-</u>	<u>(1,434,105)</u>
 Total Capital Assets, Net	 <u>253,889</u>	 <u>-</u>	 <u>253,889</u>
 Total Assets	 <u>2,287,294</u>	 <u>185,032</u>	 <u>2,472,326</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable and Other Liabilities	181,137		181,137
Unearned Revenue	<u>73,798</u>	<u>120,620</u>	<u>194,418</u>
 Total Current Liabilities	 <u>254,935</u>	 <u>120,620</u>	 <u>375,555</u>
<b>NET POSITION</b>			
Investment in Capital Assets	253,889		253,889
Unrestricted	<u>1,778,470</u>	<u>64,412</u>	<u>1,842,882</u>
 Total Net Position	 <u>\$ 2,032,359</u>	 <u>\$ 64,412</u>	 <u>\$ 2,096,771</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, 2021**

	<b>Business-Type Activities</b>		
	<b>Enterprise Fund</b>		
	<u>Food Services</u>	<u>Other Non-Major Summer Enrichment</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges for Services			
Daily Sales - Reimbursable	\$ 4,873		\$ 4,873
Daily Sales- Non-Reimbursable	2,858		2,858
Special Functions	13,205	-	13,205
Total Operating Revenues	<u>20,936</u>	<u>-</u>	<u>20,936</u>
<b>OPERATING EXPENSES</b>			
Salaries and Wages	563,423		563,423
Cost of Sales			-
Reimbursable Programs	770,168		770,168
Repairs	14,886		14,886
Other Expenses	4,616		4,616
Purchased Services	46,972		46,972
Insurance	102,456		102,456
Supplies	15,661		15,661
Miscellaneous	12,200		12,200
Depreciation Expense	46,704		46,704
Administrative and Management Fees	198,963	-	198,963
Total Operating Expenses	<u>1,776,049</u>	<u>-</u>	<u>1,776,049</u>
Operating Income (Loss)	<u>(1,755,113)</u>	<u>-</u>	<u>(1,755,113)</u>
<b>NONOPERATING REVENUES</b>			
State Sources			
State School Lunch Program	67,763		67,763
Federal Sources			
School Breakfast Program	889,183		889,183
Federal School Lunch Program	1,458,810		1,458,810
Fresh Fruits & Vegetables Program	24,409		24,409
Food Distribution Program	157,562		157,562
Local Sources- Donation	25,013		25,013
Interest Income	6	-	6
Total Nonoperating Revenues	<u>2,622,746</u>	<u>-</u>	<u>2,622,746</u>
Change in Net Position	867,633	-	867,633
Net Position, Beginning of Year	<u>1,164,726</u>	<u>\$ 64,412</u>	<u>1,229,138</u>
Net Position, End of Year	<u>\$ 2,032,359</u>	<u>\$ 64,412</u>	<u>\$ 2,096,771</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, 2021**

	<b>Business-Type Activities</b>		
	<b>Enterprise Fund</b>		
	<b>Food Services</b>	<b>Other Non-Major Summer Enrichment</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Customers	\$ 34,541	\$ 117,120	\$ 151,661
Cash Payments for Employees' Salaries and Benefits	(563,423)	-	(563,423)
Cash Payments to Suppliers for Goods and Services	(973,920)	-	(973,920)
Net Cash (Used) By Operating Activities	(1,502,802)	117,120	(1,385,682)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash Received from Donations	25,013	-	25,013
Cash Received from State and Federal Subsidy Reimbursements	2,329,799	-	2,329,799
Net Cash Provided by Noncapital and Related Activities	2,354,812	-	2,354,812
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of Capital Assets	(3,180)	-	(3,180)
Net Cash Used by Capital Financing Activities	(3,180)	-	(3,180)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on Investments	6	-	6
Net Cash Provided by Investing Activities	6	-	6
Net Change in Cash and Cash Equivalents	848,836	117,120	965,956
Cash and Cash Equivalents, Beginning of Year	814,509	65,412	879,921
Cash and Cash Equivalents, End of Year	\$ 1,663,345	\$ 182,532	\$ 1,845,877
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED) FOR OPERATING ACTIVITIES</b>			
Operating (Loss)	\$ (1,755,113)	-	\$ (1,755,113)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used) for Operating Activities			
Depreciation	46,704	-	46,704
Federal Food Distribution Program	157,562	-	157,562
Change in Assets and Liabilities			
(Increase)/Decrease in Inventories	(666)	-	(666)
(Increase)/Decrease in Other Accounts Receivable	(59,215)	\$ (2,500)	(61,715)
Increase/(Decrease) in Accounts Payable	35,106	-	35,106
Increase/(Decrease) in Unearned Revenue	72,820	119,620	192,440
Total Adjustments	252,311	117,120	369,431
Net Cash (Used) By Operating Activities	\$ (1,502,802)	\$ 117,120	\$ (1,385,682)
<b>Non-Cash Investing, Capital and Related Financing Activities</b>			
Fair Value of Food Distribution Program- National School Lunch Program	\$ 157,562	-	-

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, 2021**

**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**

During fiscal year 2021, the District adopted the following GASB statement:

- GASB No. 84, *Fiduciary Activities*. 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. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

**WEST ORANGE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. New Accounting Standards (Continued)**

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

- 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, 2021**

**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. Currently the District has no fiduciary funds.

**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 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 and proprietary activities. 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, 2021

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, student activity funds derived from athletic events or other activities of pupil organizations.

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.

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

**WEST ORANGE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations 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, 2021**

**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.

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 a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the difference 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, 2021**

**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. Differences resulting from debt refundings are classified as deferred inflows of resources or as deferred outflows of resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Differences 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, 2021

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 3C).

Capital Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2021/2022 District budget certified for taxes.

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education. (See Note 3D).

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 3E).

Unemployment Compensation Reserve – This restriction was created in accordance with R.S. 43:21-7.3 to reserve funds for unemployment compensation claims reimbursable to the State under the District's election for payment in lieu of contributions (benefit reimbursement method). (See Note 5A).

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2021 audited excess surplus that is required to be appropriated in the 2022/2023 original budget certified for taxes.

Student Activities – This restriction was created in accordance with NJAC 6A:23A-16.12 to represent the accumulation of funds derived from athletic events and other student organizations reserved for the payment of student group activities.

WEST ORANGE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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)

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.

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 2021/2022 District budget certified for taxes.

FFCRA/SEMI – Represents fund balance assigned specifically for the Family First Coronavirus Response Act in the General Fund that was not appropriated in the 2020/2021 school year. These funds are available for appropriation in subsequent year’s budgets.

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, 2021**

**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 1<sup>st</sup> 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 2019-2020 and 2020-2021 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, 2021**

**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 (\$91,676,184) difference are as follows:

Bonds Payable	\$ (20,265,000)
Add: Issuance premium (to be amortized over life of debt)	(1,793,968)
Lease Purchase Agreements "COPS"	(21,300,000)
Capital Leases/Lease Purchase Agreements	(10,166,731)
Compensated Absences	(2,527,684)
Deferred Pension Obligation	(229,903)
Net Pension Liability - Essex County	(104,401)
Net Pension Liability - PERS	<u>(35,288,497)</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	 <u>\$ (91,676,184)</u>

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

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Additionally, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$5,371,694 difference are as follows:

Debt issued or incurred:	
Lease purchase financing	\$ (255,631)
Principal repayments:	
General obligation bonds	2,485,000
Lease Purchase Agreements - Certificates of Participation	1,935,000
Capital leases/lease purchase agreements	<u>1,207,325</u>
 Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	 <u>\$ 5,371,694</u>



**WEST ORANGE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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 2020/2021. Also, during 2020/2021 the Board increased the original general fund budget by \$1,468,982 and the original special revenue fund budget by \$6,370,266. The increase in the general fund budget was funded by the appropriation of capital reserve and the reappropriation of prior year general fund encumbrances. The increase in the special revenue fund budget was funded by additional grant awards. In addition, the Board decreased the original general fund budget by \$1,552,838 as a result of a reduction in aid provided by the State of New Jersey.

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

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

**B. Excess Expenditures Over Appropriations**

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Undistributed Expenditures			
Unallocated Benefits			
Workers’ Compensation	\$284,489	\$1,581,313	\$1,296,824

The above variance was offset with other available resources.

**WEST ORANGE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**C. Capital Reserve**

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2021 is as follows:

Balance, July 1, 2020		\$ 1,000,573
Increased by:		
Interest Earnings	\$ 52	
Deposits Approved by Board Resolution	1,000,000	
Unexpended Withdrawals	<u>30,196</u>	
Total Increases		<u>1,030,248</u>
		2,030,821
Decreased by:		
Withdrawals Approved by Board Resolution		<u>697,680</u>
Balance, June 30, 2021		<u>\$ 1,333,141</u>

\$300,000 of the capital reserve balance at June 30, 2021 was designated and appropriated for use in the 2021/2022 original budget certified for taxes.

**D. Maintenance Reserve**

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance 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. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

**WEST ORANGE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**D. Maintenance Reserve (Continued)**

The activity of the maintenance reserve for the fiscal year ended June 30, 2021 is as follows:

Balance, July 1, 2020	-
Increased by	
Deposits Approved by Board Resolution	\$ <u>1,000,000</u>
Total Increases	
Balance, June 30, 2021	\$ <u>1,000,000</u>

The June 30, 2021 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$6,244,101.

**E. 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.

The activity of the emergency reserve for the fiscal year ended June 30, 2021 is as follows:

Balance, July 1, 2020	\$ 664,404
Increased by	
Interest Earned	<u>25</u>
Balance, June 30, 2021	\$ <u>664,429</u>

**F. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 4% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2021 is \$455,878. This amount is required to be appropriated in the 2022/2023 original budget certified for taxes.

**WEST ORANGE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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, 2021, the book value of the Board's deposits were \$22,932,143 and bank and brokerage firm balances of the Board's deposits amounted to \$25,895,388. 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	\$ 25,840,297
Uninsured and Collateralized - Cash with Fiscal Agent	<u>55,091</u>
	<u>\$ 25,895,388</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2021 the Board's bank balance of \$55,091 was exposed to custodial credit risk as follows:

**Depository Account**

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department in the Board's name	<u>\$ 55,091</u>
	<u>\$ 55,091</u>

**Investments**

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; 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.

**WEST ORANGE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**Investments (Continued)**

As of June 30, 2021, the Board had no outstanding investments.

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. 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 – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. 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 concentration of credit risk is the risk of loss that may be caused by the Board’s investment in a single issuer. The Board places no limit in the amount the District may invest in any one issuer.

**B. Receivables**

Receivables as of June 30, 2021 for the district’s individual major funds are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Accounts	\$ 144,349	\$ 5,075	\$ 65,977	\$ 215,401
Intergovernmental-				
Federal		1,089,299	241,066	1,330,365
State	463,974	38,451	16,922	519,347
	<u>608,323</u>	<u>1,132,825</u>	<u>323,965</u>	<u>2,065,113</u>
Total Receivables	<u>\$ 608,323</u>	<u>\$ 1,132,825</u>	<u>\$ 323,965</u>	<u>\$ 2,065,113</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	
Employees Health Insurance Reimbursements	\$ 13,511
Prepaid Tuition/Fees	925
Special Revenue Fund	
Unencumbered Local Grants Draw Downs	43,046
Grant Draw Downs Reserved for Encumbrances	<u>70,246</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 127,728</u>

**WEST ORANGE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

	Balance, <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	Balance, <u>June 30, 2021</u>
<b>Governmental Activities:</b>					
Capital Assets, Not Being Depreciated:					
Land	\$ 4,565,829				\$ 4,565,829
Construction in Progress	148,299	-	-	\$ (136,299)	12,000
<b>Total Capital Assets, Not Being Depreciated</b>	<u>4,714,128</u>	<u>-</u>	<u>-</u>	<u>(136,299)</u>	<u>4,577,829</u>
Capital Assets, Being Depreciated:					
Site Improvements	9,552,227				9,552,227
Buildings and Building Improvements	95,382,003	\$ 1,165,478	\$ (35,014)	136,299	96,648,766
Machinery and Equipment	21,520,144	596,153	(19,212)	-	22,097,085
<b>Total Capital Assets Being Depreciated</b>	<u>126,454,374</u>	<u>1,761,631</u>	<u>(54,226)</u>	<u>136,299</u>	<u>128,298,078</u>
Less Accumulated Depreciation for:					
Site Improvements	(5,826,016)	(452,837)			(6,278,853)
Buildings and Building Improvements	(41,366,888)	(2,809,039)	35,014		(44,140,913)
Machinery and Equipment	(17,972,655)	(625,802)	19,212	-	(18,579,245)
<b>Total Accumulated Depreciation</b>	<u>(65,165,559)</u>	<u>(3,887,678)</u>	<u>54,226</u>	<u>-</u>	<u>(68,999,011)</u>
<b>Total Capital Assets, Being Depreciated, Net</b>	<u>61,288,815</u>	<u>(2,126,047)</u>	<u>-</u>	<u>-</u>	<u>59,299,067</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 66,002,943</u>	<u>\$ (2,126,047)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,876,896</u>

	Balance, <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2021</u>
<b>Business-Type Activities:</b>				
Capital Assets, Being Depreciated:				
Furniture and Equipment	\$ 1,684,814	\$ 3,180	-	\$ 1,687,994
<b>Total Capital Assets Being Depreciated</b>	<u>1,684,814</u>	<u>3,180</u>	<u>-</u>	<u>1,687,994</u>
Less Accumulated Depreciation for:				
Furniture and Equipment	(1,387,401)	(46,704)	-	(1,434,105)
<b>Total Accumulated Depreciation</b>	<u>(1,387,401)</u>	<u>(46,704)</u>	<u>-</u>	<u>(1,434,105)</u>
<b>Total Capital Assets, Being Depreciated, Net</b>	<u>(1,387,401)</u>	<u>(46,704)</u>	<u>-</u>	<u>(1,434,105)</u>
<b>Business-Type Activities Capital Assets, Net</b>	<u>\$ 297,413</u>	<u>\$ (43,524)</u>	<u>\$ -</u>	<u>\$ 253,889</u>

**WEST ORANGE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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	\$ 172,096
	<hr/>
Total Instruction	172,096
	<hr/>
Support Services	
Student and Instruction Related Services	172,095
General Administrative Services	75,096
School Administrative Services	75,096
Plant Operations and Maintenance	3,318,198
Business and Other Support Services	75,097
	<hr/>
Total Support Services	3,715,582
	<hr/>
Total Depreciation Expense - Governmental Activities	\$ 3,887,678

**Business-Type Activities:**

Food Service Fund	\$ 46,704
	<hr/>
Total Depreciation Expense-Business-Type Activities	\$ 46,704

**Construction and Other Significant Commitments**

The District has the following active construction projects as of June 30, 2021:

<u>Project</u>	<u>Remaining Commitment</u>
Security Improvements - District-Wide	\$ 564,617
	<hr/>
Total	\$ 564,617

**WEST ORANGE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2021, is as follows:

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 583,000
Total		<u>\$ 583,000</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>Total</u>
Transfer Out:		
Capital Projects Fund	\$ 159	\$ 159
Total transfers out	<u>\$ 159</u>	<u>\$ 159</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, 2021 were \$269,291. The future minimum lease payments for these operating leases are as follows:

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



**WEST ORANGE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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 projects totaling \$14,093,871 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:

	<u>Governmental Activities</u>
Building Improvements	\$ 11,520,000
Machinery and Equipment	<u>788,158</u>
	<u>\$ 12,308,158</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021 were as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Governmental Activities</u>
2022	\$ 1,447,877
2023	1,016,360
2024	996,190
2025	756,735
2026	718,890
2027-2031	3,832,628
2032-2035	<u>3,371,519</u>
Total minimum lease payments	12,140,199
Less: amount representing interest	<u>(1,973,468)</u>
Present value of minimum lease payments	<u>\$ 10,166,731</u>

**WEST ORANGE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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>	
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	2,135,000	342,650	2,477,650
2027-2030	<u>9,340,000</u>	<u>600,150</u>	<u>9,940,150</u>
Total	<u>\$ 21,300,000</u>	<u>\$ 3,440,503</u>	<u>\$ 24,740,503</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, 2021 are comprised of the following issues:

\$31,535,000, 2012 Refunding School Bonds, due in annual installments of \$2,220,000 to \$3,575,000 through November 1, 2027, interest at 2.625% to 5.000%	\$19,885,000
\$1,775,000, 2015 Refunding School Bonds, due in an annual installment of 380,000 on July 15, 2021, interest at 4.00%	<u>380,000</u>
Total	<u>\$20,265,000</u>

**WEST ORANGE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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>Principal</u>	<u>Bonds</u> <u>Interest</u>	<u>Total</u>
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	3,355,000	292,181	3,647,181
2027-2028	<u>7,045,000</u>	<u>230,274</u>	<u>7,275,274</u>
Total	<u>\$ 20,265,000</u>	<u>\$ 2,612,495</u>	<u>\$ 22,877,495</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2021 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 260,370,412
Less: Net Debt	<u>20,265,000</u>
Remaining Borrowing Power	<u>\$ 240,105,412</u>

**WEST ORANGE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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, 2021 is \$229,903.

During the fiscal years ended June 30, 2021, 2020 and 2019 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>
2021	\$ 73,989
2020	73,794
2019	73,200

**Board of Education Employees’ Pension Fund of Essex County**

**Plan Description**

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

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

**Benefits Provided**

Regular service retirement benefits are determined as 1/45<sup>th</sup> 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, 2021**

**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 \$22,562, \$17,819 and \$25,395 for fiscal years 2021, 2020 and 2019, respectively.

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

At June 30, 2021, the District reported a liability of \$104,401 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2021, the District's proportion was 0.484%, which was a decrease of .01% from its proportion measured as of June 30, 2020 of 0.494%.

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to County of Essex pension from the following sources:

	<b>Deferred Inflows of Resources</b>
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 51,750
Total	\$ 51,750

**WEST ORANGE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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, 2021, was as follows:

	Balance, July 1, 2020	Additions	Reductions	Balance, June 30, 2021	Within One Year
<b>Governmental Activities:</b>					
Bonds Payable	\$ 22,750,000		\$ (2,485,000)	\$ 20,265,000	\$ 2,600,000
Add: Unamortized Premium	2,102,752	-	(308,784)	1,793,968	-
Total Bonds Payable	24,852,752	-	(2,793,784)	22,058,968	2,600,000
Lease-Purchase Agreement ("COPS")	23,235,000		(1,935,000)	21,300,000	1,995,000
Capital Leases/Lease Purchase Agreements	11,118,425	\$ 255,631	(1,207,325)	10,166,731	1,184,480
Claims and Judgments	1,508,971		(1,508,971)	-	
Compensated Absences	2,358,653	442,920	(273,889)	2,527,684	
Deferred Pension Obligation	284,011	19,881	(73,989)	229,903	\$ 75,461
Net Pension Liability					
PERS	39,752,845		(4,464,348)	35,288,497	
Essex County	131,454	-	(27,053)	104,401	-
Governmental Activities Long-Term Liabilities	\$ 103,242,111	\$ 718,432	\$ (12,284,359)	\$ 91,676,184	\$ 5,854,941

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, 2021**

**NOTE 5 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

Estimates of claims payable and of claims incurred, but not reported (IBNR) at June 30, 2021, 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 \$1,434,455 reported at June 30, 2021 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, 2021 and 2020 are as follows:

<b>Governmental Activities:</b>	<u>Fiscal Year Ended</u>	
	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Unpaid Claims, Beginning of Year	\$ 1,728,451	\$ 1,052,412
Incurred Claims	335,723	1,315,044
Claim Payments and Claims Adjustments	<u>(629,719)</u>	<u>(639,005)</u>
Unpaid Claims, End of Year	<u>\$ 1,434,455</u>	<u>\$ 1,728,451</u>
General Fund		
Other Current Liabilities	\$ 1,434,455	\$ 219,480
Governmental Activities		
Noncurrent Liabilities	<u>-</u>	<u>1,508,971</u>
	<u>\$ 1,434,455</u>	<u>\$ 1,728,451</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 restricted fund balance for unemployment compensation claims in the General 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>
2021	\$ 126,904	\$ 100,000	\$ 126,904	\$ 402,794
2020	131,450		147,765	302,687
2019	130,095		81,141	316,890

**WEST ORANGE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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, 2021, 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, 2021, 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](http://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, 2021**

**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:

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon 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](http://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:

<b>Tier</b>	<b>Definition</b>
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, 2021**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

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

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

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS or TPAF 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 or TPAF on or after November 2, 2008 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](http://www.state.nj.us/treasury/pensions).

**WEST ORANGE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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](http://www.state.nj.us/treasury/doinvest).

**WEST ORANGE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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, 2020 is \$16.4 billion and the plan fiduciary net position as a percentage of the total pension liability is 58.32%. The collective net pension liability of the State funded TPAF at June 30, 2020 is \$66.0 billion and the plan fiduciary net position as a percentage of total pension liability is 24.60%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2019 which were rolled forward to June 30, 2020.

**Actuarial Methods and Assumptions**

In the July 1, 2019 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 2021.

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, 2021 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 local 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 2021, 2020 and 2019 were equal to the required contributions.

During the fiscal years ended June 30, 2021, 2020 and 2019 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>
2021	\$ 2,466,924	\$ 19,165,758	\$ 74,873
2020	2,146,019	14,438,790	67,648
2019	2,133,316	12,002,092	66,766

**WEST ORANGE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Employer and Employee Pension Contributions (Continued)**

In addition for fiscal years 2021, 2020 and 2019 the District contributed \$-0-, \$10,256 and \$11,444, respectively for PERS and the State contributed \$7,904, \$8,690 and \$9,012, 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 \$5,053,376 during the fiscal year ended June 30, 2021 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, 2019 through June 30, 2020. 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, 2020 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2020.

At June 30, 2021, the District reported in the statement of net position (accrual basis) a liability of \$35,288,497 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. 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, 2020. At June 30, 2020, the District's proportionate share was .21639 percent, which was a decrease of .00423 percent from its proportionate share measured as of June 30, 2019 of .22062 percent.

**WEST ORANGE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**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, 2021, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$705,655 for PERS. The pension contribution made by the District during the current 2020/2021 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, 2021 with a measurement date of the prior fiscal year end of June 30, 2020. 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, 2021 for contributions made subsequent to the measurement date. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 642,546	\$ 124,795
Changes of Assumptions	1,144,799	14,775,628
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,206,189	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>1,114,846</u>	<u>2,602,950</u>
Total	<u>\$ 4,108,380</u>	<u>\$ 17,503,373</u>

At June 30, 2021, 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:

<u>Year Ending June 30,</u>	<u>Total</u>
2022	\$ (4,869,919)
2023	(4,474,900)
2024	(2,748,980)
2025	(1,069,138)
2026	(232,056)
Thereafter	<u>-</u>
	<u>\$ (13,394,993)</u>

**WEST ORANGE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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-2020.

The actuarial assumptions used in the July 1, 2019 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  
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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, 2020) 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, 2020 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%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
High Yield	2.00%	5.95%
Real Assets	3.00%	9.73%
Private Credit	8.00%	7.59%
Real Estate	8.00%	9.56%
Private Equity	13.00%	11.42%

*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>
2021	June 30, 2020	7.00%
2020	June 30, 2019	6.28%



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**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)***

There was no crossover period for the PERS defined benefit plan. Therefore the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

***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 7.00%, 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<b>1% Decrease <u>6.00%</u></b>	<b>Current Discount Rate <u>7.00%</u></b>	<b>1% Increase <u>8.00%</u></b>
District's Proportionate Share of the PERS Net Pension Liability	\$ <u>44,422,331</u>	\$ <u>35,288,497</u>	\$ <u>27,538,189</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, 2020. A sensitivity analysis specific to the District's net pension liability at June 30, 2020 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](http://www.state.nj.us/treasury/pensions).

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**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, 2019 through June 30, 2020. 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, 2020, 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, 2021 the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$26,480,692 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, 2021 the State's proportionate share of the net pension liability attributable to the District is \$425,842,369. The net pension liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. 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, 2020. At June 30, 2020, the State's share of the net pension liability attributable to the District was .64669 percent, which was an increase of .04896 percent from its proportionate share measured as of June 30, 2019 of .59773 percent.

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**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, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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-2020.

The actuarial assumptions used in the July 1, 2019 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  
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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, 2020 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%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
High Yield	2.00%	5.95%
Real Assets	3.00%	9.73%
Private Credit	8.00%	7.59%
Real Estate	8.00%	9.56%
Private Equity	13.00%	11.42%

**WEST ORANGE BOARD OF EDUCATION  
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**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:

<b>Fiscal Year</b>	<b>Measurement Date</b>	<b>Discount Rate</b>
2021	June 30, 2020	5.40%
2020	June 30, 2019	5.60%

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, 2062
Municipal Bond Rate *	From July 1, 2062 and Thereafter

\* The municipal bond return rate used is 2.21% as of the measurement date of June 30, 2020. 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 5.40%, 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 (4.40 percent) or 1-percentage-point higher (6.40 percent) than the current rate:

	<b>1% Decrease (4.40%)</b>	<b>Current Discount Rate (5.40%)</b>	<b>1% Increase (6.40%)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 500,201,735</u>	<u>\$ 425,842,369</u>	<u>\$ 364,099,397</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, 2020. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2020 was not provided by the pension system.

**WEST ORANGE BOARD OF EDUCATION  
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**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](http://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, 2020. In addition, the plan is administered on a pay-as-you-go basis. 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 multiple-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  
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**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](http://www.state.nj.us/treasury/pensions).

**Plan Membership**

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2019:

Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	149,304
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>          -</u>
 Total	 <u>366,108</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, 2020 is \$67.8 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, 2019 which were rolled forward to June 30, 2020.

**WEST ORANGE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Actuarial Methods and Assumptions**

In the June 30, 2019 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 \$1.18 billion to the OPEB plan in fiscal year 2020.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2021, 2020 and 2019 were \$6,006,250, \$5,356,527 and \$5,444,130, 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, 2019 through June 30, 2020. 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, 2021, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$18,129,354. 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, 2021 the State's proportionate share of the OPEB liability attributable to the District is \$322,272,500. 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, 2020 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2020. At June 30, 2020, the state's share of the OPEB liability attributable to the District was 0.47526 percent, which was an increase of 0.0045 percent from its proportionate share measured as of June 30, 2019 of 0.47076 percent.



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**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, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. 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 4.45%
Rate Thereafter	1.55% to 4.45%
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-2020.
TPAF	Pre-retirement and Post-retirement based on Pub-2010 Healthy "Teachers" and "General" classifications respectively, headcount-weighted mortality tables with fully generational mortality improvement projections from the central year using Scale MP-2020.

\*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, 2020 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

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**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, 2020 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.

**Discount Rate**

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

<b><u>Fiscal Year</u></b>	<b><u>Measurement Date</u></b>	<b><u>Discount Rate</u></b>
2021	June 30, 2020	2.21%
2020	June 30, 2019	3.50%

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.

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**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, 2021 (measurement date June 30, 2020) is as follows:

	Total OPEB Liability <u>(State Share 100%)</u>
Balance, June 30, 2019 Measurement Date	\$ <u>196,442,369</u>
Changes Recognized for the Fiscal Year:	
Service Cost	9,513,888
Interest on the Total OPEB Liability	7,714,080
Differences Between Expected and Actual Experience	55,774,497
Changes of Assumptions	58,868,111
Gross Benefit Payments	(5,610,499)
Contributions from the Member	<u>170,054</u>
<b>Net Changes</b>	<b>\$ <u>126,430,131</u></b>
Balance, June 30, 2020 Measurement Date	\$ <u><u>322,872,500</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 % percent in 2019 to 2.21% percent in 2020.

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, 2020.

**WEST ORANGE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
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**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 2.21%, 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 (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current rate:

	<b>1% Decrease <u>(1.21%)</u></b>	<b>Current Discount Rate <u>(2.21%)</u></b>	<b>1% Increase <u>(3.21%)</u></b>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>388,516,133</u>	\$ <u>322,272,500</u>	\$ <u>270,476,359</u>

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

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Total OPEB Liability (School Retirees)	\$ <u>260,149,230</u>	\$ <u>322,272,500</u>	\$ <u>396,247,507</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020 were not provided by the pension system.

**F. Tax Abatements**

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

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

**WEST ORANGE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 6 RESTATEMENT**

On July 1, 2020, the West Orange Board of Education implemented GASB Statement No. 84 “Fiduciary Activities”. The West Orange Board of Education has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2020 are as follows:

**Governmental Activities**

The financial statements of the governmental activities as of June 30, 2020 have been restated to reflect the reclassification of certain activities related to unemployment compensation, student activities and payroll related activities which were previously reported as fiduciary activities to governmental activities. The effect of this restatement is to increase net position of governmental activities by \$578,202 from \$(41,818,945) as previously reported to \$(41,240,743) as of June 30, 2020.

**Governmental Funds**

The financial statements of the governmental funds as of June 30, 2020 have been restated to reflect the reclassification of certain activities related to unemployment compensation, student activities, scholarships and payroll activities previously reported as fiduciary funds to government funds. The effect of this restatement is to increase fund balances of governmental funds by \$578,202 from \$4,718,843 as previously reported to \$5,297,045 as of June 30, 2020. General Fund fund balance increased \$302,687 from \$4,718,839 as previously reported to \$5,021,526 as of June 30, 2020. Special Revenue Fund fund balance increased \$275,515 from \$-0- as previously reported to \$275,515 as of June 30, 2020.

**Fiduciary Funds**

The financial statements of the fiduciary funds as of June 30, 2020 have been restated to reflect the reclassification of certain activities to governmental funds as noted above. The effect of this restatement is to decrease total fiduciary net position by \$302,687 from \$302,687 as previously reported to \$-0- as of June 30, 2020.

**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 has been 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.

Governor Phil Murphy (the “Governor”) of the State of New Jersey (the “State”) declared a state of emergency and a public health emergency on March 9, 2020 due to the outbreak of COVID-19, which spread to the State and to all counties within the State. The Governor also instituted mandatory measures via various executive orders to contain the spread of the virus. These measure, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey’s economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the governor’s pandemic-related executive orders in early July. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) will terminate on January 1, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place.

**WEST ORANGE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

Recently, the United States Congress has passed relief and stimulus legislations including the American Rescue Plan Act signed into law by President Biden on March 12, 2021, comprising of \$1.9 trillion in funding to address the COVID-19 Pandemic. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and alleviate the health effects of the COVID-19 pandemic. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the School District. It is too early to predict if the legislation will have its intended affect.

The largest portion of the School District's revenues is derived from local tax revenues levied by the Borough. In that regard, under applicable State statutes, the Borough annually is required to pay 100% of the amount levied for operations and debt service to the School District regardless of delinquencies in applicable property tax collections. The ability of the Borough to fully collect property taxes on a timely basis may be affected by the economic impact of the Pandemic; however, the District does not anticipate an interruption in the timely collection of property taxes from the Borough.

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.

**NOTE 8 SUBSEQUENT EVENT**

On August 11, 2021, the District issued \$18,080,000 in Refunding School Bonds. These bonds were issued in order refund all or a portion of the outstanding callable refunding school bonds dated February 1, 2012. The District awarded the sale of said bonds to TD Bank at an interest rate of 1.15%. These bonds, dated August 11, 2021, will mature over six (6) years with the first maturity due on November 1, 2021.

**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, 2021**

Exhibit C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
<b>Local Sources</b>					
Local Tax Levy	\$ 141,491,179		\$ 141,491,179	\$ 141,491,179	
Tuition from Individuals	27,000		27,000	10,292	\$ (16,708)
Tuition from Other LEA's within the State	290,210		290,210	197,057	(93,153)
Rents and Royalties	75,000		75,000	9,558	(65,442)
Interest				4,527	4,527
Interest Earned on Capital Reserve Funds	10		10	52	42
Interest Earned on Emergency Reserve Funds				25	25
Interest Earned on Unemployment Compensation Reserve				107	107
Unrestricted Miscellaneous Revenues	156,490	-	156,490	719,021	562,531
<b>Total Local Sources</b>	<u>142,039,889</u>	<u>-</u>	<u>142,039,889</u>	<u>142,431,818</u>	<u>391,929</u>
<b>State Sources</b>					
Special Education Aid	4,159,988		4,159,988	4,159,988	
Equalization Aid	7,116,818	\$ (1,552,838)	5,563,980	5,563,980	
Security Aid	1,866,353		1,866,353	1,866,353	
Transportation Aid	3,033,009		3,033,009	3,033,009	
Extraordinary Aid	1,500,000		1,500,000	4,919,856	3,419,856
Other State Aids	150,000		150,000	211,410	61,410
TPAF Pension Contribution (On-Behalf)					
Normal Pension Contribution				18,807,913	18,807,913
NCGI Contributions				357,845	357,845
Long Term Disability Insurance				7,904	7,904
Post Retirement				6,006,250	6,006,250
TPAF Social Security Contribution (On-Behalf)	-	-	-	5,053,376	5,053,376
<b>Total State Sources</b>	<u>17,826,168</u>	<u>(1,552,838)</u>	<u>16,273,330</u>	<u>49,987,884</u>	<u>33,714,554</u>
<b>Federal Source</b>					
Medicaid Reimbursement	222,709	-	222,709	284,253	61,544
FFCRA/SEMI	-	-	-	24,690	24,690
<b>Total Federal Sources</b>	<u>222,709</u>	<u>-</u>	<u>222,709</u>	<u>308,943</u>	<u>86,234</u>
<b>Total Revenues</b>	<u>160,088,766</u>	<u>(1,552,838)</u>	<u>158,535,928</u>	<u>192,728,645</u>	<u>34,192,717</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
<b>Instruction - Regular Programs</b>					
<b>Salaries of Teachers</b>					
Kindergarten	2,368,658	(20,000)	2,348,658	2,256,578	92,080
Grades 1-5	16,689,328	(267,612)	16,421,716	15,892,996	528,720
Grades 6-8	11,078,950	(113,076)	10,965,874	10,845,816	120,058
Grades 9-12	15,639,170	(86,500)	15,552,670	15,435,137	117,533
<b>Home Instruction</b>					
Salaries of Teachers	133,764	(90,000)	43,764	33,918	9,846
Purchased Professional- Educational Services	46,000	20,000	66,000	54,170	11,830
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	1,038,793	(60,605)	978,188	944,311	33,877
Purchased Professional- Educational Services	42,319	100,100	142,419	21,150	121,269
Purchased Technical Services	6,749		6,749	3,380	3,369
Other Purchased Services	867,940	(6,000)	861,940	784,940	77,000
General Supplies	1,869,936	120,051	1,989,987	1,558,765	431,222
Textbooks	95,283	3,217	98,500	73,056	25,444
Other Objects	45,895	-	45,895	7,599	38,296
<b>Total Regular Programs</b>	<u>49,922,785</u>	<u>(400,425)</u>	<u>49,522,360</u>	<u>47,911,816</u>	<u>1,610,544</u>
<b>Special Education</b>					
<b>Cognitive Mild</b>					
Salaries of Teachers	826,871	(1,360)	825,511	825,509	2
Other Salaries for Instruction	621,385	18,984	640,369	636,188	4,181
General Supplies	3,148	500	3,648	3,274	374
Other Objects	6,300	(500)	5,800	-	5,800
<b>Total Cognitive Mild</b>	<u>1,457,704</u>	<u>17,624</u>	<u>1,475,328</u>	<u>1,464,971</u>	<u>10,357</u>
<b>Learning and/or Language Disabilities</b>					
Salaries of Teachers	2,592,100	(347,526)	2,244,574	2,220,872	23,702
Other Salaries for Instruction	1,037,892	9,273	1,047,165	1,040,964	6,201
General Supplies	13,551	4,302	17,853	10,571	7,282
<b>Total Learning and/or Language Disabilities</b>	<u>3,643,543</u>	<u>(333,951)</u>	<u>3,309,592</u>	<u>3,272,407</u>	<u>37,185</u>
<b>Behavioral Disabilities</b>					
Salaries of Teachers	170,991	(526)	170,465	170,117	348
Other Salaries for Instruction	114,502	(40,356)	74,146	74,146	
General Supplies	13,610	-	13,610	3,720	9,890
<b>Total Behavioral Disabilities</b>	<u>299,103</u>	<u>(40,882)</u>	<u>258,221</u>	<u>247,983</u>	<u>10,238</u>

**WEST ORANGE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Exhibit C-1

EXPENDITURES	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Multiple Disabilities</b>					
Salaries of Teachers	\$ 118,080		\$ 118,080	\$ 109,609	\$ 8,471
Other Salaries for Instruction	374,704	\$ (64,766)	309,938	292,238	17,700
General Supplies	6,125	-	6,125	-	6,125
<b>Total Multiple Disabilities</b>	<b>498,909</b>	<b>(64,766)</b>	<b>434,143</b>	<b>401,847</b>	<b>32,296</b>
<b>Resource Room/Resource Center</b>					
Salaries of Teachers	5,155,673	199,529	5,355,202	5,303,179	52,023
Other Salaries for Instruction	906,789	138,000	1,044,789	961,391	83,398
General Supplies	14,911	500	15,411	9,121	6,290
<b>Total Resource Room</b>	<b>6,077,373</b>	<b>338,029</b>	<b>6,415,402</b>	<b>6,273,691</b>	<b>141,711</b>
<b>Autistic Program</b>					
Salaries of Teachers	799,429	(120,470)	678,959	673,856	5,103
Other Salaries of Instruction	1,274,364	(78,034)	1,196,330	1,115,188	81,142
General Supplies	49,246		49,246	37,357	11,889
Other Objects	400	-	400	-	400
<b>Total Autistic Program</b>	<b>2,123,439</b>	<b>(198,504)</b>	<b>1,924,935</b>	<b>1,826,401</b>	<b>98,534</b>
<b>Preschool Disabilities - Part-Time</b>					
Salaries of Teachers	280,412		280,412	269,515	10,897
Other Salaries for Instruction	260,522	11,466	271,988	228,294	43,694
General Supplies	-	-	-	-	-
<b>Total Preschool Disabilities - Part-Time</b>	<b>540,934</b>	<b>11,466</b>	<b>552,400</b>	<b>497,809</b>	<b>54,591</b>
<b>Preschool Disabilities - Full-Time</b>					
Salaries of Teachers	410,424	(1,200)	409,224	403,172	6,052
Other Salaries for Instruction	652,767	(182,276)	470,491	422,257	48,234
General Supplies	14,689	1,200	15,889	13,592	2,297
<b>Total Preschool Disabilities - Full-Time</b>	<b>1,077,880</b>	<b>(182,276)</b>	<b>895,604</b>	<b>839,021</b>	<b>56,583</b>
<b>Home Instruction</b>					
Salaries of Teachers	208,300		208,300	159,127	49,173
Purchased Professional-Educational Services	131,000	(20,000)	111,000	13,965	97,035
<b>Total Home Instruction</b>	<b>339,300</b>	<b>(20,000)</b>	<b>319,300</b>	<b>173,092</b>	<b>146,208</b>
<b>Total Special Education</b>	<b>16,058,185</b>	<b>(473,260)</b>	<b>15,584,925</b>	<b>14,997,222</b>	<b>587,703</b>
<b>Basic Skills/Remedial</b>					
Salaries of Teachers	2,695,887	(15,000)	2,680,887	2,642,167	38,720
General Supplies	21,138	(5,000)	16,138	3,729	12,409
<b>Total Basic Skills/Remedial</b>	<b>2,717,025</b>	<b>(20,000)</b>	<b>2,697,025</b>	<b>2,645,896</b>	<b>51,129</b>
<b>Bilingual Education</b>					
Salaries of Teachers	1,443,373	18,067	1,461,440	1,461,435	5
General Supplies	46,251	(14,000)	32,251	15,801	16,450
Textbooks	9,730	-	9,730	-	9,730
<b>Total Bilingual Education</b>	<b>1,499,354</b>	<b>4,067</b>	<b>1,503,421</b>	<b>1,477,236</b>	<b>26,185</b>
<b>School Sponsored Co-Curricular Activities</b>					
Salaries	497,365	(17,930)	479,435	395,772	83,663
Purchased Services	63,550	(10,751)	52,799	9,473	43,326
Supplies and Materials	66,450		66,450	44,538	21,912
Other Objects	39,079	-	39,079	2,354	36,725
<b>Total School Sponsored Co-Curricular Activities</b>	<b>666,444</b>	<b>(28,681)</b>	<b>637,763</b>	<b>452,137</b>	<b>185,626</b>
<b>School Sponsored Athletics - Instruction</b>					
Salaries	1,161,963		1,161,963	1,065,802	96,161
Purchased Services	267,614	740	268,354	190,073	78,281
Supplies & Materials	105,161	54,618	159,779	158,519	1,260
Other Objects	61,545	(23,000)	38,545	12,670	25,875
<b>Total School Sponsored Athletics - Instruction</b>	<b>1,596,283</b>	<b>32,358</b>	<b>1,628,641</b>	<b>1,427,064</b>	<b>201,577</b>

**WEST ORANGE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Exhibit C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Summer School - Instruction					
Salaries of Teachers	\$ 28,913	\$ (7,900)	\$ 21,013	\$ 20,922	\$ 91
Summer School - Support Services					
Salaries	10,741	(2,100)	8,641	8,319	322
Total Summer School	<u>39,654</u>	<u>(10,000)</u>	<u>29,654</u>	<u>29,241</u>	<u>413</u>
Community Service Programs					
Purchased Services	-	40,751	40,751	40,751	-
Total Community Service Programs	<u>-</u>	<u>40,751</u>	<u>40,751</u>	<u>40,751</u>	<u>-</u>
Total - Instruction	<u>72,499,730</u>	<u>(855,190)</u>	<u>71,644,540</u>	<u>68,981,363</u>	<u>2,663,177</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs within the State-Reg.	168,085	(162,928)	5,157		5,157
Tuition to Other LEAs within the State-Spec.	1,251,019	(394,980)	856,039	831,841	24,198
Tuition to County Vocational School District-Reg.	58,518		58,518	41,968	16,550
Tuition to County Vocational School District-Spec.	30,044	12,000	42,044	38,308	3,736
Tuition to County Special Services - School Districts & Regional Day Schools	204,855	97,480	302,335	285,486	16,849
Tuition to Private Schools - Disabled w/ State	8,831,475	(182,500)	8,648,975	8,618,618	30,357
Tuition- Other	<u>194,352</u>	<u>121,500</u>	<u>315,852</u>	<u>311,824</u>	<u>4,028</u>
Total Undistributed Expenditures - Instruction	<u>10,738,348</u>	<u>(509,428)</u>	<u>10,228,920</u>	<u>10,128,045</u>	<u>100,875</u>
Attendance and Social Work					
Salaries	167,593	20,000	187,593	178,269	9,324
Purchased Prof & Tech Svc.	64,019	10,151	74,170	74,163	7
Supplies & Materials	<u>1,000</u>	<u>(151)</u>	<u>849</u>	<u>589</u>	<u>260</u>
Total Attendance and Social Work	<u>232,612</u>	<u>30,000</u>	<u>262,612</u>	<u>253,021</u>	<u>9,591</u>
Health Services					
Salaries	1,441,636	(55,900)	1,385,736	1,247,446	138,290
Purchased Professional & Technical Services	95,144	(150)	94,994	54,598	40,396
Other Purchased Services	6,000	150	6,150	335	5,815
Supplies and Materials	31,708	20,900	52,608	42,489	10,119
Other Objects	<u>3,240</u>	<u>-</u>	<u>3,240</u>	<u>684</u>	<u>2,556</u>
Total Health Services	<u>1,577,728</u>	<u>(35,000)</u>	<u>1,542,728</u>	<u>1,345,552</u>	<u>197,176</u>
Speech, OT, PT & Related Services					
Salaries	1,737,325	(55,000)	1,682,325	1,654,716	27,609
Purchased Professional/Educational Services	567,450	(77,000)	490,450	451,830	38,620
Travel	1,000	1,000	2,000	699	301
Supplies and Materials	<u>24,427</u>	<u>-</u>	<u>24,427</u>	<u>12,784</u>	<u>11,643</u>
Total Speech, OT, PT & Related Services	<u>2,329,202</u>	<u>(131,000)</u>	<u>2,198,202</u>	<u>2,120,029</u>	<u>78,173</u>
Other Support Services Std- Extra Serv					
Salaries	199,585	(106,900)	92,685	72,982	19,703
Purchased Professional- Educational Services	<u>278,000</u>	<u>(166,600)</u>	<u>111,400</u>	<u>60,521</u>	<u>50,879</u>
Total Other Support Services Std- Extra Serv	<u>477,585</u>	<u>(273,500)</u>	<u>204,085</u>	<u>133,503</u>	<u>70,582</u>
Guidance					
Salaries of Other Professional Staff	2,874,421	27,028	2,901,449	2,901,068	381
Salaries of Secretarial and Clerical Assistants	365,646	(130)	365,516	363,669	1,847
Unused Vacation Payment to Terminated/Retired Staff		14,216	14,216	14,215	1
Other Purchased Prof. and Tech. Services	203,850	(21,222)	182,628	169,057	13,571
Other Purchased Services	1,400		1,400		1,400
Supplies and Materials	31,210	336	31,546	12,009	19,537
Other Objects	<u>1,450</u>	<u>-</u>	<u>1,450</u>	<u>950</u>	<u>500</u>
Total Guidance	<u>3,477,977</u>	<u>20,228</u>	<u>3,498,205</u>	<u>3,460,968</u>	<u>37,237</u>
Child Study Teams					
Salaries of Other Professional Staff	3,543,066	40,000	3,583,066	3,561,053	22,013
Salaries of Secretarial and Clerical Assistants	420,397		420,397	417,818	2,579
Purchased Prof-Educational Services	96,700	(36,500)	60,200	44,658	15,542
Other Purchased Prof & Tech Svc.	82,243	1,500	83,743	27,345	56,398
Other Purchased Services	10,000		10,000	2,280	7,720
Supplies and Materials	56,744	852	57,596	20,904	36,692
Other Objects	<u>300</u>	<u>-</u>	<u>300</u>	<u>300</u>	<u>-</u>
Total Child Study Teams	<u>4,209,450</u>	<u>5,852</u>	<u>4,215,302</u>	<u>4,074,358</u>	<u>140,944</u>

**WEST ORANGE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Exhibit C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Improvement of Instruction Services					
Salaries of Supervisor of Instruction	\$ 1,831,925	\$ 32,201	\$ 1,864,126	\$ 1,864,122	\$ 4
Salaries of Other Professional Staff	73,454	(7,975)	65,479	65,478	1
Salaries of Secr and Clerical Assist.	87,990	597	88,587	88,586	1
Salaries of Facilitators, Math & Literacy Coaches	204,002	1,383	205,385	205,384	1
Other Purchased Services	7,000	(4,505)	2,495	209	2,286
Supplies and Materials	3,250		3,250	79	3,171
Other Objects	1,157	-	1,157	89	1,068
<b>Total Improvement of Instruction Services/ Other Support Services-Instructional Staff</b>	<u>2,208,778</u>	<u>21,701</u>	<u>2,230,479</u>	<u>2,223,947</u>	<u>6,532</u>
Educational Media Services/School Library					
Salaries	1,220,210	(10,000)	1,210,210	1,191,340	18,870
Purchased Professional and Technical Services	16,473		16,473	13,968	2,505
Other Purchased Services	3,932		3,932		3,932
Supplies and Materials	99,474	10,858	110,332	107,837	2,495
Other Objects	275	-	275	263	12
<b>Total Educational Media Services/School Library</b>	<u>1,340,364</u>	<u>858</u>	<u>1,341,222</u>	<u>1,313,408</u>	<u>27,814</u>
Instructional Staff Training Services					
Salaries of Other Professional Staff	33,000		33,000	32,047	953
Other Purchased Prof. And Tech. Services	157,603	(51,000)	106,603	42,102	64,501
Other Purchased Services	108,481		108,481	22,231	86,250
Supplies and Materials	7,760		7,760		7,760
Other Objects	39,300	-	39,300	4,300	35,000
<b>Total Instructional Staff Training Services</b>	<u>346,144</u>	<u>(51,000)</u>	<u>295,144</u>	<u>100,680</u>	<u>194,464</u>
Support Services General Administration					
Salaries	627,880	2,400	630,280	619,592	10,688
Legal Services	437,000	(123,212)	313,788	272,826	40,962
Audit Fees	65,550	17,750	83,300	65,714	17,586
Architectural/Engineering Services	20,000	(9,000)	11,000	5,000	6,000
Other Purchased Professional Services	175,542	(3,750)	171,792	147,165	24,627
Purchased Technical Services	8,000		8,000	1,200	6,800
Communications/Telephone	320,116	41,000	361,116	345,528	15,588
BOE Other Purchased Services	5,750		5,750	842	4,908
Misc. Purchased Services	396,748	49,312	446,060	439,884	6,176
General Supplies	13,250	(1,492)	11,758	4,966	6,792
BOE In-House Training/Meeting Supplies	4,250	-	4,250	3,231	1,019
Miscellaneous Expenditures	6,589	11,900	18,489	14,377	4,112
BOE Membership Dues and Fees	30,250	(2,900)	27,350	26,813	537
<b>Total Support Services General Administration</b>	<u>2,110,925</u>	<u>(17,992)</u>	<u>2,092,933</u>	<u>1,947,138</u>	<u>145,795</u>
Support Services School Administration					
Salaries of Principals/Asst. Principals	4,069,971	133,583	4,203,554	4,116,894	86,660
Salaries of Secretarial and Clerical Assistants	1,736,469	(88,513)	1,647,956	1,585,135	62,821
Unused Vacation Payment to Terminated/Retired Staff	33,740	19,082	52,822	52,820	2
Purchased Professional and Technical Services		4,000	4,000	3,500	500
Other Purchased Services	34,460	7,120	41,580	31,544	10,036
Supplies and Materials	83,980	25,988	109,968	84,526	25,442
Other Objects	3,750	-	3,750	435	3,315
<b>Total Support Services School Administration</b>	<u>5,962,370</u>	<u>101,260</u>	<u>6,063,630</u>	<u>5,874,854</u>	<u>188,776</u>
Central Services					
Salaries	1,519,105	18,667	1,537,772	1,529,293	8,479
Unused Vacation Payment to Terminated/Retired Staff		28,000	28,000	27,234	766
Purchased Professional Services	76,302	9,003	85,305	69,187	16,118
Purchased Technical Services	91,671	(13,800)	77,871	75,461	2,410
Misc. Purchased Services	62,399	(5,221)	57,178	45,864	11,314
Supplies and Materials	25,750		25,750	20,009	5,741
Miscellaneous Expenditures	5,470	2,200	7,670	6,116	1,554
<b>Total Central Services</b>	<u>1,780,697</u>	<u>38,849</u>	<u>1,819,546</u>	<u>1,773,164</u>	<u>46,382</u>
Administration - Information Technology Services					
Salaries	1,166,003	145,797	1,311,800	1,309,003	2,797
Unused Vac Payment to Terminated/Retired Staff		19,034	19,034	18,952	82
Purchased Technical Services	114,853	50,030	164,883	153,979	10,904
Other Purchased Services	9,000	(7,000)	2,000	401	1,599
Supplies and Materials	88,765	26,640	115,405	114,789	616
Other Objects	2,065	-	2,065	845	1,220
<b>Total Administration Information Technology Svcs.</b>	<u>1,380,686</u>	<u>234,501</u>	<u>1,615,187</u>	<u>1,597,969</u>	<u>17,218</u>

**WEST ORANGE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Exhibit C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Required Maintenance for School Facilities</b>					
Cleaning, Repair and Maintenance Services	\$ 1,846,028	\$ 378,983	\$ 2,225,011	\$ 2,124,644	\$ 100,367
Lead Testing of Drinking Water	25,000	(25,000)			-
General Supplies	475,150	195,334	670,484	613,390	57,094
Other Objects	22,500	(3,000)	19,500	13,613	5,887
<b>Total Required Maint. For School Facilities</b>	<u>2,368,678</u>	<u>546,317</u>	<u>2,914,995</u>	<u>2,751,647</u>	<u>163,348</u>
<b>Custodial Services</b>					
Salaries	4,476,564	(17,100)	4,459,464	4,390,592	68,872
Salaries of Non-Instructional Aides	622,132	(15,000)	607,132	482,648	124,484
Unused Vacation Payment to Terminated/Retired Staff	34,082	36,522	70,604	70,595	9
Purchased Professional & Technical Services	16,750	400,386	417,136	249,605	167,531
Cleaning, Repair and Maintenance Services	241,000		241,000	205,682	35,318
Rental of Land & Bldgs Other Than Lease	540,833		540,833	531,093	9,740
Lease Purchase Payments- Energy Savings	771,756		771,756	771,756	
Other Purchased Property Services	146,010	(43,000)	103,010	83,216	19,794
Insurance	295,581	(40,000)	255,581	254,843	738
Miscellaneous Purchased Services	3,000		3,000		3,000
General Supplies	397,231	499,911	897,142	873,249	23,893
Energy (Natural Gas)	543,000		543,000	513,716	29,284
Energy (Electricity)	1,201,000	(104,379)	1,096,621	947,719	148,902
Energy (Gasoline)	38,000	(1,800)	36,200	17,581	18,619
Other Objects	1,050	4,800	5,850	5,268	582
<b>Total Custodial Services</b>	<u>9,327,989</u>	<u>720,340</u>	<u>10,048,329</u>	<u>9,397,563</u>	<u>650,766</u>
<b>Care and Upkeep of Grounds</b>					
Salaries	558,691	18,495	577,186	511,872	65,314
Unused Vacation Payment to Terminated/Retired Staff		713	713	712	1
Cleaning, Repair and Maintenance Svc.	442,250	(16,000)	426,250	358,230	68,020
General Supplies	91,000	(30,000)	61,000	28,464	32,536
<b>Total Care and Upkeep of Grounds</b>	<u>1,091,941</u>	<u>(26,792)</u>	<u>1,065,149</u>	<u>899,278</u>	<u>165,871</u>
<b>Security</b>					
Salaries	693,653	(4,311)	689,342	677,526	11,816
Purchased Professional & Technical Services		15,370	15,370		15,370
Cleaning, Repair and Maintenance Svc.	13,012	122,065	135,077	43,478	91,599
General Supplies	88,711	145,461	234,172	187,817	46,355
<b>Total Security</b>	<u>795,376</u>	<u>278,585</u>	<u>1,073,961</u>	<u>908,821</u>	<u>165,140</u>
<b>Student Transportation Services</b>					
Salaries of Non-Instructional Aides	460,705	(11,500)	449,205	371,747	77,458
Salaries for Pupil Trans (Bet. Home & Sch)-Reg.	593,853	(115,466)	478,387	478,366	21
Salaries for Pupil Trans (Bet. Home & Sch)-Sp Ed.	592,416	(27,573)	564,843	538,779	26,064
Salaries for Pupil Trans (Other than Bet. Home & Sch)	79,600	(10,000)	69,600	18,562	51,038
Unused Vacation Payment to Terminated/Retired Staff	9,476	25,025	34,501	34,500	1
Management Fee- ESC & CTSA Trans. Program	110,566		110,566	99,342	11,224
Other Purchased Professional & Technical Services	36,038		36,038	19,156	16,882
Cleaning, Repair and Maintenance Svc.	146,400	4,046	150,446	44,463	105,983
Lease Purchase Payments- School Buses	248,078	(80,000)	168,078	165,659	2,419
Contract Services- Aid in Lieu Pymts-NonPub Sch	575,000	343,000	918,000	493,227	424,773
Contracted Services (Bet. Home and School)- Vendors	4,362,383	(444,961)	3,917,422	3,835,407	82,015
Contracted Services (Oth. Than Bet Home & School)- Vendors	353,189	(100,000)	253,189	53,376	199,813
Contracted Services (Sp. Ed. Stds)- Vendors	29,665	(5,000)	24,665		24,665
Contracted Services ( Special Education Students)- Joint Agreements	51,660		51,660	20,793	30,867
Contracted Services (Reg. Students)-ESCs & CTSA	343,000	(343,000)			
Contracted Services (Spec. Ed. Students)-ESCs & CTSA	2,956,620	22,833	2,979,453	2,377,846	601,607
Travel		2,000	2,000	2,000	
Misc. Purchased Services	87,346	1,146	88,492	88,492	
General Supplies	9,200		9,200	2,129	7,071
Transportation Supplies	175,455	(4,773)	170,682	28,396	142,286
Other Objects	5,700	2,700	8,400	6,391	2,009
<b>Total Student Transportation Services</b>	<u>11,226,350</u>	<u>(741,523)</u>	<u>10,484,827</u>	<u>8,678,631</u>	<u>1,806,196</u>
<b>Allocated Benefits</b>					
<b>Regular Programs- Instruction</b>					
Unused Sick Payment to Terminated/Retired Staff	113,772	(113,772)	-	-	-
<b>Total Regular Programs- Instruction</b>	<u>113,772</u>	<u>(113,772)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Special Programs- Instruction</b>					
Unused Sick Payment to Terminated/Retired Staff	40,128	(40,128)	-	-	-
<b>Total Special Programs- Instruction</b>	<u>40,128</u>	<u>(40,128)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Health Services</b>					
Unused Sick Payment to Terminated/Retired Staff	28,671	(28,671)	-	-	-
<b>Total Health Services</b>	<u>28,671</u>	<u>(28,671)</u>	<u>-</u>	<u>-</u>	<u>-</u>

**WEST ORANGE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Exhibit C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Other Support Services - Child Study Teams					
Unused Sick Payment to Terminated/Retired Staff	\$ 9,861	\$ (9,861)	-	-	-
Total Other Support Services - Child Study Teams	9,861	(9,861)	-	-	-
School Administration					
Unused Sick Payment to Terminated/Retired Staff	43,060	(43,060)	-	-	-
Total School Administration	43,060	(43,060)	-	-	-
Custodial Services					
Unused Sick Payment to Terminated/Retired Staff	71,000	(71,000)	-	-	-
Total Custodial Services	71,000	(71,000)	-	-	-
Total Allocated Benefits	306,492	(306,492)	-	-	-
Unallocated Benefits - Employee Benefits					
Group Insurance	1,400	1,660	\$ 3,060	\$ 3,056	\$ 4
Social Security Contributions	2,000,000	(310,913)	1,689,087	1,677,180	11,907
Other Retirement Contribution- PERS	2,155,000	311,924	2,466,924	2,466,924	-
Other Retirement Contribution-Deferred PERS Payment	75,000	(1,011)	73,989	73,989	-
Other Retirement Contribution - Regular	75,000	17,681	92,681	74,873	17,808
Unemployment Compensation	100,000	-	100,000	100,000	-
Worker's Compensation	464,489	(180,000)	284,489	1,581,313	(1,296,824)
Health Benefits	19,370,091	(799,574)	18,570,517	18,519,596	50,921
Tuition Reimbursement	285,000	13,991	298,991	261,396	37,595
Other Employee Benefits	884,650	-	884,650	838,152	46,498
Unused Sick Payment to Terminated/Retired Staff	-	309,510	309,510	273,789	35,721
Total Unallocated Benefits - Employee Benefits	25,410,630	(636,732)	24,773,898	25,770,268	(996,370)
Total Personal Services - Employee Benefits	25,717,122	(943,224)	24,773,898	25,770,268	(996,370)
TPAF Pension Contribution (Non Budgeted)					
Normal Pension Contribution	-	-	-	18,807,913	(18,807,913)
NCGI Contributions	-	-	-	357,845	(357,845)
Long Term Disability Insurance	-	-	-	7,904	(7,904)
Post Retirement	-	-	-	6,006,250	(6,006,250)
TPAF Social Security Contribution (Non Budgeted)	-	-	-	5,053,376	(5,053,376)
	-	-	-	30,233,288	(30,233,288)
Total Undistributed Expenditures	88,700,322	(730,968)	87,969,354	114,986,132	(27,016,778)
Total Current Expenditures	161,200,052	(1,586,158)	159,613,894	183,967,495	(24,353,601)
<b>CAPITAL OUTLAY</b>					
Equipment					
Grades 1-5	-	-	-	-	-
Grades 6-8	3,700	-	3,700	-	3,700
Grades 9-12	74,392	(20,681)	53,711	8,286	45,425
Preschool Disabilities- Full Time	-	-	-	-	-
School Sponsored and Other Instructional Programs	67,089	29,000	96,089	40,427	55,662
Undistributed Expenditures	-	-	-	-	-
Support Services-Related & Extraordinary	-	-	-	-	-
Support Services- Instructional Staff	10,500	(10,500)	-	-	-
Central Services	-	-	-	-	-
Admin Info Tech.	166,960	(4,101)	162,859	159,313	3,546
Required Maintenance School Facilities	-	-	-	-	-
Custodial Services	-	-	-	-	-
Care and Upkeep of Grounds	12,500	2,181	14,681	14,681	-
Security	-	4,101	4,101	4,097	4
Total Equipment	335,141	-	335,141	226,804	108,337
Facilities and Acquisitions					
Architectural/Engineering Services	-	8,500	8,500	8,500	-
Construction Services	317,000	1,348,374	1,665,374	1,070,556	594,818
Assessment for Debt Service on SDA Funding	114,991	-	114,991	114,991	-
Total Facilities and Acquisitions	431,991	1,356,874	1,788,865	1,194,047	594,818
Interest Deposit to Capital Reserve	10	-	10	-	10
Total Capital Outlay	767,142	1,356,874	2,124,016	1,420,851	703,165

WEST ORANGE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Exhibit C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
TRANSFER OF FUNDS TO CHARTER SCHOOLS					
Transfer of Funds to Charter Schools	\$ 121,572	\$ 145,428	\$ 267,000	\$ 266,937	\$ 63
Total Transfer of Funds to Charter Schools	121,572	145,428	267,000	266,937	63
Total Expenditures - General Fund	162,088,766	(83,856)	162,004,910	185,655,283	(23,650,373)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,000,000)	(1,468,982)	(3,468,982)	7,073,362	10,542,344
Other Financing Sources (Uses) Transfers In	-	-	-	159	159
Total Other Financing Sources (Uses)	-	-	-	159	159
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Financing Sources	(2,000,000)	(1,468,982)	(3,468,982)	7,073,521	10,542,503
Fund Balances, Beginning of Year (Restated)	9,046,468	-	9,046,468	9,046,468	-
Fund Balances, End of Year	\$ 7,046,468	\$ (1,468,982)	\$ 5,577,486	\$ 16,119,989	\$ 10,542,503
<b><u>Recapitulation of Fund Balance</u></b>					
Restricted					
Capital Reserve				\$ 1,033,141	
Capital Reserve, Designated in Subsequent Year's Budget (2021/22)				300,000	
Maintenance Reserve				1,000,000	
Emergency Reserve				664,429	
Unemployment Reserve				402,794	
Excess Surplus				455,878	
Committed					
Year-End Encumbrances				564,617	
Assigned					
Year-End Encumbrances				476,294	
FFCRA/SEMI				24,690	
Designated in Subsequent Year's Budget (2021/22 Budget)				1,500,000	
Unassigned Fund Balance				9,698,146	
				16,119,989	
Less State Aid not Recognized on a GAAP Basis				(6,066,738)	
Fund Balance per Governmental Funds (GAAP)				\$ 10,053,251	

**WEST ORANGE BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources		\$ 318,743	\$ 318,743	\$ 160,916	\$ (157,827)
State Sources	\$ 664,601	232,076	896,677	739,224	(157,453)
Federal Sources	<u>2,564,521</u>	<u>5,819,447</u>	<u>8,383,968</u>	<u>4,512,177</u>	<u>(3,871,791)</u>
Total Revenues	<u>3,229,122</u>	<u>6,370,266</u>	<u>9,599,388</u>	<u>5,412,317</u>	<u>(4,187,071)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	624,984	451,610	1,076,594	803,488	273,106
Purchased Prof & Technical Services	24,532	261,775	286,307	152,525	133,782
Purchased Professional- Educational Services	255,419	374,901	630,320	173,858	456,462
Tuition	1,336,667	434,238	1,770,905	1,739,122	31,783
Other Purchased Services		18,012	18,012	4,316	13,696
General Supplies	124,814	2,361,578	2,486,392	1,006,898	1,479,494
Textbooks	64,114	23,368	87,482	85,359	2,123
Student Activities and Athletics	<u>-</u>	<u>136,269</u>	<u>136,269</u>	<u>124,420</u>	<u>11,849</u>
Total Instruction	<u>2,430,530</u>	<u>4,061,751</u>	<u>6,492,281</u>	<u>4,089,986</u>	<u>2,402,295</u>
Support Services					
Salaries		41,897	41,897	18,400	23,497
Salaries of Program Directors	28,082	65,188	93,270	32,500	60,770
Employee Benefits	224,922	125,900	350,822	324,484	26,338
Purchased Prof. and Technical Services	247,777	159,643	407,420	274,043	133,377
Purchased Professional-Education Services	257,366	(64,446)	192,920	191,010	1,910
Purchased Property Services		1,752	1,752	1,752	
Cleaning, Repair and Maintenance Services		38,181	38,181	19,810	18,371
Other Purchased Services	40,445	67,451	107,896	52,416	55,480
General Supplies		380,659	380,659	322,650	58,009
Other Objects	<u>-</u>	<u>480</u>	<u>480</u>	<u>480</u>	<u>-</u>
Total Support Services	<u>798,592</u>	<u>816,705</u>	<u>1,615,297</u>	<u>1,237,545</u>	<u>377,752</u>
Facilities Acquisition and Construction					
Services					
Instructional Equipment		1,400,000	1,400,000	-	1,400,000
Non-Instructional Equipment	<u>-</u>	<u>91,810</u>	<u>91,810</u>	<u>80,365</u>	<u>11,445</u>
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>1,491,810</u>	<u>1,491,810</u>	<u>80,365</u>	<u>1,411,445</u>
Total Expenditures	<u>3,229,122</u>	<u>6,370,266</u>	<u>9,599,388</u>	<u>5,407,896</u>	<u>4,191,492</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,421</u>	<u>4,421</u>
Fund Balances, Beginning of Year (Restated)	<u>275,515</u>	<u>-</u>	<u>275,515</u>	<u>275,515</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 275,515</u>	<u>\$ -</u>	<u>\$ 275,515</u>	<u>\$ 279,936</u>	<u>\$ 4,421</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, 2021**

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>
<b>Sources/Inflows of Resources</b>		
Actual revenue amounts (budgetary basis) (Exhibits C-1 and C-2)	\$ 192,728,645	\$ 5,412,317
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, 2020		149,417
Encumbrances, June 30, 2021		(70,246)
State Aid Payments not recognized for GAAP purposes, not recognized for budgetary statements (2019/20 State Aid)	4,024,942	
State Aid Payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year (2020/2021 State Aid)	<u>(6,066,738)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 190,686,849</u>	<u>\$ 5,491,488</u>
<b>Uses/Outflows of Resources</b>		
Actual expenditure amounts (budgetary basis) (Exhibits C-1 and C-2)	\$ 185,655,283	\$ 5,407,896
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, 2020		149,417
Encumbrances, June 30, 2021	<u>\$ -</u>	<u>(70,246)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 185,655,283</u>	<u>\$ 5,487,067</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 Eight Fiscal Years\***

	<u>2021</u>	<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)	0.21639%	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>\$ 35,288,497</u>	<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>\$ 15,483,408</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>	<u>\$ 15,849,310</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	227.91%	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	58.32%	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 Eight Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 2,466,924	\$ 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>(2,466,924)</u>	<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>	<u>\$ -</u>
District's Covered Payroll	<u>\$ 15,001,612</u>	<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	16.44%	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 Eight Fiscal Years\***

	<u>2021</u>	<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%	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>\$ 425,842,369</u>	<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>\$ 72,737,058</u>	<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	585.45%	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	24.60%	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 Eight Fiscal Years\***

	<u>2021</u>	<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)	0.485%	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>\$ 104,401</u>	<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%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.00%	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 Eight Fiscal Years\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 22,562	\$ 17,819	\$ 25,395	\$ 26,770	\$ 25,280	\$ 25,596	\$ 37,410	\$ 31,418
Contributions in Relation to the Contractually Required Contribution	<u>(22,562)</u>	<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>	<u>\$ -</u>
District's Covered Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of Covered Payroll	0%	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, 2021**

**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 Four Fiscal Years\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>				
Service Cost	\$ 9,513,888	\$ 9,654,862	\$ 10,847,670	\$ 13,227,808
Interest on Total OPEB Liability	7,714,080	8,567,129	9,068,829	7,737,672
Differences Between Expected and Actual Experiences	55,774,497	(33,473,094)	(20,349,321)	
Changes of Assumptions	58,868,111	2,928,972	(24,628,254)	(32,396,771)
Gross Benefit Payments	(5,610,499)	(6,030,195)	(5,738,754)	(6,917,994)
Contribution from the Member	170,054	178,752	198,340	254,738
<b>Net Change in Total OPEB Liability</b>	126,430,131	(18,173,574)	(30,601,490)	(18,094,547)
<b>Total OPEB Liability - Beginning</b>	196,442,369	214,615,943	245,217,433	263,311,980
<b>Total OPEB Liability - Ending</b>	<u>\$ 322,872,500</u>	<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	\$ 322,872,500	\$ 196,442,369	\$ 214,615,943	245,217,433
Total OPEB Liability - Ending	<u>\$ 322,872,500</u>	<u>\$ 196,442,369</u>	<u>\$ 214,615,943</u>	<u>\$ 245,217,433</u>
District's Covered Payroll	<u>\$ 88,220,466</u>	<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%	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, 2021**

**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, 2021

	Pre-Apprenticeship	Title I	Title IIA	Title III	Title III - Immigrant	Title IV	IDEA Basic	IDEA Preschool	Carl A. Perkins	Nonpublic Textbooks	Nonpublic Nursing	Total Page 2	Total
<b>REVENUES</b>													
Local												\$ 160,916	\$ 160,916
State	\$ 98,811											408,684	739,224
Federal	-	\$ 935,512	\$ 203,057	\$ 47,842	\$ 5,851	\$ 73,921	\$ 1,742,437	\$ 41,325	\$ 60,557	\$ 85,359	\$ 146,370	1,401,675	4,512,177
<b>Total Revenues</b>	<b>98,811</b>	<b>935,512</b>	<b>203,057</b>	<b>47,842</b>	<b>5,851</b>	<b>73,921</b>	<b>1,742,437</b>	<b>41,325</b>	<b>60,557</b>	<b>85,359</b>	<b>146,370</b>	<b>1,971,275</b>	<b>5,412,317</b>
<b>EXPENDITURES</b>													
<b>Instruction</b>													
Salaries of Teachers	1,300	610,931	102,324		4,216	55,928						28,789	803,488
Purchased Prof. and Technical Services	25,000			37,846					17,603			72,076	152,525
Purchased Prof-Educational Services												173,858	173,858
Textbooks										85,359			85,359
Other Purchased Services	4,316												4,316
Tuition							1,697,797	41,325					1,739,122
Supplies	38,379	9,889				4,142			33,316			921,172	1,006,898
Student Activities and Athletics	-	-	-	-	-	-	-	-	-	-	-	124,420	124,420
<b>Total Instruction</b>	<b>68,995</b>	<b>620,820</b>	<b>102,324</b>	<b>37,846</b>	<b>4,216</b>	<b>60,070</b>	<b>1,697,797</b>	<b>41,325</b>	<b>50,919</b>	<b>85,359</b>	<b>-</b>	<b>1,320,315</b>	<b>4,089,986</b>
<b>Support Services</b>													
Salaries	6,596	3,399			1,219				4,686			2,500	18,400
Salaries of Program Directors		30,000							2,500			-	32,500
Employee Benefits	604	272,355	43,887		416	4,278			550			2,394	324,484
Purchased Prof. and Technical Services		7,500	24,270	6,500		750						235,023	274,043
Purchased Professional-Educational Services							44,640				146,370	-	191,010
Purchased Property Services									1,752				1,752
Cleaning, Repair and Maintenance Services												19,810	19,810
Other Purchased Services	1,199	800	32,576	3,496		8,823			150			5,372	52,416
Supplies	10,137	638										311,875	322,650
Other Objects	480	-	-	-	-	-	-	-	-	-	-	-	480
<b>Total Support Services</b>	<b>19,016</b>	<b>314,692</b>	<b>100,733</b>	<b>9,996</b>	<b>1,635</b>	<b>13,851</b>	<b>44,640</b>	<b>-</b>	<b>9,638</b>	<b>-</b>	<b>146,370</b>	<b>576,974</b>	<b>1,237,545</b>
<b>Facilities Acquisition and Construction Services</b>													
Non-Instructional Equipment	10,800	-	-	-	-	-	-	-	-	-	-	69,565	80,365
<b>Total Facilities Acquisition and Construction Services</b>	<b>10,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69,565</b>	<b>80,365</b>
<b>Total Expenditures</b>	<b>98,811</b>	<b>935,512</b>	<b>203,057</b>	<b>47,842</b>	<b>5,851</b>	<b>73,921</b>	<b>1,742,437</b>	<b>41,325</b>	<b>60,557</b>	<b>85,359</b>	<b>146,370</b>	<b>1,966,854</b>	<b>5,407,896</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	-	-	4,421	4,421
Fund Balances, Beginning of Year (Restated)	-	-	-	-	-	-	-	-	-	-	-	275,515	275,515
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 279,936	\$ 279,936

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**WEST ORANGE BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Student Activities and Athletics	COPS	CARES Emergency Relief	Coronavirus Relief Fund	Nonpublic Digital Divide	Home Instruction	Compens. Education	Nonpublic Security	Exam. And Class	Corrective Speech	Supplem. Instruction	Local Grants	Total Page 2
<b>REVENUES</b>													
Local	\$ 128,841	-	-	-	-	-	-	-	-	-	-	\$ 32,075	\$ 160,916
State	-	-	-	-	-	\$ 2,096	\$ 4,180	\$ 234,826	\$ 133,399	\$ 6,744	\$ 27,439	-	408,684
Federal	-	\$ 107,352	\$ 715,351	\$ 516,709	\$ 62,263	-	-	-	-	-	-	-	1,401,675
<b>Total Revenues</b>	<b>128,841</b>	<b>107,352</b>	<b>715,351</b>	<b>516,709</b>	<b>62,263</b>	<b>2,096</b>	<b>4,180</b>	<b>234,826</b>	<b>133,399</b>	<b>6,744</b>	<b>27,439</b>	<b>32,075</b>	<b>1,971,275</b>
<b>EXPENDITURES</b>													
<b>Instruction</b>													
Salaries of Teachers	-	-	28,789	-	-	-	-	-	-	-	-	-	28,789
Purchased Prof. and Technical Services	-	-	72,076	-	-	-	-	-	-	-	-	-	72,076
Purchased Professional-Educational Services	-	-	-	-	-	2,096	4,180	-	133,399	6,744	27,439	-	173,858
Supplies	-	-	320,567	516,709	62,263	-	-	-	-	-	-	21,633	921,172
Student Activities and Athletics	124,420	-	-	-	-	-	-	-	-	-	-	-	124,420
<b>Total Instruction</b>	<b>124,420</b>	<b>-</b>	<b>421,432</b>	<b>516,709</b>	<b>62,263</b>	<b>2,096</b>	<b>4,180</b>	<b>-</b>	<b>133,399</b>	<b>6,744</b>	<b>27,439</b>	<b>21,633</b>	<b>1,320,315</b>
<b>Support Services</b>													
Salaries	-	-	2,500	-	-	-	-	-	-	-	-	-	2,500
Purchased Prof. and Technical Services	-	15,570	66,500	-	-	-	-	152,953	-	-	-	-	235,023
Employee Benefits	-	-	2,394	-	-	-	-	-	-	-	-	-	2,394
Cleaning, Repair and Maintenance Services	-	-	-	-	-	-	-	19,810	-	-	-	-	19,810
Other Purchased Services	-	-	3,785	-	-	-	-	-	-	-	-	1,587	5,372
Supplies	-	26,293	218,740	-	-	-	-	57,987	-	-	-	8,855	311,875
<b>Total Support Services</b>	<b>-</b>	<b>41,863</b>	<b>293,919</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>230,750</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,442</b>	<b>576,974</b>
<b>Facilities Acquisition and Construction Services</b>													
Non- Instructional Equipment	-	65,489	-	-	-	-	-	4,076	-	-	-	-	69,565
<b>Total Facilities Acquisition and Construction</b>	<b>-</b>	<b>65,489</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,076</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69,565</b>
<b>Total Expenditures</b>	<b>124,420</b>	<b>107,352</b>	<b>715,351</b>	<b>516,709</b>	<b>62,263</b>	<b>2,096</b>	<b>4,180</b>	<b>234,826</b>	<b>133,399</b>	<b>6,744</b>	<b>27,439</b>	<b>32,075</b>	<b>1,966,854</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,421	-	-	-	-	-	-	-	-	-	-	-	4,421
Fund Balances, Beginning of Year (Restated)	275,515	-	-	-	-	-	-	-	-	-	-	-	275,515
Fund Balances, End of Year	\$ 279,936	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 279,936

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**WEST ORANGE BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION PROGRAM AID  
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

THIS SCHEDULE IS NOT APPLICABLE

**WEST ORANGE BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF STUDENT ACTIVITY RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Balance</u> <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance,</u> <u>June 30, 2021</u>
<b>Due to Student Groups</b>				
<b>ELEMENTARY SCHOOLS</b>				
Gregory	\$ 1,831	\$ 233		\$ 2,064
Saint Cloud	2,036	1		2,037
Hazel Avenue	2,409	1,084		3,493
Kelly School	3,172	1	\$ 133	3,040
Washington	3,087	1		3,088
Mount Pleasant	2,061	1		2,062
Redwood	2,053	104		2,157
<b>MIDDLE SCHOOLS</b>				
Roosevelt	37,135	2,669	3,459	36,345
Edison	5,329	3,505	3,395	5,439
Liberty	29,631	1,992	5,310	26,313
<b>SENIOR HIGH SCHOOL</b>				
West Orange High School	179,344	65,016	50,462	193,898
<b>ATHLETICS</b>				
High School	22,227	31,003	53,230	-
Roosevelt Middle School	-			-
Liberty Middle School	-			-
<b>Accounts Receivable</b>	(23,231)	23,231		
<b>Accounts Payable</b>	<u>8,431</u>	<u>-</u>	<u>8,431</u>	<u>-</u>
	<u>\$ 275,515</u>	<u>\$ 128,841</u>	<u>\$ 124,420</u>	<u>\$ 279,936</u>



**CAPITAL PROJECTS FUND**

**WEST ORANGE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2021</u>
		<u>Prior Year</u>	<u>Current Year</u>	
Acquisition of School Vehicles	\$ 255,631	\$ -	\$ 255,631	\$ -
	<u>\$ 255,631</u>	<u>\$ -</u>	<u>\$ 255,631</u>	<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, 2021**

**REVENUES AND OTHER FINANCING SOURCES**

Revenues		
Interest on Lease Purchase Proceeds	\$	159
Other Financing Sources		
Lease Purchase Proceeds		<u>255,631</u>
Total Revenues and Other Financing Sources		<u>255,790</u>

**EXPENDITURES AND OTHER FINANCING USES**

Expenditures		
Vehicles		255,631
Other Financing Uses		
Transfer to General Fund - Interest Earnings on Lease Purchase Proceeds		<u>159</u>
Total Expenditures and Other Financing Uses		<u>255,790</u>
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses		-
Fund Balance, July 1, 2020		<u>-</u>
Fund Balance, June 30, 2021	\$	<u><u>-</u></u>

**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, 2021**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Lease Proceeds	\$ -	\$ 255,631	\$ 255,631	\$ 255,631
Total Revenues and Other Financing Sources	<u>-</u>	<u>255,631</u>	<u>255,631</u>	<u>255,631</u>
<b>Expenditures and Other Financing Uses</b>				
Vehicles	<u>-</u>	<u>255,631</u>	<u>255,631</u>	<u>255,631</u>
Total Expenditures and Other Financing Uses	<u>-</u>	<u>255,631</u>	<u>255,631</u>	<u>255,631</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	\$ 255,631
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 255,631

Percentage Increase Over Original Authorized Cost	
Percentage Completion	100%
Original Target Completion Date	2020/21
Revised Target Completion Date	2020/21

**ENTERPRISE FUNDS**

**WEST ORANGE BOARD OF EDUCATION  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2021**

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, 2021**

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, 2021**

THIS SCHEDULE IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**FIDUCIARY FUNDS**

**Not Applicable**

**LONG-TERM DEBT**



**WEST ORANGE BOARD OF EDUCATION  
LONG TERM DEBT  
SCHEDULE OF SERIAL BONDS PAYABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<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, 2020</u>	<u>Retired</u>	<u>Balance, June 30, 2021</u>
			<u>Date</u>	<u>Amount</u>				
2012 School Refunding Bonds	1/19/2012	\$ 31,535,000	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	\$ 22,000,000	\$ 2,115,000	\$ 19,885,000
2015 School Refunding	3/13/2015	1,775,000	7/15/2021	380,000	4.000	<u>750,000</u>	<u>370,000</u>	<u>380,000</u>
						<u>\$ 22,750,000</u>	<u>\$ 2,485,000</u>	<u>\$ 20,265,000</u>
							Paid by Budget Appropriation	<u>\$ 2,485,000</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, 2021**

<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, 2020</u>	<u>Retired</u>	<u>Balance, June 30, 2021</u>
2015 Refunding Certificates	10/22/2015	\$ 25,475,000	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	\$ 19,990,000	\$ 1,330,000	\$ 18,660,000
2016 Refunding Certificates	7/14/2016	4,970,000	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>3,245,000</u>	<u>605,000</u>	<u>2,640,000</u>
						<u>\$ 23,235,000</u>	<u>\$ 1,935,000</u>	<u>\$ 21,300,000</u>
Paid by Budget Appropriation							<u>\$ 1,935,000</u>	

**WEST ORANGE BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES/LEASE PURCHASE AGREEMENTS  
FOR THE FISCAL YEAR JUNE 30, 2021**

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2020</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2021</u>
Energy Savings Improvement Program Lease	2.730%	\$ 11,520,000	\$ 9,347,991		\$ 520,081	\$ 8,827,910
Lease Purchase Agreement-Buses	4.680%	158,837	95,169		30,284	64,885
Lease Purchase- Chrome Books (Supplies)	5.010%	101,025	33,648		33,648	-
Lease Purchase Agreement-Buses	2.100%	373,690	295,965		71,699	224,266
Lease Purchase- Chrome Books (Supplies)	2.054%	998,320	659,284		326,291	332,993
Lease Purchase- Chrome Books (Supplies)	1.552%	686,368	686,368		173,654	512,714
Lease Purchase Agreement-Buses	1.566%	255,631	-	\$ 255,631	51,668	203,963
		<u>\$ 14,093,871</u>	<u>\$ 11,118,425</u>	<u>\$ 255,631</u>	<u>\$ 1,207,325</u>	<u>\$ 10,166,731</u>
			Paid by Budget Appropriation		<u>\$ 1,207,325</u>	

**WEST ORANGE BOARD OF EDUCATION  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 5,348,967	-	\$ 5,348,967	\$ 5,348,967	
State Sources					
Debt Service Aid	<u>733,057</u>	<u>-</u>	<u>733,057</u>	<u>733,057</u>	<u>-</u>
 Total Revenues	 <u>6,082,024</u>	 <u>-</u>	 <u>6,082,024</u>	 <u>6,082,024</u>	 <u>-</u>
<b>EXPENDITURES</b>					
Principal Payments- Comm Approved					
Lease Purchase Agreement	1,935,000	-	1,935,000	1,935,000	
Interest Payments- Comm Approved					
Lease Purchase Agreement	867,544	-	867,544	867,544	
Redemption of Principal	2,485,000	-	2,485,000	2,485,000	
Interest on Bonds	<u>794,482</u>	<u>-</u>	<u>794,482</u>	<u>794,480</u>	<u>\$ 2</u>
 Total Expenditures	 <u>6,082,026</u>	 <u>-</u>	 <u>6,082,026</u>	 <u>6,082,024</u>	 <u>2</u>
 Excess (Deficiency) of Revenues Over/(Under) Expenditures	 <u>(2)</u>	 <u>-</u>	 <u>(2)</u>	 <u>-</u>	 <u>2</u>
 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 (2021/22 Budget)	\$ 4
Available for Debt Service Expenditures	<u>-</u>
	<u>\$ 4</u>

## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

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

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

#### **Demographic and Economic Information**

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

J-14 and J-15

#### **Operating Information**

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

J-16 to J-20

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

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
									(Restated)	
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 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	\$ 12,733,874
Restricted	1,793,274	3,758,926	2,429,584	689,187	367,589	53,823	504,228	573	2,243,183	3,015,871
Unrestricted (Deficit)	6,092,157	3,891,653	(37,928,804)	(41,271,909)	(43,374,143)	(51,535,350)	(52,340,064)	(53,111,800)	(53,472,772)	(45,482,678)
<b>Total Governmental Activities Net Position</b>	<b>\$ 60,719,586</b>	<b>\$ 63,707,776</b>	<b>\$ 24,145,685</b>	<b>\$ (34,376,662)</b>	<b>\$ (37,993,492)</b>	<b>\$ (46,339,443)</b>	<b>\$ (44,820,848)</b>	<b>\$ (44,240,764)</b>	<b>\$ (41,240,743)</b>	<b>\$ (29,732,933)</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 108,294	\$ 96,465	\$ 78,903	\$ 837,743	\$ 717,879	\$ 616,162	\$ 500,918	\$ 353,707	\$ 297,413	\$ 253,889
Unrestricted	273,341	177,115	277,446	341,939	504,402	660,784	798,465	860,358	931,725	1,842,882
<b>Total Business-Type Activities Net Position</b>	<b>\$ 381,635</b>	<b>\$ 273,580</b>	<b>\$ 356,349</b>	<b>\$ 1,179,682</b>	<b>\$ 1,222,281</b>	<b>\$ 1,276,946</b>	<b>\$ 1,299,383</b>	<b>\$ 1,214,065</b>	<b>\$ 1,229,138</b>	<b>\$ 2,096,771</b>
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 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	\$ 12,987,763
Restricted	1,793,274	3,758,926	2,429,584	689,187	367,589	53,823	504,228	573	2,243,183	3,015,871
Unrestricted	6,365,498	4,068,768	(37,651,358)	(40,929,970)	(42,869,741)	(50,874,566)	(51,541,599)	(52,251,442)	(52,541,047)	(43,639,796)
<b>Total District Net Position</b>	<b>\$ 61,101,221</b>	<b>\$ 63,981,356</b>	<b>\$ 24,502,034</b>	<b>\$ (33,196,980)</b>	<b>\$ (36,771,211)</b>	<b>\$ (45,062,497)</b>	<b>\$ (43,521,465)</b>	<b>\$ (43,026,699)</b>	<b>\$ (40,011,605)</b>	<b>\$ (27,636,162)</b>

Note: Net position for June 30, 2020 was restated as a result of the implementation of GASB Statement No. 84 "Fiduciary Activities."

Source: District Financial Statements

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
<b>Governmental Activities</b>										
Instruction										
Regular	\$ 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	\$ 87,405,934
Special Education	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	37,098,984
Other Instruction	2,713,054	3,090,471	2,991,100	3,331,767	5,469,247	6,694,223	6,696,452	6,323,731	6,653,840	7,681,376
School Sponsored Co-Curricular and Athletics	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	2,810,733
Support Services:										
Tuition	7,653,063	8,120,169	8,966,563	7,361,760						
Student and Instruction Related Services	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	27,490,408
General Administration Services	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	2,611,880
School Administration Services	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	9,976,453
Central Services	1,245,356	1,189,487	1,221,056	2,789,473	4,484,056	5,394,327	4,955,442	4,845,221	4,447,495	4,747,279
Plant Operations And Maintenance	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	19,343,934
Pupil Transportation	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	9,157,145
Capital Outlay										
Interest On Long-Term Debt	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	1,866,622
Transfer of Funds to Charter Schools				255,172						
Unallocated Depreciation	2,507,544	2,675,170	2,874,763	5,121,756	-	-	-	-	-	-
<b>Total Governmental Activities Expenses</b>	<b>140,028,320</b>	<b>147,707,911</b>	<b>149,500,972</b>	<b>172,791,299</b>	<b>180,990,001</b>	<b>203,711,764</b>	<b>205,367,065</b>	<b>196,948,633</b>	<b>195,970,471</b>	<b>210,190,748</b>
<b>Business-Type Activities</b>										
Food Service	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	1,776,049
Community Education	-	-	-	133,754	127,773	140,192	153,746	168,904	173,425	-
<b>Total Business-Type Activities Expense</b>	<b>3,187,324</b>	<b>3,392,440</b>	<b>3,178,570</b>	<b>3,581,952</b>	<b>3,807,549</b>	<b>3,741,805</b>	<b>3,882,273</b>	<b>3,978,825</b>	<b>3,226,875</b>	<b>1,776,049</b>
<b>Total District Expenses</b>	<b>\$ 143,215,644</b>	<b>\$ 151,100,351</b>	<b>\$ 152,679,542</b>	<b>\$ 176,373,251</b>	<b>\$ 184,797,550</b>	<b>\$ 207,453,569</b>	<b>\$ 209,249,338</b>	<b>\$ 200,927,458</b>	<b>\$ 199,197,346</b>	<b>\$ 211,966,797</b>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
Charges For Services	\$ 445,612	\$ 440,999	\$ 578,707	\$ 311,761	\$ 332,145	\$ 657,964	\$ 634,813	\$ 474,357	\$ 310,549	\$ 345,748
Operating Grants and Contributions	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	67,731,333
Capital Grants and Contributions	-	-	-	-	-	7,284	104,546	342,955	42,531	14,876
<b>Total Governmental Activities Program Revenues</b>	<b>17,738,065</b>	<b>21,652,384</b>	<b>19,625,809</b>	<b>35,768,504</b>	<b>43,102,680</b>	<b>58,836,574</b>	<b>64,523,680</b>	<b>55,962,929</b>	<b>49,853,799</b>	<b>68,091,957</b>
<b>Business-Type Activities</b>										
Charges For Services										
Food Service	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	20,936
Summer Enrichment				162,283	145,768	150,529	167,061	169,312	167,253	
Operating Grants And Contributions	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	2,622,740
<b>Total Business Type Activities Program Revenues</b>	<b>3,148,342</b>	<b>3,284,368</b>	<b>3,261,312</b>	<b>3,633,975</b>	<b>3,850,114</b>	<b>3,796,360</b>	<b>3,904,100</b>	<b>3,930,954</b>	<b>3,239,501</b>	<b>2,643,676</b>
<b>Total District Program Revenues</b>	<b>\$ 20,886,407</b>	<b>\$ 24,936,752</b>	<b>\$ 22,887,121</b>	<b>\$ 39,402,479</b>	<b>\$ 46,952,794</b>	<b>\$ 62,632,934</b>	<b>\$ 68,427,780</b>	<b>\$ 59,893,883</b>	<b>\$ 53,093,300</b>	<b>\$ 70,735,633</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (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)	\$ (142,098,791)
Business-Type Activities	(38,982)	(108,072)	82,742	52,023	42,565	54,555	21,827	(47,871)	12,626	867,627
<b>Total District-Wide Net Expenses</b>	<b>\$ (122,329,237)</b>	<b>\$ (126,163,599)</b>	<b>\$ (129,792,421)</b>	<b>\$ (136,970,772)</b>	<b>\$ (137,844,756)</b>	<b>\$ (144,820,635)</b>	<b>\$ (140,821,558)</b>	<b>\$ (141,033,575)</b>	<b>\$ (146,104,046)</b>	<b>\$ (141,231,164)</b>

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Revenues and Other Changes in Net Assets</b>										
<b>Governmental Activities</b>										
Property Taxes Levied For General Purposes, Net	\$ 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	\$ 141,491,179
Taxes Levied For Debt Service	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	5,348,967
Federal and State Aid - Unrestricted	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	5,509,828
State Aid Restricted for Debt Service										532,736
Investment Earnings	21,484	11,368	7,977	5,139	6,802	10,556	25,489	137,124	103,319	4,870
Miscellaneous Income	542,729	741,945	907,811	256,959	584,629	471,473	257,329	160,457	181,495	719,021
Transfers	500,000	-	-	-	-	-	-	-	-	-
<b>Total Governmental Activities</b>	<b>125,736,808</b>	<b>129,701,362</b>	<b>131,627,308</b>	<b>135,653,310</b>	<b>134,270,491</b>	<b>136,529,239</b>	<b>142,361,980</b>	<b>141,840,939</b>	<b>148,538,491</b>	<b>153,606,601</b>
<b>Business-Type Activities</b>										
Investment Earnings	73	17	27	15	34	110	610	3,383	2,447	6
<b>Total Business-Type Activities</b>	<b>73</b>	<b>17</b>	<b>27</b>	<b>15</b>	<b>34</b>	<b>110</b>	<b>610</b>	<b>3,383</b>	<b>2,447</b>	<b>6</b>
<b>Total District-Wide</b>	<b>\$ 125,736,881</b>	<b>\$ 129,701,379</b>	<b>\$ 131,627,335</b>	<b>\$ 135,653,325</b>	<b>\$ 134,270,525</b>	<b>\$ 136,529,349</b>	<b>\$ 142,362,590</b>	<b>\$ 141,844,322</b>	<b>\$ 148,540,938</b>	<b>\$ 153,606,607</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 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	\$ 11,507,810
Business-Type Activities	(38,909)	(108,055)	82,769	52,038	42,599	54,665	22,437	(44,488)	15,073	867,633
<b>Total District</b>	<b>\$ 3,407,644</b>	<b>\$ 3,537,780</b>	<b>\$ 1,834,914</b>	<b>\$ (1,317,447)</b>	<b>\$ (3,574,231)</b>	<b>\$ (8,291,286)</b>	<b>\$ 1,541,032</b>	<b>\$ 810,747</b>	<b>\$ 2,436,892</b>	<b>\$ 12,375,443</b>

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020 (Restated)	2021
General Fund										
Restricted	\$ 1,349,220	\$ 3,860,212	\$ 2,393,105	\$ 648,772	\$ 273,014	\$ 4,209	\$ 504,226	\$ 569	\$ 1,967,664	\$ 3,856,242
Committed					2,583,598		116,667	192,337	56,038	564,617
Assigned	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	2,000,984
Unassigned	<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>	<u>3,631,408</u>
Total General Fund	<u>\$ 6,828,056</u>	<u>\$ 7,641,277</u>	<u>\$ 5,952,372</u>	<u>\$ 5,499,892</u>	<u>\$ 4,710,151</u>	<u>\$ 1,214,605</u>	<u>\$ 2,985,941</u>	<u>\$ 1,759,444</u>	<u>\$ 5,021,526</u>	<u>\$ 10,053,251</u>
All Other Governmental Funds										
Restricted/Reserved for:										
Student Activities									275,515	\$ 279,936
Capital Projects Fund	\$ 54,864	\$ 42,364			\$ 8,605,089	\$ 754,371				
Debt Service Fund	<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>	<u>4</u>
Total All Other Governmental Funds	<u>\$ 444,054</u>	<u>\$ 43,581</u>	<u>\$ 36,479</u>	<u>\$ 40,415</u>	<u>\$ 8,819,663</u>	<u>\$ 801,673</u>	<u>\$ 2</u>	<u>\$ 4</u>	<u>\$ 275,519</u>	<u>\$ 279,940</u>

Note: Fund balance for June 30, 2020 was restated as a result of the implementation of GASB Statement No. 84 "Fiduciary Activities."

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Tax Levy	\$ 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	\$ 146,840,146
Tuition Charges	445,612	440,999	578,707	311,761	302,945	524,819	513,225	361,257	232,564	207,349
Miscellaneous	608,908	762,784	919,499	313,392	635,219	669,089	548,197	608,555	400,155	827,345
State Sources	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	49,420,583
Federal Sources	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	4,965,097
<b>Total Revenues</b>	<b>142,974,873</b>	<b>151,353,746</b>	<b>151,253,117</b>	<b>157,684,869</b>	<b>159,189,322</b>	<b>166,367,330</b>	<b>174,947,785</b>	<b>179,799,357</b>	<b>189,309,168</b>	<b>202,260,520</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	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	77,842,683
Special Education Instruction	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	34,990,208
Vocational Instruction- Tuition					175,783	154,935	135,994	82,060	70,687	
Other Instruction	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	6,845,987
School Sponsored Co-Curricular	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	2,718,012
<b>Support Services</b>										
Tuition	7,653,063	8,120,169	8,966,563	7,361,760						
Student and Inst. Related Services	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	24,530,741
General Administration Services	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	2,436,537
School Administration Services	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	9,069,418
Central Services	917,106	891,714	934,706	1,542,368	4,128,993	4,532,978	4,289,012	4,471,633	4,262,160	4,638,707
Administrative Information Technology				357,243						
Plant Operations And Maintenance	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	15,934,535
Pupil Transportation	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	9,140,545
Unallocated Employee Benefits	29,259,331	32,981,309	29,595,409	33,019,505						
Transfer of Funds to Charter Schools				255,172						
Cost of Issuance					499,298	171,579				
Capital Outlay	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	1,761,631
<b>Debt Service</b>										
Principal	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	5,627,325
Interest and Other Charges	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	1,943,676
<b>Total Expenditures</b>	<b>141,752,964</b>	<b>150,940,998</b>	<b>152,804,257</b>	<b>159,092,053</b>	<b>164,519,648</b>	<b>178,690,497</b>	<b>174,523,651</b>	<b>181,459,934</b>	<b>188,408,151</b>	<b>197,480,005</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	1,221,909	412,748	(1,551,140)	(1,407,184)	(5,330,326)	(12,323,167)	424,134	(1,660,577)	901,017	4,780,515
<b>Other Financing Sources (Uses)</b>										
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	255,631
Gain/Insurance Recovery on Capital Assets						7,284		174,220		
Transfers In	502,892	2,591	35,273			98	8,745		9,486	159
Transfers Out	(2,892)	(2,591)	(35,273)			(98)	(8,745)		(9,486)	(159)
<b>Total Other Financing Sources (Uses)</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>958,640</b>	<b>13,319,833</b>	<b>809,631</b>	<b>545,531</b>	<b>434,082</b>	<b>2,058,378</b>	<b>255,631</b>
<b>Net Change in Fund Balances</b>	<b>\$ 1,721,909</b>	<b>\$ 412,748</b>	<b>\$ (1,551,140)</b>	<b>\$ (448,544)</b>	<b>\$ 7,989,507</b>	<b>\$ (11,513,536)</b>	<b>\$ 969,665</b>	<b>\$ (1,226,495)</b>	<b>\$ 2,959,395</b>	<b>\$ 5,036,146</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>4.36%</b>	<b>4.26%</b>	<b>4.22%</b>	<b>3.80%</b>	<b>4.07%</b>	<b>4.42%</b>	<b>4.73%</b>	<b>4.39%</b>	<b>4.10%</b>	<b>3.87%</b>

\* 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>E-Rate</u>	<u>Prior Year Refunds/ Accounts Payable Void Checks</u>	<u>Prior Year Refunds</u>	<u>Miscellaneous</u>	<u>Total</u>
2012	\$ 18,592	\$ 445,612	\$ 92,831		\$ 92,276		\$ 357,622	\$ 1,006,933
2013	8,777	440,999	124,996		193,530		423,419	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
2021	4,870	207,349	9,558	\$ 61,686		\$ 630,477	120,754	1,034,694

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 <sup>a</sup>
2012	\$ 112,768,400	\$ 4,450,975,000	\$ 948,378,803	\$ 45,003,200	\$ 157,243,000	\$ 5,714,368,403	\$ 13,076,396	\$ 5,727,444,799	\$ 574,844,780	\$ 6,398,985,817	\$ 2.10
2013	52,031,300	4,513,256,300	922,143,603	43,432,800	155,305,100	5,686,169,103	11,842,900	5,698,012,003	579,773,180	6,245,876,593	2.14
2014	49,426,500	4,500,872,300	897,291,003	41,999,700	145,776,100	5,635,365,603	11,110,972	5,646,476,575	582,552,380	5,935,653,162	2.21
2015	51,230,700	4,483,432,200	872,286,400	41,029,600	144,226,900	5,592,205,800	9,940,597	5,602,146,397	586,706,455	5,772,315,442	2.29
2016	38,823,200	4,507,877,700	859,291,600	40,699,000	143,752,800	5,590,444,300	9,244,225	5,599,688,525	589,344,255	5,981,356,520	2.34
2017	36,896,700	4,509,625,280	855,975,800	35,342,500	144,408,300	5,582,248,580	9,855,493	5,592,104,073	591,978,555	6,063,510,928	2.37
2018	34,932,100	4,513,041,280	859,738,000	31,867,000	144,408,300	5,583,986,680	9,530,152	5,593,516,832	591,427,955	6,245,720,829	2.44
2019	33,980,800	4,517,414,380	869,209,100	22,445,400	144,351,700	5,587,401,380	9,427,715	5,596,829,095	643,197,655	6,396,490,186	2.48
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
2021	31,231,000	4,509,682,630	829,889,600	20,350,800	160,591,600	5,551,745,630	9,510,111	5,561,255,741	669,027,405	6,661,086,072	2.66

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a Tax rates are per \$100

Source: County Abstract of Ratables

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

Calendar Year	Overlapping Rates			Total Direct and Overlapping Tax Rate
	School	Municipality	County	
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
2021	2.66	1.12	0.58	4.35

Source: County Abstract of Ratables

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

Taxpayer	2021	
	Taxable Assessed Value	% of Total District Net Assessed Value
Essex Green LLC	\$ 71,748,000	1.29%
Blackburn Development Co. Inc.	54,500,000	0.98%
Kessler Institute	50,139,500	0.90%
West Orange Plaza	50,000,000	0.90%
Bow & Arrow Manor Inc.	41,380,000	0.74%
Montclair Golf Club	21,250,000	0.38%
Crestmont Country Club	18,500,000	0.33%
Atkins Kent 101 LP	19,000,000	0.34%
Apple Nine Hospitality Ownership	18,425,400	0.33%
Hutton Layfayette Apartments	17,500,000	0.31%
	\$ 362,442,900	6.53%

	2012	
	Taxable Assessed Value	% of Total District Net Assessed Value
America Reit III Corp JJ	75,357,104	1.32%
West Orange Plaza	64,262,700	1.12%
Blackburn Development Corporation	52,730,900	0.92%
Kessler Institute	50,139,500	0.88%
Bow and Arrow Manor Inc.	49,198,800	0.86%
Rexcorp	45,623,100	0.80%
Atkins & Kent	29,828,600	0.52%
Prism Green Associates	29,429,700	0.51%
Montclair Golf and Country Club	27,000,000	0.47%
Essex County Country Club	21,600,000	0.38%
	445,170,404	7.79%

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	
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
2021	146,840,146	146,840,146	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,	Governmental Activities			Total District	Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases			
2012	\$ 37,557,000	\$ 38,870,000	\$ 208,626	\$ 76,635,626	46,458	\$ 1,650
2013	35,927,000	37,230,000	107,097	73,264,097	46,742	1,567
2014	34,232,000	35,515,000		69,747,000	46,826	1,489
2015	32,847,000	33,730,000	688,916	67,265,916	46,879	1,435
2016	31,225,000	31,185,000	12,856,478	75,266,478	46,959	1,603
2017	29,510,000	28,800,000	12,543,775	70,853,775	47,729	1,485
2018	27,405,000	26,935,000	11,421,487	65,761,487	47,747	1,377
2019	25,130,000	25,110,000	10,276,152	60,516,152	47,739	1,268
2020	22,750,000	23,235,000	11,118,425	57,103,425	47,473	1,203
2021	20,265,000	21,300,000	10,166,731	51,731,731	47,473	E 1,090

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,	<u>General Bonded Debt Outstanding</u>		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2012	\$ 37,557,000		\$ 37,557,000	0.66%	\$ 808
2013	35,927,000		35,927,000	0.63%	769
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%	618
2018	27,405,000		27,405,000	0.49%	574
2019	25,130,000		25,130,000	0.45%	526
2020	22,750,000		22,750,000	0.41%	479
2021	20,265,000		20,265,000	0.36%	427

Source: District records

**WEST ORANGE BOARD OF EDUCATION  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2020  
(Unaudited)**

**Gross Debt**

Municipal Debt: (1)	
West Orange Board of Education	\$ 28,940,491
Township of West Orange	<u>113,576,945</u>
	<u>142,517,436</u>
Overlapping Debt Apportioned to the Municipality:	
Essex County	
County of Essex (A)	<u>48,104,130</u>
	<u>48,104,130</u>
 Total Direct and Overlapping Debt	 <u>\$ 190,621,566</u>

## Source:

(1) Township of West Orange's 2020 Annual Debt Statement

(A) The debt for this entity was apportioned to West Orange by dividing the municipality's 2020 equalized value by the total 2020 equalized value for Essex County.

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2020
Debt Limit	\$ 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	\$ 260,370,412
Total Net Debt Applicable to Limit	37,557,000	35,927,000	34,232,000	32,847,000	31,225,000	29,510,000	27,405,000	25,130,000	22,750,000	20,265,000
Legal Debt Margin	\$ 220,079,672	\$ 215,555,689	\$ 205,588,163	\$ 200,416,736	\$ 202,025,484	\$ 207,163,670	\$215,448,746	\$ 223,184,489	\$ 231,769,352	\$ 240,105,412
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	14.58%	14.29%	14.27%	14.08%	13.39%	12.47%	11.28%	10.12%	8.94%	7.78%

Legal Debt Margin Calculation for Fiscal Year 2021

Equalized Valuation Basis	
2020	\$ 6,654,449,737
2019	6,509,088,281
2018	6,364,242,854
	<u>\$ 19,527,780,872</u>

3 Year Average \$ 6,509,260,291

4% of Avg. Equalized Valuation \$ 260,370,412  
 Less Net Debt 20,265,000

Remaining Borrowing Power \$ 240,105,412

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>
2012	8.00%	\$ 55,054	46,458
2013	6.90%	55,808	46,742
2014	6.00%	58,487	46,826
2015	5.10%	60,840	46,879
2016	4.4%	62,334	46,959
2017	4.1%	64,232	47,299
2018	3.8%	65,214	47,747
2019	3.2%	67,657	47,739
2020	9.2%	N/A	47,473
2021	N/A	N/A	47,473 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>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>2021</u>
Instruction										
Regular	603	622	492	497	508	511	509	505	503	492
Special Education	120	120	306	311	313	308	291	288	290	298
Support Services:										
Student & Instruction-Related Services	90	103	100	101	115	116	121	125	125	122
School Administration Services	55	48	75	68	76	73	77	77	75	73
General Administration Services	3	6	7	7	7	5	5	5	5	5
Plant Operations and Maintenance	75	72	140	141	144	149	118	117	119	113
Pupil Transportation	16	16	27	34	36	36	43	41	40	30
Central Services/Administrative Information Technology	14	15	15	31	35	33	34	34	35	31
Total	<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>	<u>1,164</u>

Source: District Personnel Records

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

Pupil/Teacher Ratio

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	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
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%
2021	6,639	186,802,918	28,137	3.64%	621	10.4	10.3	11.5	6,353	6,178	-4.08%	97.25%

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)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>District Building</b>										
<b>Elementary</b>										
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	575	571	571	546	521	504	467	442	454	443
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	380	376	376	381	366	337	332	335	319	320
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	424	414	414	394	380	365	364	344	353	341
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	370	491	492	442	419	456	447	460	455	458
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	569	591	591	566	546	573	533	515	510	469
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	377	394	394	401	388	367	379	377	396	395
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	415	445	445	438	434	433	413	428	417	400



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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b><u>District Building</u></b>										
<b><u>Middle School</u></b>										
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	493	449	466	545	517	487	482	493	516	551
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	489	515	515	522	535	558	535	487	488	476
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	421	503	501	449	497	533	512	528	536	560
<b><u>High School</u></b>										
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	2,190	2,117	2,111	2,048	2,085	2,019	2,094	2,119	2,105	2,183

Number of Schools at June 30, 2021

- 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>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>2021</u>
<b><u>School Facilities</u></b>										
Gregory	\$ 114,363	\$ 119,828	\$ 128,912	\$ 185,350	\$ 81,872	\$ 73,493	\$ 79,075	\$ 62,154	\$ 206,764	\$ 201,627
Hazel	74,855	78,432	84,378	121,319	53,588	48,104	65,090	126,612	101,592	109,453
Mount Pleasant	70,971	74,363	80,000	115,024	50,808	45,608	82,667	67,844	69,250	204,782
Kelly	128,568	134,712	144,925	208,373	92,042	82,622	43,599	49,853	117,792	201,210
Redwood	118,605	124,273	133,694	192,226	84,909	76,220	34,983	81,228	112,370	155,287
Saint Cloud	71,299	74,706	80,370	115,556	51,043	45,819	65,870	71,979	168,089	160,872
Washington	97,330	101,981	109,712	157,745	69,678	62,548	37,184	84,664	64,653	117,885
Edison Middle	139,451	146,115	157,192	226,011	99,832	89,616	58,983	173,423	161,050	223,014
Roosevelt Middle	188,849	197,874	212,875	306,072	135,197	121,361	54,628	162,076	140,426	191,777
Liberty Middle	195,614	204,963	220,501	317,037	140,040	125,709	59,253	82,303	92,484	133,326
West Orange High	645,059	675,887	727,126	1,045,463	461,796	414,538	479,616	513,647	617,236	877,813
Administration Building	36,505	38,251	41,151	59,166	26,134	23,460	22,178	37,814	62,246	108,372
Bus Garage	71,323	74,733	80,398	115,596	51,061	45,835	24,504	19,256	20,646	60,977
Betty Maddelena ELC	-	-	-	-	-	-	32,935	3,077	1,899	5,252
<b>Grand Total</b>	<b><u>\$ 1,952,792</u></b>	<b><u>\$ 2,046,118</u></b>	<b><u>\$ 2,201,234</u></b>	<b><u>\$ 3,164,938</u></b>	<b><u>\$ 1,398,000</u></b>	<b><u>\$ 1,254,933</u></b>	<b><u>\$ 1,140,565</u></b>	<b><u>\$ 1,535,930</u></b>	<b><u>\$ 1,936,497</u></b>	<b><u>\$ 2,751,647</u></b>

**WEST ORANGE BOARD OF EDUCATION  
INSURANCE SCHEDULE  
JUNE 30, 2021  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
<u>Property</u>		
Blanket, Building and Contents	\$ 280,413,758	\$ 5,000
Extra Expense per Occurrence	2,000,000	5,000
Valuable Papers and Records	250,000	5,000
Demolition and Increased Cost of Construction per Occurrence	(Included)	5,000
Flood Zones C	5,000,000	50,000
Flood Zones A	1,000,000	500,000
Boiler and Machinery	(Included)	5,000
<u>School Board Legal</u>		
Limit of Liability	1,000,000	25,000
<u>NJ Unshared Excess Program</u>		
Excess Liability, Catastrophic	30,000,000	N/A
<u>Pollution Liability</u>		
Limit of Liability	1,000,000	10,000
Aggregate	2,000,000	
<u>Commercial Liability</u>		
Each Occurrence	1,000,000	
Products/Completed Operations	3,000,000	
Sexual Abuse/Employee Benefits	1,000,000	
Personal and Advertising	1,000,000	
Medical Payments	10,000	
<u>Crime</u>		
Public Employee Dishonesty	100,000	1,000
Money & Securities-In/Out	250,000	1,000
Forgery or Alteration	250,000	1,000
Computer Fraud	250,000	1,000
	1,000	
<u>Excess Liability</u>		
Each Occurrence	10,000,000	
<u>Cyber Liability</u>		
Each Event	1,000,000	20,000

**WEST ORANGE BOARD OF EDUCATION  
INSURANCE SCHEDULE  
JUNE 30, 2021  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
<u>Business Auto</u>		
Bodily Injury & Property Damage	\$1,000,000	
Personal Injury Protection	Statutory	
Medical Payments (PIP)	5,000	
Uninsured/Underinsured	1,000,000	
Comprehensive Coverage		1,000
Collision Coverage		1,000
Hired Car/Non-Owned/Garagekeepers	1,000,000	
 <u>Compulsory Student Accident</u>		
Limit of Liability	5,000,000	
 <u>Bonds</u>		
Business Administrator/Board Secretary	550,000	
Treasurer of School Monies	600,000	
 <u>Excess Workers' Compensation</u>		
Excess of \$500,000 Self-Insured Ret.		
Part I	Statutory	
Part II	1,000,000	

**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  
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DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA  
CHRISTOPHER M. VINCI, CPA, PSA  
CHRISTINA CUIFFO, 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, 2021 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 February 8, 2022.

#### **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) as a basis for designing 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.

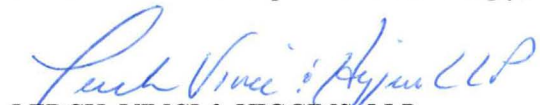
### **Compliance and Other Matters**

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

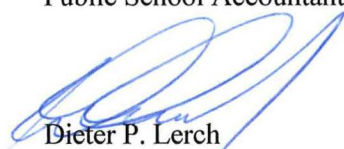
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the West Orange Board of Education in a separate report entitled, “Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance” dated February 8, 2022.

### **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  
February 8, 2022



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA  
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**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, 2021. 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, 2021.

### **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.

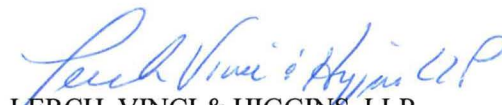
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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, 2021, 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 February 8, 2022, 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  
February 8, 2022

WEST ORANGE BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant Period	Award Amount	Balance July 1, 2020	Carryover Amount	Cash Received	Budgetary Expenditures	Adjust Receivables	Refund of Prior Years' Balances	June 30, 2021			Memo GAAP Receivable
											Accounts Receivable	Unearned Revenue	Due to Grantor	
<b>U.S. Department of Agriculture</b>														
<b>Passed-through State Dept. of Ed</b>														
<b>Enterprise Fund</b>														
Food Distribution Program	10.555	211NJ304N1099	7/1/20-6/30/21	\$ 157,562			\$ 157,562	\$ 157,562						
School Breakfast Program	10.553	211NJ304N1099	7/1/20-6/30/21	889,183			799,826	889,183				\$ (89,357)		\$ (89,357)
School Breakfast Program	10.553	201NJ304N1099	7/1/19-6/30/20	391,257	\$ (51,788)		51,788							
National School Lunch Program	10.553	211NJ304N1099	7/1/20-6/30/21	1,458,810			1,310,862	1,458,810				(147,948)		(147,948)
National School Lunch Program	10.555	201NJ304N1099	7/1/19-6/30/20	1,201,024	(84,080)	-	84,080	-	-	-	-	-	-	-
<b>Total Child Nutrition Cluster</b>					(135,868)	-	2,404,118	2,505,555	-	-	-	(237,305)	-	(237,305)
Fresh Fruit and Vegetable Program	10.582	211NJ304L1603	7/1/20-6/30/21	24,409			20,648	24,409				(3,761)		(3,761)
Fresh Fruit and Vegetable Program	10.582	201NJ304L1603	7/1/19-6/30/20	32,298	(1,769)	-	1,769	-	-	-	-	-	-	-
					(1,769)	-	22,417	24,409	-	-	-	(3,761)	-	(3,761)
<b>Total Enterprise Fund</b>					(137,637)	-	2,426,535	2,529,964	-	-	-	(241,066)	-	(241,066)
<b>U.S. Department of Health and Human Services</b>														
<b>Passed-through State Dept. of Ed</b>														
<b>General Fund</b>														
Medical Assistance Program	93.778	2105NJ5MAP	7/1/20-6/30/21	308,943			308,943	308,943						
Medical Assistance Program	93.778	2005NJSMAP	7/1/19-6/30/20	259,462	(1,114)	-	1,114	-	-	-	-	-	-	-
<b>Total U.S. Department of Health and Human Services</b>					(1,114)	-	310,057	308,943	-	-	-	-	-	-
<b>Total General Fund</b>					(1,114)	-	310,057	308,943	-	-	-	-	-	-
<b>Special Revenue Fund</b>														
<b>U.S. Department of Education - Passed through State Department of Education</b>														
<b>Every Student Succeeds Act</b>														
Title I - Part A	84.010	S010A200030	7/1/2020-9/30/2021	935,050		\$ 31,884	568,903	935,512	\$ (31,884)			(398,031)	\$ 31,422	(366,609)
Title I - Part A	84.010	S010A190030	7/1/19-9/30/2020	932,907	(316,716)	(31,884)	316,716		31,884					
Title I SIA - Part A	84.010	S010A200030	7/1/2020-9/30/2021	11,300								(11,300)	11,300	
Title II - Part A	84.367A	S367A200029	7/1/2020-9/30/2021	194,924		63,462	125,500	203,057	(63,462)			(132,886)	55,329	(77,557)
Title II - Part A	84.367A	S367A190029	7/1/19-9/30/2020	184,930	(42,547)	(63,462)	42,547		63,462					-
Title IV	84.424	S424A200031	7/1/2020-9/30/2021	68,880		31,795	55,132	73,921	(31,795)			(45,543)	26,754	(18,789)
Title IV	84.424	S424A190031	7/1/19-9/30/2020	58,204	(2,516)	(31,795)	2,516	-	31,795			-	-	-
Title III	84.365A	S365A200030	7/1/2020-9/30/2021	44,513		12,968	47,842	47,842	(12,968)			(9,639)	9,639	-
Title III	84.365A	S365A190030	7/1/19-9/30/2020	46,630	(1,567)	(12,968)	1,567		12,968					-
Title III- Immigrant	84.365A	S365A200030	7/1/2020-9/30/2021	14,517	-	-	2,571	5,851	-			(11,946)	8,666	(3,280)
<b>Total Title III Cluster</b>					(1,567)	-	51,980	53,693	-	-	-	(21,585)	18,305	(3,280)
Carl D. Perkins Secondary Education	84.048A	V048A200030	7/1/2020-6/30/2021	60,566			46,180	60,557				(14,377)		(14,377)
Carl D. Perkins Secondary Education	84.048A	V048A190030	7/1/19-6/30/20	58,273	(10,530)	-	10,530	-	-	-	-	-	-	-
I.D.E.A. - Part B, Basic Regular	84.027	H027A200100	7/1/2020/30/2021	1,768,569		323,928	1,556,052	1,742,437	(323,928)			(536,445)	350,060	(186,385)
I.D.E.A. - Part B, Basic Regular	84.027	H027A190100	7/1/19-9/30/2020	1,667,437	(18,810)	(323,928)	18,810		323,928					-
I.D.E.A. - Part B, Preschool	84.173	H173A200114	7/1/2020/30/2021	68,789	-	-	20,387	41,325	-			(48,402)	27,464	(20,938)
<b>Total Special Education Cluster IDEA</b>					(18,810)	-	1,595,249	1,783,762	-	-	-	(584,847)	377,524	(207,323)
<b>Coronavirus Relief Fund (CRF)</b>														
Coronavirus Relief Fund	21.019		7/16/20-10/31/20	516,709			516,709	516,709						
Nonpublic Digital Divide	21.019		7/16/20-10/31/20	62,263	-	-	62,263	62,263	-	-	-	-	-	-
<b>Total Coronavirus Relief Fund Cluster</b>					-	-	578,972	578,972	-	-	-	-	-	-

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**WEST ORANGE BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant Period	Award Amount	Balance July 1, 2020	Carryover Amount	Cash Received	Budgetary Expenditures	Adjust Receivables	Refund of Prior Years' Balances	June 30, 2021			Memo GAAP Receivable
											Accounts Receivable	Unearned Revenue	Due to Grantor	
<b>Elementary and Secondary School Emergency Relief (ESSER)</b>														
<b>Coronavirus Aid, Relief, and Economic Security (CARES) Act</b>														
CARES Emergency Relief Grant	84.425D	S425D200027	3/13/2020-9/30/2021	\$ 929,735	-	-	\$ 417,589	\$ 715,351	-	-	\$ (512,146)	\$ 214,384	-	\$ (297,762)
<b>Elementary and Secondary School Emergency Relief (ESSER II)</b>														
<b>Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act</b>														
CRRSA - ESSER II	84.425D	S425D210027	3/13/2020-9/30/2021	3,064,702							(3,064,702)	3,064,702		
Learning Acceleration	84.425D	S425D210027	3/13/2020-9/30/2021	196,677							(196,677)	196,677		
Mental Health	84.425D	S425D210027	3/13/2020-9/30/2021	45,000							(45,000)	45,000		
<b>Total ESSER Cluster</b>					<u>-</u>	<u>-</u>	<u>417,589</u>	<u>715,351</u>	<u>-</u>	<u>-</u>	<u>(3,818,525)</u>	<u>3,520,763</u>	<u>-</u>	<u>(297,762)</u>
<b>U.S. Department of Justice- Office of Community Oriented Policing Services</b>														
<b>Public Safety Partnership &amp; Community Policing Grants (COPS)</b>														
	16.710	2019SVWX0026	10/1/2019-9/30/2021	299,490	\$ (192,138)	-	195,888	107,352	-	-	(103,602)	-	-	(103,602)
<b>Total Special Revenue Fund</b>					<u>(584,824)</u>	<u>-</u>	<u>4,007,702</u>	<u>4,512,177</u>	<u>-</u>	<u>-</u>	<u>(5,130,696)</u>	<u>4,041,397</u>	<u>-</u>	<u>(1,089,299)</u>
<b>Total Federal Financial Awards</b>					<u>\$ (723,575)</u>	<u>\$ -</u>	<u>\$ 6,744,294</u>	<u>\$ 7,351,084</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,371,762)</u>	<u>\$ 4,041,397</u>	<u>\$ -</u>	<u>\$ (1,330,365)</u>

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WEST ORANGE BOARD OF EDUCATION  
SCHEDULE OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2020			Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2021			Memo	
				(Accounts Receivable)	Due to Grantor	Cash Received			(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
<b>State Department of Education</b>													
<b>General Fund</b>													
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	\$ 3,033,009			\$ 2,739,619	\$ 3,033,009		\$ (293,390)				\$ 3,033,009
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	3,033,009	\$ (303,301)		303,301							
Nonpublic Transportation Costs	21-495-034-5120-014	7/1/20-6/30/21	211,410				211,410		(211,410)				\$ (211,410) 211,410
Nonpublic Transportation Costs	20-495-034-5120-014	7/1/19-6/30/20	61,780	(61,780)		61,780							-
<b>Total Transportation Aid Cluster</b>				<b>(365,081)</b>	<b>-</b>	<b>3,104,700</b>	<b>3,244,419</b>	<b>-</b>	<b>(504,800)</b>	<b>-</b>	<b>-</b>	<b>(211,410)</b>	<b>3,244,419</b>
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	5,563,980			5,025,764	5,563,980		(538,216)				5,563,980
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	4,840,642	(484,064)		484,064							-
Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	4,159,988			3,757,583	4,159,988		(402,405)				4,159,988
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	4,159,988	(378,669)		378,669							-
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	1,866,353			1,685,817	1,866,353		(180,536)				1,866,353
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	1,866,353	(186,635)		186,635							-
<b>Total State Aid Public Cluster</b>				<b>(1,049,368)</b>	<b>-</b>	<b>11,518,532</b>	<b>11,590,321</b>	<b>-</b>	<b>(1,121,157)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,590,321</b>
Extraordinary Special Education Costs	21-495-034-5120-044	7/1/20-6/30/21	4,652,191				4,652,191		(4,652,191)				4,652,191
Extraordinary Special Education Costs	20-495-034-5120-044	7/1/19-6/30/20	2,672,273	(2,672,273)		2,939,938	267,665						267,665
<b>Total Extraordinary Special Education Costs</b>				<b>(2,672,273)</b>	<b>-</b>	<b>2,939,938</b>	<b>4,919,856</b>	<b>-</b>	<b>(4,652,191)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,919,856</b>
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	7/1/20-6/30/21	5,053,376			4,800,812	5,053,376		(252,564)				(252,564) 5,053,376
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19-6/30/20	5,118,575	(256,456)		256,456							-
<b>TPAF On-Behalf Contributions</b>													
TPAF Pension Contribution-Normal Costs	21-495-034-5094-002	7/1/20-6/30/21	18,807,913			18,807,913	18,807,913						18,807,913
TPAF Pension Contribution -NCGI	21-495-034-5094-004	7/1/20-6/30/21	357,845			357,845	357,845						357,845
TPAF- Long Term Disability Insurance	21-495-034-5094-004	7/1/20-6/30/21	7,904			7,904	7,904						7,904
TPAF Pension Contribution - Post Retirement Cost	21-495-034-5094-001	7/1/20-6/30/21	6,006,250			6,006,250	6,006,250						6,006,250
<b>Total On-Behalf TPAF Contribution Cluster</b>				<b>-</b>	<b>-</b>	<b>25,179,912</b>	<b>25,179,912</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,179,912</b>
School Security Grant	20E00163	7/1/20-6/30/22	375,295						(375,295)	\$ 375,295			-
<b>Total General Fund</b>				<b>(4,343,178)</b>	<b>-</b>	<b>47,800,350</b>	<b>49,987,884</b>	<b>-</b>	<b>(6,906,007)</b>	<b>375,295</b>	<b>-</b>	<b>(463,974)</b>	<b>49,987,884</b>
<b>Special Revenue Fund</b>													
<b>New Jersey Nonpublic Aid:</b>													
<b>Auxiliary Services (Chapter 192)</b>													
Home Instruction	21-100-034-5120-067	7/1/20-6/30/21	2,096				2,096		(2,096)				(2,096) 2,096
Home Instruction	20-100-034-5120-067	7/1/19-6/30/20	2,197	(2,197)		2,197							-
Compensatory Education	21-100-034-5120-067	7/1/20-6/30/21	7,839			7,839	4,180				\$ 3,659		4,180
Compensatory Education	20-100-034-5120-067	7/1/19-6/30/20	12,736	(1,355)	\$ 5,435	1,355		\$ 5,435					-
ESL	20-100-034-5120-067	7/1/20-6/30/21	888			888						888	
ESL	20-100-034-5120-067	7/1/19-6/30/20	3,309	(358)	3,309	358		3,309					-
<b>Total Nonpublic Auxiliary Services Aid (Chap 192) Cluster</b>				<b>(3,910)</b>	<b>8,744</b>	<b>12,637</b>	<b>6,276</b>	<b>8,744</b>	<b>(2,096)</b>	<b>-</b>	<b>4,547</b>	<b>(2,096)</b>	<b>6,276</b>
<b>Handicapped Services (Chap. 193)</b>													
Supplementary Instruction	21-100-034-5120-066	7/1/20-6/30/21	50,188			50,188	27,439					22,749	27,439
Supplementary Instruction	20-100-034-5120-066	7/1/19-6/30/20	89,043	(8,903)	60,063	8,903		60,063					-
Examination and Classification	21-100-034-5120-066	7/1/20-6/30/21	168,877			168,877	133,399					35,478	133,399
Examination and Classification	20-100-034-5120-066	7/1/19-6/30/20	183,546	(21,214)	86,902	21,214		86,902					-
Corrective Speech	21-100-034-5120-666	7/1/20-6/30/21	20,051			20,051	6,744					13,307	6,744
Corrective Speech	20-100-034-5120-666	7/1/19-6/30/20	20,051	(2,005)	9,752	2,005		9,752					-
<b>Total Nonpublic Handicapped Services Aid (Chap 193) Cluster</b>				<b>(32,122)</b>	<b>156,717</b>	<b>271,238</b>	<b>167,582</b>	<b>156,717</b>	<b>-</b>	<b>-</b>	<b>71,534</b>	<b>-</b>	<b>167,582</b>
Textbook Aid	21-100-034-5120-064	7/1/20-6/30/21	87,482			87,482	85,359					2,123	85,359
Textbook Aid	20-100-034-5120-064	7/1/19-6/30/20	75,428		3,950			3,950					-
Nursing Services	21-100-034-5120-070	7/1/20-6/30/21	146,370			146,370	146,370						146,370
Security Aid	21-100-034-5120-509	7/1/20-6/30/21	251,125			251,125	234,826					16,299	234,826
Security Aid	20-100-034-5120-509	7/1/19-6/30/20	215,250		31,604			31,604					-
Technology Initiative	20-100-034-5120-373	7/1/19-6/30/20	51,516		2,539			2,539					-
Technology Initiative	19-100-034-5120-373	7/1/18-6/30/19	53,100										-
EXPAND Pre-Apprenticeship Competitive Grant	20E00100	2/1/2020-6/30/202	100,000	(532)		62,988	98,811		(36,355)				(36,355) 98,811
<b>Total Special Revenue Fund</b>				<b>(36,564)</b>	<b>203,554</b>	<b>831,840</b>	<b>739,224</b>	<b>203,554</b>	<b>(38,451)</b>	<b>-</b>	<b>94,503</b>	<b>(38,451)</b>	<b>739,224</b>

WEST ORANGE BOARD OF EDUCATION  
 SCHEDULE OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2020			Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2021			Memo		
				(Accounts Receivable)	Due to Grantor	Cash Received			(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
<b>Debt Service Fund</b>														
Debt Service Aid - State Support	21-495-034-5120-075	7/1/20-6/30/21	\$ 733,057	-	-	\$ 733,057	\$ 733,057	-	-	-	-	-	\$ -	\$ 733,057
<b>Enterprise Fund</b>														
State School Lunch Program	21-100-010-3350-023	7/1/20-6/30/21	35,495			50,841	67,763		\$ (16,922)				\$ (16,922)	67,763
State School Lunch Program	20-100-010-3350-023	7/1/19-6/30/20	36,409	\$ (9,985)	-	9,985	-	-	-	-	-	-	-	-
Total Department of Agriculture/Enterprise Fund				(9,985)	-	60,826	67,763	-	(16,922)	-	-	-	(16,922)	67,763
<b>Total State Financial Assistance Subject to Single Audit Determination</b>				<b>\$ (4,389,727)</b>	<b>\$ 203,554</b>	<b>\$ 49,426,073</b>	<b>\$ 51,527,928</b>	<b>\$ 203,554</b>	<b>\$ (6,961,380)</b>	<b>\$ 375,295</b>	<b>\$ 94,503</b>	<b>\$ (519,347)</b>	<b>\$ 51,527,928</b>	
State Financial Assistance Not Subject to Single Audit Major Program Determination														
<b>General Fund</b>														
TPAF Pension Contribution-Normal Costs	21-495-034-5094-002	7/1/20-6/30/21	18,807,913			(18,807,913)	(18,807,913)							(18,807,913)
TPAF Pension Contribution -NCGI	21-495-034-5094-004	7/1/20-6/30/21	357,845			(357,845)	(357,845)							(357,845)
TPAF - Long Term Disability Insurance	21-495-034-5094-004	7/1/20-6/30/21	7,904			(7,904)	(7,904)							(7,904)
TPAF Pension Contribution - Post Retirement Cost	21-495-034-5094-001	7/1/20-6/30/21	6,006,250			(6,006,250)	(6,006,250)							(6,006,250)
<b>Total State Financial Assistance Subject to Single Audit Major Programs Determination</b>				<b>\$ (4,389,727)</b>	<b>\$ 203,554</b>	<b>\$ 24,246,161</b>	<b>\$ 26,348,016</b>	<b>\$ 203,554</b>	<b>\$ (6,961,380)</b>	<b>\$ 375,295</b>	<b>\$ 94,503</b>	<b>\$ (519,347)</b>	<b>\$ 26,348,016</b>	

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**WEST ORANGE BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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 \$2,041,796 for the general fund and an increase of \$79,171 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	\$ 308,943	\$ 47,946,088	\$ 48,255,031
Special Revenue Fund	4,656,154	741,438	5,397,592
Debt Service Fund		733,057	733,057
Food Service Fund	2,529,964	67,763	2,597,727
	<u>2,529,964</u>	<u>67,763</u>	<u>2,597,727</u>
Total Awards and Financial Assistance	<u>\$ 7,495,061</u>	<u>\$ 49,488,346</u>	<u>\$ 56,983,407</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, 2021**

**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 \$5,053,376 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, 2021. The amount reported as TPAF Pension System Contributions in the amount of \$19,165,758, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$6,006,250 and TPAF Long-Term Disability Insurance in the amount of \$7,904 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2021.

**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, 2021**

*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>H027A200100</u>	<u>I.D.E.A. - Part B, Basic Regular</u>
<u>84.173</u>	<u>H173A200114</u>	<u>I.D.E.A. - Part B, Preschool</u>
<u>21.019</u>		<u>Coronavirus Relief Fund</u>
<u>84.425D</u>	<u>S425D200027</u>	<u>CARES Emergency Relief Grant</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, 2021**

*Part I – Summary of Auditor’s Results*

**State Awards Section**

Internal Control over major programs:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with N.J. Circular Letter 15-08?        yes       X       no

Identification of major state programs:

GMIS Number(s)	Name of State Program
21-495-034-5094-003	Reimbursed TPAF Social Security Contributions
21-495-034-5120-075	Debt Service Aid - State Support

Dollar threshold used to distinguish between Type A and Type B programs:       \$ 790,440      

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, 2021**

***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, 2021**

*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, 2021**

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.