

WEST ORANGE BOARD OF EDUCATION
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

West Orange, New Jersey

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
of the
West Orange Board of Education
West Orange, New Jersey
For The Fiscal Year Ended June 30, 2023**

**Prepared by
Business Office**

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INTRODUCTORY SECTION



West Orange Board of Education
179 Eagle Rock Avenue
West Orange, New Jersey 07052
(973) 669-5400

Hayden N. Moore
Superintendent of Schools

Tonya M. Flowers
Business Administrator/Board Secretary

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

Dear Board Members:

The Annual Comprehensive Financial Report of the West Orange School District (the "District") for the fiscal year ended June 30, 2023, 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 Annual Comprehensive 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 2022-2023 fiscal year with an enrollment of 6,939 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 preschool expansion efforts, increasing the enrollment of 3 and 4 year old students to 165 across 3 preschool sites, and including HighScope curriculum, COR Advantage assessments, professional development for early childhood literacy, implementing strategies for Kindergarten transition, and making home/family connections
- The revision of ELA and Math curriculum to align to newly adopted State standards
- The adoption of a new ELA program model that will take into account new research around structured literacy, foundational skills in phonics and phonological awareness, and instructional materials that support reading and writing instruction
- The implementation of iReady Math in grades K-8, with a strong emphasis on intentional development of mathematical discourse, the administration of diagnostic and benchmark assessments that inform small group instruction, identifying and integrating prerequisite skills into daily instruction, ensuring opportunities for productive struggle when problem solving, and increasing and closing achievement gaps in grades 6-8 through Algebra
- The implementation of a renewed focus on Multi Tiered Systems of Support, grades K-8, with shifts from pull-out to push-in models, academic support interventions aligned to iReady benchmark assessments and programs, coaching cycles and modeling in partnership with Rutgers, schoolwide intervention applications for specific Title I schools, and strengthened school/home partnerships.

- Providing sheltered instruction training to all general education teachers of multilingual learners
- District wide initiative for the use of data to inform instruction, including one-on-one professional development for principals and school leaders
- Professional development in the area of Culturally Responsive Leadership in order to strengthen pathways to equitable instruction
- The effective implementation of curriculum, assessment, and instructional strategies to accelerate learning, strengthen opportunities of practice, and continue to close achievement gaps by:
 - prioritizing content and learning by focusing on the depth of instruction, rather than on the pace
 - providing a wide range of opportunities for social and emotional learning
 - improving equitable access to grade level content and high quality resources for each student
 - ensuring a comprehensive focus on the integration of diversity, equity, access and inclusion across the curriculum, including effectively addressing all NJ mandates in each respective content area and adding diverse texts
 - identifying and implementing technology based formative and benchmark assessments in order to meaningfully inform instruction with greater frequency and real time access to student performance results

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

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

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

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

accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments on June 30, 2023.

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

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

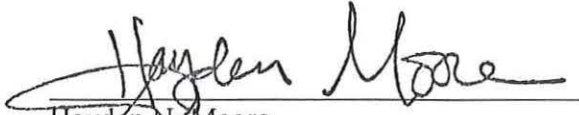
8) **RISK MANAGEMENT:** The West Orange Board of Education carries various forms of insurance, including, but not limited to, Property, General Liability, Auto Liability/Physical Damage, Crime, Boiler and Machinery, School Board Legal Liability, Cyber Liability, Student Accident and Excess Coverage.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

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

10) **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the West Orange School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school District and thereby contributing their full support to the development and

maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

Respectfully submitted,



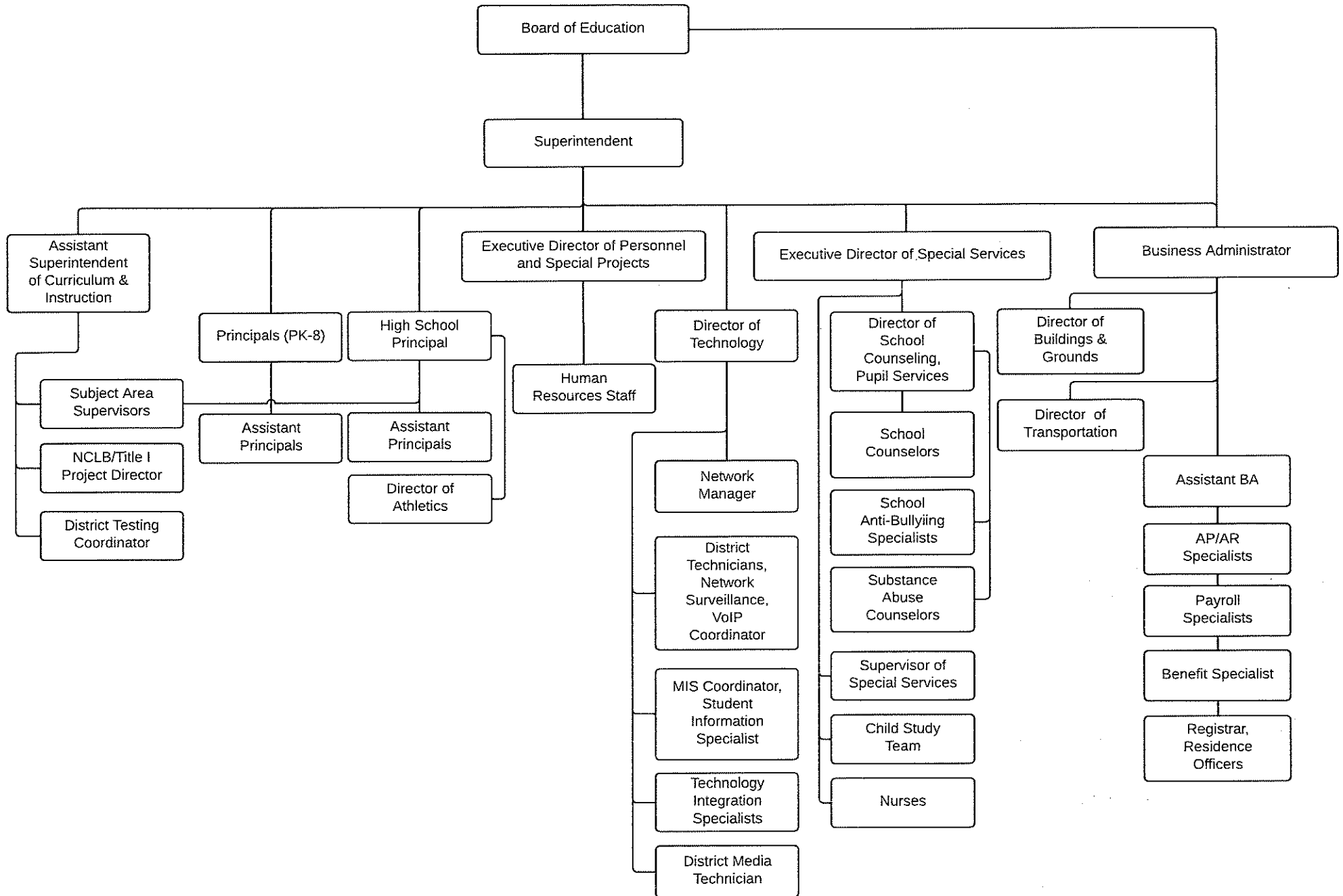
Hayden N. Moore
Superintendent of Schools



Tonya M. Flowers
Business Administrator/Board Secretary

WEST ORANGE PUBLIC SCHOOLS

Organization Chart



1A

WEST ORANGE SCHOOL DISTRICT
Roster of Officials
June 30, 2023

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Brian Rock, President	2025
Melinda Huerta, Vice President	2024
Robert Ivkar	2026
Eric Stevenson	2025
Jennifer Tunnicliffe	2026

Other Officials

Hayden Moore	Superintendent of Schools
Eveny de Mendez	Assistant Superintendent of Curriculum & Instruction
Tonya Flowers	School Business Administrator / Board Secretary
Melissa Simmons	Treasurer of School Monies

**WEST ORANGE SCHOOL DISTRICT
Consultants and Advisors**

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Bond Counsel

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Roseland, New Jersey 07068

Official Depository

PNC Bank
30 Main Street
West Orange, New Jersey 07052

FINANCIAL SECTION

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, 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, RMA, PSA

DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA, PSA
CHRISTOPHER VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA
JOHN 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

Opinions

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, 2023 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.

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, 2023, 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.

Basis for Opinions

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 Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the West Orange Board of Education and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the West Orange Board of Education's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 West Orange Board of Education's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the West Orange Board of Education's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and 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.

Supplementary 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 accompanying 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. Such information is the responsibility of management and was derived from and relate 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.


Other Information


Management is responsible for the other information included in the annual report. The other information comprises the introductory section, financial schedules and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 29, 2023 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 & BLISS, LLP
Certified Public Accountants
Public School Accountants


Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 29, 2023

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, 2023**

This section of the West Orange Board of Education's annual comprehensive financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2023. 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 (2022-2023) and the prior year (2021-2022) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2022-2023 fiscal year include the following:

- The assets and deferred outflows of resources of the West Orange Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$5,148,695 (net position).
- Overall revenues were \$229,604,321. General revenues accounted for \$173,345,417 or 75% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$56,258,904 or 25% of total revenues.
- The school district had \$210,712,460 in expenses for governmental activities; only \$51,793,522 of these expenses was offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$173,345,374 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 \$15,754,198.
- The General Fund fund balance at June 30, 2023 was \$15,456,892 a decrease of \$247,501 when compared with the beginning balance at July 1, 2022 of \$15,704,393.

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

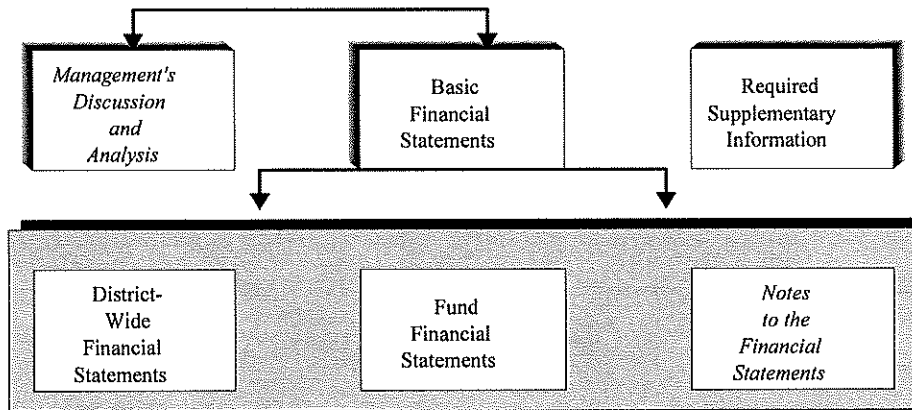
**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

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, 2023**

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 thereafter; no capital assets or long-term liabilities included	All asset, liabilities, and deferred inflows/outflows, both financial and capital short-term and long-term
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
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**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

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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**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

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, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5,148,695 as of June 30, 2023.

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**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

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, 2023 and 2022**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current Assets	\$ 25,577,795	\$ 28,575,034	\$ 3,288,101	\$ 3,212,386	\$ 28,865,896	\$ 31,787,420
Capital Assets, Net	66,806,330	64,294,786	566,142	340,243	67,372,472	64,635,029
Total Assets	<u>92,384,125</u>	<u>92,869,820</u>	<u>3,854,243</u>	<u>3,552,629</u>	<u>96,238,368</u>	<u>96,422,449</u>
Deferred Outflows of Resources						
Deferred Amounts on Refunding of Debt	745,838	847,031	-	-	745,838	847,031
Deferred Amounts on Net Pension Liability	1,934,635	1,121,883	-	-	1,934,635	1,121,883
Total Deferred Outflows of Resources	<u>2,680,473</u>	<u>1,968,914</u>	<u>-</u>	<u>-</u>	<u>2,680,473</u>	<u>1,968,914</u>
Total Assets and Deferred Outflows of Resources	<u>95,064,598</u>	<u>94,838,734</u>	<u>3,854,243</u>	<u>3,552,629</u>	<u>98,918,841</u>	<u>98,391,363</u>
Liabilities						
Long-Term Liabilities	76,319,304	76,518,008	-	-	76,319,304	76,518,008
Other Liabilities	10,025,137	12,807,722	290,130	253,276	10,315,267	13,060,998
Total Liabilities	<u>86,344,441</u>	<u>89,325,730</u>	<u>290,130</u>	<u>253,276</u>	<u>86,634,571</u>	<u>89,579,006</u>
Deferred Inflows of Resources						
Deferred Commodities Revenue			45,673	20,497	45,673	20,497
Deferred Amounts on Net Pension Liability	7,089,902	17,959,185	-	-	7,089,902	17,959,185
Total Deferred Inflows of Resources	<u>7,089,902</u>	<u>17,959,185</u>	<u>45,673</u>	<u>20,497</u>	<u>7,135,575</u>	<u>17,979,682</u>
Total Liabilities and Deferred Inflows of Resources	<u>93,434,343</u>	<u>107,284,915</u>	<u>335,803</u>	<u>273,773</u>	<u>93,770,146</u>	<u>107,558,688</u>
Net Position						
Net Investment in Capital Assets	26,462,973	18,514,434	566,142	340,243	27,029,115	18,854,677
Restricted	7,977,594	5,229,329			7,977,594	5,229,329
Unrestricted	(32,810,312)	(36,189,944)	2,952,298	2,938,613	(29,858,014)	(33,251,331)
Total Net Position	<u>\$ 1,630,255</u>	<u>\$ (12,446,181)</u>	<u>\$ 3,518,440</u>	<u>\$ 3,278,856</u>	<u>\$ 5,148,695</u>	<u>\$ (9,167,325)</u>

**WEST ORANGE BOARD OF EDUCATION
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**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

**Changes in Net Position
For The Fiscal Years Ended June 30, 2023 and 2022**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues						
Program Revenues						
Charges for Services	\$ 844,333	\$ 663,917	\$ 1,626,041	\$ 636,427	\$ 2,470,374	\$ 1,300,344
Operating Grants and Contributions	48,548,022	54,775,586	2,839,341	4,776,762	51,387,363	59,552,348
Capital Grants and Contributions	2,401,167	3,150,971			2,401,167	3,150,971
General Revenues						
Property Taxes	152,793,004	148,961,771			152,793,004	148,961,771
State Aid	20,108,125	11,340,830			20,108,125	11,340,830
Other	444,245	1,391,767	43	16	444,288	1,391,783
Total Revenues	225,138,896	220,284,842	4,465,425	5,413,205	229,604,321	225,698,047
Expenses						
Instruction						
Regular	81,740,715	82,598,834			81,740,715	82,598,834
Special Education	38,956,506	36,554,345			38,956,506	36,554,345
School Sponsored Activities and Athletics	7,709,849	7,569,499			7,709,849	7,569,499
Other Instruction	3,511,698	3,077,855			3,511,698	3,077,855
Support Services						
Student and Instruction Related Services	26,032,698	24,933,586			26,032,698	24,933,586
School Administrative Services	9,410,626	9,078,413			9,410,626	9,078,413
General Administrative Services	2,998,581	2,842,395			2,998,581	2,842,395
Plant Operations and Maintenance	19,578,763	17,690,209			19,578,763	17,690,209
Pupil Transportation	15,634,321	13,010,901			15,634,321	13,010,901
Business and Other Support Services	4,144,416	4,288,988			4,144,416	4,288,988
Interest on Long-Term Debt	994,287	1,353,065			994,287	1,353,065
Food Service			4,394,308	4,051,453	4,394,308	4,051,453
Other-Summer Enrichment	-	-	181,533	179,667	181,533	179,667
Total Expenses	210,712,460	202,998,090	4,575,841	4,231,120	215,288,301	207,229,210
Transfers	(350,000)	-	350,000	-	-	-
Change in Net Position	14,076,436	17,286,752	239,584	1,182,085	14,316,020	18,468,837
Net Position (Deficit), Beginning of Year	(12,446,181)	(29,732,933)	3,278,856	2,096,771	(9,167,325)	(27,636,162)
Net Position (Deficit), End of Year	\$ 1,630,255	\$ (12,446,181)	\$ 3,518,440	\$ 3,278,856	\$ 5,148,695	\$ (9,167,325)

**WEST ORANGE BOARD OF EDUCATION
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**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$225,138,896 and \$220,284,842 for the fiscal years ended June 30, 2023 and June 30, 2022, respectively. Property taxes of \$152,793,004 and \$148,961,771 represented 68% and 68% of revenues. Another portion of revenues came from State and Federal aid; total State, Federal and formula aid was \$68,656,147 and \$66,116,416 which was represented 30% and 30% of the revenues for fiscal years ended June 30, 2023 and 2022, respectively. Capital contributions of \$2,401,167 and \$3,150,971 represented 11% and 14% of total revenues for the fiscal years ended June 30, 2023 and 2022, respectively. The balance of revenues for fiscal year June 30, 2023 and 2022, respectively is charges for services (\$844,333 and \$663,917) and miscellaneous income (\$444,245 and \$1,391,767).

The total cost of all governmental activities programs and services was \$210,712,460 and \$202,998,090 for the fiscal years ended June 30, 2023 and 2022, respectively. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$131,918,768 and \$129,800,533 (63% and 64%) of total expenses for each of the fiscal years, respectively. Student and Instruction Related Services totaled \$26,032,698 and \$24,933,586 or (12% and 12%) of total expenses. Plant operations and maintenance services totaled \$19,578,763 and \$17,690,209 (9% and 8%) of total expenses. Administrative services were \$16,553,623 and \$16,209,796 or (8% and 8%) of total expenses. Pupil transportation totaled \$15,634,321 and \$13,010,901 (7% and 6%), respectively of total expenses. Interest on long-term debt accounted for \$994,287 and \$1,353,065 (1% and 2%) of total expenses.

Total governmental activities revenues exceeded expenses resulting in net position increasing \$14,076,436 over the previous year.

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**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

Total and Net Cost of Governmental Activities. The District's total cost of services was \$210,712,460 and \$202,998,090 for the fiscal years ended June 30, 2023 and 2022. After applying program revenues, derived from charges for services of \$844,333 and \$663,917, operating grants and contributions of \$48,548,022 and \$54,775,586 and capital contributions of \$2,401,167 and \$3,150,971, the net cost of services of the District is 158,918,938 and \$144,407,616, respectively

**Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2023 and 2022**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Instruction				
Regular	\$ 81,740,715	\$ 82,598,834	\$ 63,747,332	\$ 61,975,130
Special Education	38,956,506	36,554,345	23,320,441	20,230,713
Other Instruction	7,709,849	7,569,499	6,167,726	5,740,665
School Sponsored Activities and Athletics	3,511,698	3,077,855	2,703,903	2,359,529
Support Services				
Student and Instruction Related Services	26,032,698	24,933,586	20,316,217	19,070,017
School Administrative Services	9,410,626	9,078,413	7,985,196	7,298,359
General Administrative Services	2,998,581	2,842,395	2,772,406	2,598,940
Plant Operations and Maintenance	19,578,763	17,690,209	14,708,185	10,423,455
Pupil Transportation	15,634,321	13,010,901	12,295,640	9,562,499
Business and Other Support Services	4,144,416	4,288,988	4,030,946	3,921,145
Interest on Long-Term Debt	<u>994,287</u>	<u>1,353,065</u>	<u>870,946</u>	<u>1,227,164</u>
 Total	 <u>\$ 210,712,460</u>	 <u>\$ 202,998,090</u>	 <u>\$ 158,918,938</u>	 <u>\$ 144,407,616</u>

Business-Type Activities – The District's total business-type activities revenues were \$4,465,425 and \$5,413,205 for the fiscal years ended June 30, 2023 and 2022, respectively. Charges for services accounted for 36% and 12% of total revenues for the fiscal years, respectively. Operating grants and contributions of \$2,839,341 and \$4,776,762 accounted for 63% and 88% of total revenue for each of the fiscal years. The balance of the revenues, \$43 and \$16 represents investment earnings.

The total cost of all business-type activities programs and services was \$4,575,841 and \$4,231,120 for the fiscal years ended June 30, 2023 and 2022. The District's expenses are related to Food Service programs provided to all students, teachers and administrators and the operation of the Summer Enrichment Program within the District.

Total business-type activities expenses exceeded revenues by \$110,416. The food service enterprise fund received a transfer of \$350,000 from the general fund for the cancellation of unpaid student lunch balances. The net position of business-type activities increased by \$239,584 from the previous year.

**WEST ORANGE BOARD OF EDUCATION
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**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

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, 2023, its governmental funds reported a combined fund balance of \$15,754,198. At June 30, 2022, the fund balance was \$16,112,333.

Revenues and other financing sources for the District's governmental funds were \$238,259,035 while total expenditures and other financing uses were \$238,617,170, thereby decreasing fund balance by \$358,135 for the fiscal year ended June 30, 2023.

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, 2023</u>	Fiscal Year Ended <u>June 30, 2022</u>	Amount of Increase (Decrease)	Percent Change
Local Sources				
Property Taxes	\$ 147,706,335	\$ 143,613,547	\$ 4,092,788	3%
Interest	3,029	3,330	(301)	-9%
State/Federal Sources	72,003,144	65,270,983	6,732,161	10%
Miscellaneous	<u>692,589</u>	<u>1,673,619</u>	<u>(981,030)</u>	-59%
 Total General Fund Revenues	 <u>\$ 220,405,097</u>	 <u>\$ 210,561,479</u>	 <u>\$ 9,843,618</u>	 5%

Total General Fund Revenues increased by \$9,843,618 or 5% over the previous year.

Local property taxes increased \$4,092,788 or 3% over the previous year. State and federal aid revenues increased \$6,732,161 or 10%, predominantly attributable to an increase in state On-Behalf TPAF pension costs contributed by the state.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

The following schedule presents a summary of General Fund expenditures.

	Fiscal Year Ended <u>June 30, 2023</u>	Fiscal Year Ended <u>June 30, 2022</u>	Amount of Increase <u>(Decrease)</u>	Percent <u>Change</u>
Instruction	\$ 136,855,244	\$ 130,886,421	\$ 5,968,823	5%
Support and Undistributed Services	78,077,085	71,415,396	6,661,689	9%
Capital Outlay	4,411,829	1,132,170	3,279,659	290%
Debt Service	<u>1,197,729</u>	<u>1,476,382</u>	<u>(278,653)</u>	-19%
Total Expenditures	<u>\$ 220,541,887</u>	<u>\$ 204,910,369</u>	<u>\$ 15,631,518</u>	8%

Total General Fund expenditures increased \$15,631,518 or 8%, over the previous year.

The District realized increases in instruction costs as well as support and undistributed services costs.

In 2022-2023, General Fund expenditures and other financing uses exceeded revenues and other financing sources by \$247,501. As a result, total fund balance decreased to \$15,456,892 at June 30, 2023. After deducting transfers and reserves, the unrestricted, unassigned fund balance decreased from a balance of \$3,299,815 at June 30, 2022 to a deficit balance of \$1,310,317 at June 30, 2023.

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 \$11,362,091 for the year ended June 30, 2023. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 70% of the total revenue for the year.

Expenditures of the Special Revenue Fund were \$11,525,833. Instructional expenditures were \$7,265,136, or 63% of total expenditures.

Capital Projects – The activity during the 2022/23 school year in the Capital Projects Fund related solely to the acquisition of a school bus through a capital financing agreement., the proceeds of which were received and fully expended during 2022/23.

**WEST ORANGE BOARD OF EDUCATION
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**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

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, 2023 amounts to \$67,372,472 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 2022-2023 amounted to \$4,549,235 for governmental activities and \$66,725 for business-type activities.

Capital Assets at June 30, 2023 and 2022
(Net of Accumulated Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 4,565,829	\$ 4,565,829			\$ 4,565,829	\$ 4,565,829
Construction in Progress	-	100,537			-	100,537
Site Improvements	2,436,814	2,855,094			2,436,814	2,855,094
Building and Building Improvements	55,327,859	52,826,116			55,327,859	52,826,116
Machinery and Equipment	4,475,828	3,947,210	\$ 566,142	\$ 340,243	5,041,970	4,287,453
Total Capital Assets, Net	<u>\$ 66,806,330</u>	<u>\$ 64,294,786</u>	<u>\$ 566,142</u>	<u>\$ 340,243</u>	<u>\$ 67,372,472</u>	<u>\$ 64,635,029</u>

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

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

LONG TERM LIABILITIES

At year end, the District's long-term liabilities of the governmental activities consisted of compensated absences payable of \$3,476,174, bonds payable (including unamortized premium) of \$15,956,046 capital and other financing agreements of \$25,496,312, deferred pension obligation payable of \$109,869, net pension liability – Essex County of \$120,695 and net pension liability – PERS payable of \$31,160,208.

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 2023-2024 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

DISTRICT-WIDE FINANCIAL STATEMENTS

WEST ORANGE BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 16,759,613	\$ 3,023,339	\$ 19,782,952
Receivables, net			
Receivables from Other Governments	8,471,223	146,544	8,617,767
Accounts Receivable	325,381	4,385	329,766
Prepaid Deposits	21,578		21,578
Inventory		113,833	113,833
Capital Assets			
Not Being Depreciated	4,545,829		4,545,829
Being Depreciated, net	62,260,501	566,142	62,826,643
Total Assets	92,384,125	3,854,243	96,238,368
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding of Debt	745,838	-	745,838
Deferred Amounts on Net Pension Liability	1,934,635	-	1,934,635
Total Deferred Outflows of Resources	2,680,473	-	2,680,473
Total Assets and Deferred Outflows of Resources	95,064,598	3,854,243	98,918,841
LIABILITIES			
Accounts Payable and Other Liabilities	9,263,496	524	9,264,020
Intergovernmental Payable	348,086		348,086
Accrued Interest Payable	201,540		201,540
Unearned Revenue	212,015	289,606	501,621
Noncurrent Liabilities			
Due Within One Year	6,332,321		6,332,321
Due Beyond One Year	69,986,983	-	69,986,983
Total Liabilities	86,344,441	290,130	86,634,571
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	7,089,902		7,089,902
Deferred Commodities Revenue	-	45,673	45,673
Total Liabilities and Deferred Inflows of Resources	93,434,343	335,803	93,770,146
NET POSITION			
Net Investment in Capital Assets	26,462,973	566,142	27,029,115
Restricted for:			
Capital Projects	5,118,643		5,118,643
Maintenance	2,000,182		2,000,182
Debt Service	189,035		189,035
Other Purposes	669,734		669,734
Unrestricted	(32,810,312)	2,952,298	(29,858,014)
Total Net Position	\$ 1,630,255	\$ 3,518,440	\$ 5,148,695

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, 2023**

<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	\$ 81,740,715		\$ 17,993,383		\$ (63,747,332)		\$ (63,747,332)
Special Education	38,956,506	\$ 214,943	15,421,122		(23,320,441)		(23,320,441)
Other Instruction	7,709,849		1,542,123		(6,167,726)		(6,167,726)
School Sponsored Activities and Athletics	3,511,698	590,165	217,630		(2,703,903)		(2,703,903)
Support Services							
Student and Instruction Related Services	26,032,698		5,716,481		(20,316,217)		(20,316,217)
School Administrative Services	9,410,626		1,425,430		(7,985,196)		(7,985,196)
General Administrative Services	2,998,581		226,175		(2,772,406)		(2,772,406)
Plant Operations and Maintenance	19,578,763	39,225	2,430,186	\$ 2,401,167	(14,708,185)		(14,708,185)
Pupil Transportation	15,634,321		3,338,681		(12,295,640)		(12,295,640)
Business and Other Support Services	4,144,416		113,470		(4,030,946)		(4,030,946)
Interest on Long-Term Debt and Other Charges	994,287	-	123,341	-	(870,946)	-	(870,946)
 Total Governmental Activities	 <u>210,712,460</u>	 <u>844,333</u>	 <u>48,548,022</u>	 <u>2,401,167</u>	 <u>(158,918,938)</u>	 <u>-</u>	 <u>(158,918,938)</u>
Business-Type Activities:							
Summer Enrichment	181,533	185,341				\$ 3,808	3,808
Food Service	4,394,308	1,440,700	2,839,341	-	-	(114,267)	(114,267)
 Total Business-Type Activities	 <u>4,575,841</u>	 <u>1,626,041</u>	 <u>2,839,341</u>	 <u>-</u>	 <u>-</u>	 <u>(110,459)</u>	 <u>(110,459)</u>
 Total Primary Government	 <u>\$ 215,288,301</u>	 <u>\$ 2,470,374</u>	 <u>\$ 51,387,363</u>	 <u>\$ 2,401,167</u>	 <u>(158,918,938)</u>	 <u>(110,459)</u>	 <u>(159,029,397)</u>

Continued

**WEST ORANGE BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Total Primary Government (Carried Forward)	\$ (158,918,938)	\$ (110,459)	\$ (159,029,397)
General Revenues			
Taxes:			
Property Taxes, Levied for General Purposes	147,706,335		147,706,335
Taxes Levied for Debt Service	5,086,669		5,086,669
Federal and State Aid - Unrestricted	19,422,367		19,422,367
State Aid Restricted for Debt Service	685,758		685,758
Investment Earnings	5,824	43	5,867
Miscellaneous Income	438,421		438,421
Transfers	(350,000)	350,000	-
Total General Revenues and Transfers	172,995,374	350,043	173,345,417
Change in Net Position	14,076,436	239,584	14,316,020
Net Position Beginning of Year	(12,446,181)	3,278,856	(9,167,325)
Net Position End of Year	\$ 1,630,255	\$ 3,518,440	\$ 5,148,695

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

FUND FINANCIAL STATEMENTS

WEST ORANGE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
ASSETS					
Cash and Cash Equivalents	\$ 16,357,219	\$ 213,359		\$ 189,035	\$ 16,759,613
Receivables, Net					
Receivables From Other Governments	6,598,158	1,873,065			8,471,223
Accounts	298,052	32,329			330,381
Due from Other Funds	1,123,293	10,190			1,133,483
Prepaid Deposits	<u>21,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,578</u>
Total Assets	<u>\$ 24,398,300</u>	<u>\$ 2,128,943</u>	<u>\$ -</u>	<u>\$ 189,035</u>	<u>\$ 26,716,278</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 755,644	\$ 589,315			\$ 1,344,959
Accrued Salaries and Wages	383,240	4,004			387,244
Due to Other Funds	10,190	1,123,293			1,133,483
Deposits Payable	5,604,369				5,604,369
Due to Fiscal Agent	19,381				19,381
Payroll Deductions and Withholdings Payable	246,894				246,894
Payable to State Governments	260,926	87,160			348,086
Unearned Revenue	114	216,900			217,014
Claims and Judgments Payable	<u>1,660,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,660,650</u>
Total Liabilities	<u>8,941,408</u>	<u>2,020,672</u>	<u>-</u>	<u>-</u>	<u>10,962,080</u>
Fund Balances					
Restricted					
Capital Reserve	5,118,643				5,118,643
Maintenance Reserve	2,000,182				2,000,182
Unemployment Compensation Reserve	452,920				452,920
Excess Surplus	3,896,933				3,896,933
Excess Surplus - Designated for Subsequent Year's Expenditures	812,489				812,489
Student Activities		216,814			216,814
Debt Service				\$ 189,035	189,035
Committed					
Year-end Encumbrances	401,813				401,813
Assigned					
Year-end Encumbrances	542,032				542,032
Designated for Subsequent Year's Expenditures	3,542,197				3,542,197
Unassigned					
General Fund (Deficit)	(1,310,317)				(1,310,317)
Special Revenue Fund (Deficit)	<u>-</u>	<u>(108,543)</u>	<u>-</u>	<u>-</u>	<u>(108,543)</u>
Total Fund Balances	<u>15,456,892</u>	<u>108,271</u>	<u>-</u>	<u>189,035</u>	<u>15,754,198</u>
Total Liabilities and Fund Balances	<u>\$ 24,398,300</u>	<u>\$ 2,128,943</u>	<u>\$ -</u>	<u>\$ 189,035</u>	<u>\$ 26,716,278</u>

**WEST ORANGE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2023**

Total Fund Balance (Exhibit B-1)		\$ 15,754,198
 Amounts reported for <i>governmental activities</i> 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 \$144,357,558 and the accumulated depreciation is \$77,551,228.		66,806,330
The District has financed capital assets through the issuance of serial bonds and capital/other financing agreements. The interest accrual at year end is:		(201,540)
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)		(76,319,304)
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.		745,838
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	\$ 1,934,635	
Deferred Inflows of Resources - PERS	(7,038,152)	
Deferred Inflows of Resources - Essex County	<u>(51,750)</u>	
		<u>(5,155,267)</u>
Net Position of Governmental Activities (Exhibit A-1)		\$ <u>1,630,255</u>

WEST ORANGE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u>
REVENUES					
Local Sources					
Property Taxes	\$ 147,706,335			\$ 5,086,669	\$ 152,793,004
Tuition	214,943				214,943
Rents	39,225				39,225
Interest	3,095		\$ 2,795		5,890
Miscellaneous	438,355	\$ 627,371	-	-	1,065,726
Total - Local Sources	148,401,953	627,371	2,795	5,086,669	154,118,788
State Sources	71,649,771	2,683,315		809,099	75,142,185
Federal Sources	353,373	8,051,405	-	-	8,404,778
Total Revenues	220,405,097	11,362,091	2,795	5,895,768	237,665,751
EXPENDITURES					
Current					
Regular Instruction	85,119,524	4,180,809			89,300,333
Special Education Instruction	39,985,167	2,422,371			42,407,538
Other Instruction	8,457,274	69,698			8,526,972
School Sponsored Activities and Athletics	3,293,279	592,258			3,885,537
Support Services					
Student and Instruction Related Services	26,789,754	1,573,760			28,363,514
General Administrative Services	3,038,831				3,038,831
School Administrative Services	10,480,630				10,480,630
Plant Operations and Maintenance	17,011,860	282,581			17,294,441
Pupil Transportation	16,046,454	3,189			16,049,643
Business and Other Support Services	4,709,556				4,709,556
Debt Service					
Principal	958,079			4,997,000	5,955,079
Interest and Other Charges	239,650			898,766	1,138,416
Capital Outlay	4,411,829	2,401,167	247,783	-	7,060,779
Total Expenditures	220,541,887	11,525,833	247,783	5,895,766	238,211,269
Excess (Deficiency) of Revenues Over (Under) Expenditures	(136,790)	(163,742)	(244,988)	2	(545,518)
OTHER FINANCING SOURCES (USES)					
Transfers In	2,795	53,106			55,901
Transfers Out	(403,106)		(2,795)		(405,901)
Capital Financing Agreement Proceeds			247,783		247,783
Other Financing Agreement Proceeds	289,600	-	-	-	289,600
Total Other Financing Sources (Uses)	(110,711)	53,106	244,988	-	187,383
Net Change in Fund Balances	(247,501)	(110,636)	-	2	(358,135)
Fund Balance, Beginning of Year	15,704,393	218,907	-	189,033	16,112,333
Fund Balance, End of Year	\$ 15,456,892	\$ 108,271	\$ -	\$ 189,035	\$ 15,754,198

**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, 2023**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (358,135)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

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

Depreciation Expense	\$ (4,549,235)	
Capital Outlay	<u>7,060,779</u>	2,511,544

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) 5,417,696

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 Decrease in Compensated Absences	466,527	
Net Decrease in Pension Expense-PERS	5,834,009	
Net Decrease in Deferred Pension Obligation	<u>60,666</u>	6,361,202

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	101,841	
Amortization of Deferred Amount on Refunding of Debt	<u>(101,193)</u>	648

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>143,481</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) \$ 14,076,436

**WEST ORANGE BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2023**

	Business-Type Activities		
	Enterprise Fund		
	<u>Food Services</u>	<u>Other Non-Major Summer Enrichment</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 2,793,116	\$ 230,223	\$ 3,023,339
Intergovernmental Receivable			
State	5,366		5,366
Federal	141,178		141,178
Other	4,385		4,385
Inventories	113,833	-	113,833
 Total Current Assets	 <u>3,057,878</u>	 <u>230,223</u>	 <u>3,288,101</u>
Capital Assets			
Furniture, Machinery and Equipment	2,109,236		2,109,236
Less: Accumulated Depreciation	(1,543,094)	-	(1,543,094)
 Total Capital Assets, Net	 <u>566,142</u>	 <u>-</u>	 <u>566,142</u>
 Total Assets	 <u>3,624,020</u>	 <u>230,223</u>	 <u>3,854,243</u>
LIABILITIES			
Current Liabilities			
Accounts Payable and Other Liabilities	524		524
Unearned Revenue	76,696	212,910	289,606
 Total Current Liabilities	 <u>77,220</u>	 <u>212,910</u>	 <u>290,130</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Commodities Revenue	45,673	-	45,673
 Total Deferred Outflows of Resources	 <u>45,673</u>	 <u>-</u>	 <u>45,673</u>
NET POSITION			
Investment in Capital Assets	566,142		566,142
Unrestricted	2,934,985	17,313	2,952,298
 Total Net Position	 <u>\$ 3,501,127</u>	 <u>\$ 17,313</u>	 <u>\$ 3,518,440</u>

**WEST ORANGE BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Business-Type Activities		
	Enterprise Fund		
	Food Services	Other Non-Major Summer Enrichment	Total
OPERATING REVENUES			
Charges for Services			
Daily Sales - Reimbursable	\$ 1,016,550		\$ 1,016,550
Daily Sales- Non-Reimbursable	704,319		704,319
Special Functions	105,072		105,072
Miscellaneous	6,457		6,457
Program Fees	-	\$ 185,341	185,341
	<u>1,832,398</u>	<u>185,341</u>	<u>2,017,739</u>
Total Operating Revenues			
OPERATING EXPENSES			
Salaries and Wages	1,581,093	153,527	1,734,620
Employee Benefits		11,745	11,745
Cost of Sales			
Reimbursable Programs	1,444,791		1,444,791
Non-Reimbursable Programs	314,398		314,398
USDA Commodities	360,581		360,581
Repairs	148,849		148,849
Purchased Services		3,550	3,550
Insurance	238,598		238,598
Supplies	13,862	12,341	26,203
Miscellaneous	9,788	370	10,158
Depreciation Expense	66,725		66,725
Administrative Expenses	60,923		60,923
Management Fee	154,700	-	154,700
	<u>4,394,308</u>	<u>181,533</u>	<u>4,575,841</u>
Total Operating Expenses			
Operating Income (Loss)	<u>(2,561,910)</u>	<u>3,808</u>	<u>(2,558,102)</u>
NONOPERATING REVENUES (EXPENSES)			
State Sources			
State School Lunch Program	80,828		80,828
Federal Sources			
School Breakfast Program	357,463		357,463
Federal School Lunch Program	1,702,010		1,702,010
Fresh Fruits & Vegetables Program	24,161		24,161
Food Distribution Program	360,581		360,581
Supply Chain Assistance	314,298		314,298
Bad Debt Expense			
Cancellation of Accounts Receivable	(391,698)		(391,698)
Interest Income	43	-	43
	<u>2,447,686</u>	<u>-</u>	<u>2,447,686</u>
Total Nonoperating Revenues			
Income (Loss) Before Transfers	(114,224)	3,808	(110,416)
Transfer In	350,000	-	350,000
Change in Net Position	235,776	3,808	239,584
Net Position, Beginning of Year	<u>3,265,351</u>	<u>\$ 13,505</u>	<u>3,278,856</u>
Net Position, End of Year	<u>\$ 3,501,127</u>	<u>\$ 17,313</u>	<u>\$ 3,518,440</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, 2023**

	Business-Type Activities		
	Enterprise Fund		
	Food Services	Other Non-Major Summer Enrichment	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 1,522,881	\$ 217,195	\$ 1,740,076
Cash Payments for Employees' Salaries and Benefits	(1,581,093)	(165,272)	(1,746,365)
Cash Payments to Suppliers for Goods and Services	(2,422,862)	(16,261)	(2,439,123)
Net Cash Provided by (Used for) Operating Activities	(2,481,074)	35,662	(2,445,412)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received from Other Funds	350,000		350,000
Cash Received from State and Federal Subsidy Reimbursements	2,717,453	-	2,717,453
Net Cash Provided by Noncapital and Related Activities	3,067,453	-	3,067,453
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(292,624)	-	(292,624)
Net Cash (Used for) Capital Financing Activities	(292,624)	-	(292,624)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	43	-	43
Net Cash Provided by Investing Activities	43	-	43
Net Change in Cash and Cash Equivalents	293,798	35,662	329,460
Cash and Cash Equivalents, Beginning of Year	2,499,318	194,561	2,693,879
Cash and Cash Equivalents, End of Year	\$ 2,793,116	\$ 230,223	\$ 3,023,339
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED) FOR OPERATING ACTIVITIES			
Operating (Loss)	\$ (2,561,910)	\$ 3,808	\$ (2,558,102)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used) for Operating Activities			
Depreciation	66,725		66,725
Federal Food Distribution Program	360,581		360,581
Bad Debt Expense	(391,698)		(391,698)
Change in Assets and Liabilities			
(Increase)/Decrease in Inventories	(48,764)		(48,764)
(Increase)/Decrease in Other Accounts Receivable	63,816	-	63,816
Increase/(Decrease) in Accounts Payable	(13,365)		(13,365)
Increase/(Decrease) in Unearned Revenue	18,365	31,854	50,219
Increase/(Decrease) in Deferred Commodities Revenue	25,176	-	25,176
Total Adjustments	80,836	31,854	112,690
Net Cash Provided by (Used for) Operating Activities	\$ (2,481,074)	\$ 35,662	\$ (2,445,412)
Non-Cash Investing, Capital and Related Financing Activities			
Fair Value of Food Distribution Program- National School Lunch Program	\$ 385,757		385,757

NOTES TO THE FINANCIAL STATEMENTS

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 of Schools is appointed by the Board and is responsible for the administrative control of the District. A School 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 of Schools 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 School Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent of Schools 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 2023, the District adopted the following GASB statements:

- GASB Statement No. 96, *Subscription – Based Information Technology Arrangements*. 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.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

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

- GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, will be effective beginning with the fiscal year ending June 30, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.
- GASB Statement No. 101, *Compensated Absences*, will be effective beginning with the fiscal year ending June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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.

WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

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.

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, financing agreements, grants 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.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

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

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund 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, acquisitions under financing agreements, leases payable for intangible right-to-use leased assets and subscription arrangements for intangible right-to-use information technology (IT) software assets 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, 2023**

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. *Prepaid Items*

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

5. *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, except for intangible right-to-use leased assets and intangible right-to-use IT subscription assets, the measurement of which is discussed in Note 1E. 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
Right-to-use Leased Buildings	3-5
Building Improvements	15-20
Heavy Equipment	8-20
Office Equipment and Furniture	5-10
Computer Equipment	5
Right-to-use Leased Equipment	5-10
Right-to-use IT Software	2-5

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. *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 future periods 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.

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 future periods 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.

7. *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.

8. *Pensions*

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

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

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Financing Agreements

Capital financing agreements and other financing agreements are financed purchase contracts that transfer ownership of the underlining assets or items (i.e. expendable supplies) to the District by the end of the agreement and do not contain termination options. Capital financing agreements and other financing agreements are recognized as long-term liabilities along with the related capital asset or expenses being financed, respectively, in the district-wide and proprietary fund type financial statements.

In the fund financial statements, capital financing agreements and other financing agreements are recognized as other financing sources at the face amount of the financed purchase contract. Assets and supplies financed under these agreements are reported as capital outlay or current expenditures, respectively.

10. Long-Term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. 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.

11. Net Position/Fund Balance

District-Wide Statements

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

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

Governmental Fund Statements

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

WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

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

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

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 3C).

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, 2023 audited excess surplus that is required to be appropriated in the 2024/2025 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2022 audited excess surplus that was appropriated in the 2023/2024 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.

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 2023/2024 District budget certified for taxes.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

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

In the general operating fund and other governmental funds (special revenue, 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.

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

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 2021-2022 and 2022-2023 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.

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 difference are as follows:

Bonds Payable	\$ 15,282,000
Add: Issuance premium (to be amortized over life of debt)	674,046
Capital Financing Agreements	25,133,149
Other Financing Agreements	363,163
Compensated Absences	3,476,174
Deferred Pension Obligation	109,869
Net Pension Liability - Essex County	120,695
Net Pension Liability - PERS	<u>31,160,208</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 76,319,304</u>

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. 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 difference are as follows:

Debt issued or incurred:	
Capital Financing Agreements	\$ (247,783)
Other Financing Agreements	(289,600)
Principal Repayments	
Bonds Payable	2,517,000
Capital Financing Agreements	3,167,130
Other Financing Agreements	<u>270,949</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 5,417,696</u>

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The District must prepare its budget in compliance with applicable laws limiting the amount by which the general fund property tax levy can increase in the annual school budget. The 2010 Tax Levy CAP Law is calculated using the formulas and provisions of NJSA 18A:7F-38. The law was originally adopted in 2007 and was most recently amended in 2018. The core of the tax-levy cap calculation is a 2% increase to the previous budget year’s general fund tax levy with exceptions only for enrollment increases, increases for certain pension contributions in excess of 2%, certain healthcare increases, and amounts approved by a simple majority of voters at a special election. Additionally, school districts can bank the unused tax levy for use in any of the next three (3) succeeding budget years if they were not granted approval to exceed the tax levy cap by the voters.

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. 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. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. The Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2022/2023. Also, during 2022/2023 the Board increased the original general fund budget by \$2,876,807 and the original special revenue fund budget by \$4,078,807. The increase in the general fund budget was funded by the reappropriation of prior year encumbrances. The increase in the special revenue fund budget was funded by additional grant awards.

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

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

B. Deficit Fund Equity

The District has an unassigned fund deficit of \$1,310,317 in the General Fund and \$108,543 in the Special Revenue Fund as of June 30, 2023 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2022/2023 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General and Special Revenue Fund deficits not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficits in the GAAP (fund) financial statements of \$1,310,317 in the General Fund and \$108,543 in the Special Revenue Fund are less than the delayed state aid payments at June 30, 2023.

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.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve (Continued)

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, 2023 is as follows:

Balance, July 1, 2022		\$ 2,368,500
Increased by:		
Interest Earnings	\$ 143	
Deposits Approved by Board Resolution	<u>2,750,000</u>	
Total Increases		<u>2,750,143</u>
Balance, June 30, 2023		<u>\$ 5,118,643</u>

The June 20, 2023 LRFP balance of the total costs of uncompleted capital projects is estimated my management to be \$45,191,422.

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.

The activity of the maintenance reserve for the fiscal year ended June 30, 2023 is as follows:

Balance, July 1, 2022		\$ 2,000,035
Increased by		
Interest earnings	<u>\$ 147</u>	
		<u>147</u>
Balance, June 30, 2023		<u>\$ 2,000,182</u>

The June 30, 2023 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$6,244,101.

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. 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 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year’s budget. The excess fund balance at June 30, 2023 is \$4,709,422. Of this amount, \$812,489 was designated and appropriated in the 2023/2024 original budget certified for taxes and the remaining amount of \$3,896,933 is required to be appropriated in the 2024/2025 original budget certified for taxes.

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 deposits in excess of the FDIC and NCUSIF insured amounts. GUDPA does not protect intermingled trust funds, withholdings from an employee’s salary or funds which may pass to the local government upon the happening of a future condition.

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, 2023, the book value of the Board's deposits was \$19,782,952 and bank and brokerage firm balances of the Board’s deposits amounted to \$24,246,373. The Board's deposits which are displayed on the various fund balance sheets as “cash and cash equivalents” or “cash with fiscal agent” are categorized as:

Depository Account

Insured	\$ 17,899,788
Uninsured and Collateralized	<u>6,346,585</u>
	<u>\$ 24,246,373</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, 2023 the Board’s bank balance of \$6,346,585 was exposed to custodial credit risk as follows:

Depository Account

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department but not in the Board's name	\$ 6,346,585
	<u>\$ 6,346,585</u>

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law,” (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2023, 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, 2023 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	\$ 298,052	\$ 32,329	\$ 4,385	\$ 334,766
Intergovernmental-				
Federal		1,865,392	141,178	2,006,570
State	231,783	7,673	5,366	244,822
Local	<u>6,366,375</u>	<u>-</u>	<u>-</u>	<u>6,366,375</u>
 Total Receivables	 <u>\$ 6,896,210</u>	 <u>\$ 1,905,394</u>	 <u>\$ 150,929</u>	 <u>\$ 8,952,533</u>

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

General Fund		
Prepaid Rebate	\$	114
Special Revenue Fund		
Unencumbered Local Grants Draw Downs		89,565
Grant Draw Downs Reserved for Encumbrances		<u>127,335</u>
 Total Unearned Revenue for Governmental Funds	 \$	 <u>217,014</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

	<u>Balance, July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2023</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 4,565,829			\$ 4,565,829
Construction in Progress	<u>100,537</u>	<u>-</u>	<u>\$ (100,537)</u>	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>4,666,366</u>	<u>-</u>	<u>(100,537)</u>	<u>4,565,829</u>
Capital Assets, Being Depreciated:				
Site Improvements	9,552,227			9,552,227
Buildings and Building Improvements	99,926,507	\$ 5,642,825	\$ 100,537	105,669,869
Machinery and Equipment	<u>23,151,679</u>	<u>1,417,954</u>	<u>-</u>	<u>24,569,633</u>
Total Capital Assets Being Depreciated	<u>132,630,413</u>	<u>7,060,779</u>	<u>100,537</u>	<u>139,791,729</u>
Less Accumulated Depreciation for:				
Site Improvements	(6,697,133)	(418,280)		(7,115,413)
Buildings and Building Improvements	(47,100,391)	(3,241,619)		(50,342,010)
Machinery and Equipment	<u>(19,204,469)</u>	<u>(889,336)</u>	<u>-</u>	<u>(20,093,805)</u>
Total Accumulated Depreciation	<u>(73,001,993)</u>	<u>(4,549,235)</u>	<u>-</u>	<u>(77,551,228)</u>
Total Capital Assets, Being Depreciated, Net	<u>59,628,420</u>	<u>2,511,544</u>	<u>100,537</u>	<u>62,240,501</u>
Governmental Activities Capital Assets, Net	<u>\$ 64,294,786</u>	<u>\$ 2,511,544</u>	<u>\$ -</u>	<u>\$ 66,806,330</u>

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2023</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Furniture and Equipment	\$ 1,816,612	\$ 292,624	-	\$ 2,109,236
Total Capital Assets Being Depreciated	<u>1,816,612</u>	<u>292,624</u>	-	<u>2,109,236</u>
Less Accumulated Depreciation for:				
Furniture and Equipment	<u>(1,476,369)</u>	<u>(66,725)</u>	-	<u>(1,543,094)</u>
Total Accumulated Depreciation	<u>(1,476,369)</u>	<u>(66,725)</u>	-	<u>(1,543,094)</u>
Total Capital Assets, Being Depreciated, Net	<u>(1,476,369)</u>	<u>(66,725)</u>	-	<u>(1,543,094)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 340,243</u>	<u>\$ 225,899</u>	<u>\$ -</u>	<u>\$ 566,142</u>

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

Governmental Activities:

Instruction	
Regular	\$ 195,400
Total Instruction	<u>195,400</u>
Support Services	
Student and Instruction Related Services	195,400
General Administrative Services	85,265
School Administrative Services	85,265
Plant Operations and Maintenance	3,902,641
Business and Other Support Services	<u>85,264</u>
Total Support Services	<u>4,353,835</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,549,235</u>

Business-Type Activities:

Food Service Fund	<u>\$ 66,725</u>
Total Depreciation Expense-Business-Type Activities	<u>\$ 66,725</u>

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2023, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 1,123,293
Special Revenue Fund	General Fund	<u>10,190</u>
Total		<u>\$ 1,133,483</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>Special Revenue</u>	<u>Enterprise Food Service</u>	<u>Total</u>
Transfer Out:				
General Fund		\$ 53,106	\$ 350,000	\$ 403,106
Capital Projects Fund	<u>\$ 2,795</u>	<u>-</u>	<u>-</u>	<u>2,795</u>
Total transfers out	<u>\$ 2,795</u>	<u>\$ 53,106</u>	<u>\$ 350,000</u>	<u>\$ 405,901</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. Financing Agreements

Capital Financing Agreements

The District entered into the following agreements to finance the construction of major capital facilities and other capital assets under capital financing agreements. The repayments under these financing agreements are subject to the annual appropriation of funds in the District's approved budget.

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Financing Agreements (Continued)

Capital Financing Agreements (Continued)

Capital financing agreements at June 30, 2023 are comprised of the following:

<p>\$25,475,000, fiscal year 2015 Agreement issued as refunding Certificates of Participation (COP's) for improvements to various schools for a term of 15 years due in annual principal installments of \$1,935,000 to \$2,445,000 through October 1, 2029, interest at 3.00% to 5.00%</p>	<p>\$ 15,450,000</p>
<p>\$4,975,000, fiscal year 2016 Agreement issued as refunding Certificates of Participation (COP's) for improvements to various schools for a term of 8 years due in annual installments of \$675,000 to \$700,000 through October 1, 2024, interest at 4.00%</p>	<p>1,375,000</p>
<p>\$11,520,000, fiscal year 2017 Agreement for Energy Savings Improvements for a term of 20 years due in annual installments of \$477,846 to \$857,986 through December 15, 2034, interest at 2.73%</p>	<p>7,848,553</p>
<p>\$373,690, fiscal year 2020 Agreement for the acquisition of school buses for a term of 5 years due in annual an installment of \$76,315 on August 30, 2023, interest at 2.10%</p>	<p>76,315</p>
<p>\$255,631, fiscal year 2021 Agreement for the acquisition of school buses due for a term of 5 years due in annual installments of \$51,381 to \$52,185 through October 15, 2024, interest at 1.566%</p>	<p>103,566</p>
<p>\$137,731, fiscal year 2022 Agreement for the acquisition of a school bus for a term of 5 years due in annual installments of \$27,226 to \$28,072 through December 15, 2025, interest at 1.542%</p>	<p>82,944</p>
<p>\$247,783, fiscal year 2023 Agreement for the acquisition of a school bus for a term of 5 years due in annual installments of \$47,105 to \$51,320 through August 15, 2026, interest at 2.898%</p>	<p><u>196,771</u></p>
<p>Total</p>	<p><u>\$ 25,133,149</u></p>

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Financing Agreements (Continued)

Other Financing Agreements

The District entered into the following agreements to finance the purchase of certain equipment that does not meet the threshold of a capital asset and therefore are classified as expendable supplies. The repayments under these financing agreements are subject to the annual appropriation of funds in the District’s approved budget.

Other financing agreements at June 30, 2023 are comprised of the following:

\$686,368, Fiscal year 2021 Agreement for the purchase of Chromebooks for a term of 4 years due in an annual principal installment of \$173,622 on August 15, 2023	\$ 173,622
\$289,600, Fiscal year 2023 Agreement for the purchase of Chromebooks for a term of 3 years due in annual principal installments of \$93,050 to \$96,491 through August 15, 2024	<u>189,541</u>
	<u>\$ 363,163</u>

The maturity schedule of the remaining capital and other financing agreement payments for principal and interest is as follows:

Governmental Activities:

Fiscal Year Ending June 30,	<u>Capital Agreements</u>		<u>Other Agreements</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2023	\$ 3,289,873	\$ 809,134	\$ 266,672	\$ 9,784	\$ 4,375,463
2024	3,374,244	664,830	96,491	3,568	4,139,133
2025	2,748,056	529,796			3,277,852
2026	2,841,703	426,354			3,268,057
2027	2,896,800	341,344			3,238,144
2028-2032	8,312,980	656,642			8,969,622
2033-2035	<u>1,669,493</u>	<u>51,788</u>	<u>-</u>	<u>-</u>	<u>1,721,281</u>
Total	<u>\$ 25,133,149</u>	<u>\$ 3,479,888</u>	<u>\$ 363,163</u>	<u>\$ 13,352</u>	<u>\$ 28,989,552</u>

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets 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, 2023 are comprised of the following issues:

\$18,080,000, 2021 Refunding School Bonds, due in annual installments of \$2,539,000 to \$3,420,000 through November 1, 2027, interest at 1.150% \$15,282,000

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

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2024	\$ 2,539,000	\$ 161,144	\$ 2,700,144
2025	2,565,000	131,796	2,696,796
2026	3,360,000	97,727	3,457,727
2027	3,398,000	58,869	3,456,869
2028	<u>3,420,000</u>	<u>19,665</u>	<u>3,439,665</u>
Total	<u>\$ 15,282,000</u>	<u>\$ 469,201</u>	<u>\$ 15,751,201</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2023 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 270,962,128
Less: Net Debt Issued and Authorized but not Issued	<u>15,282,000</u>
Remaining Borrowing Power	<u>\$ 255,680,128</u>

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2023 is \$109,869.

During the fiscal years ended June 30, 2023, 2022 and 2021 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>
2023	\$ 72,603
2022	75,461
2021	73,989

Board of Education Employees' Pension Fund of Essex County

Plan Description

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

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

Benefits Provided

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

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

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 \$2,222, \$13,252 and \$22,562, for fiscal years 2023, 2022 and 2021, respectively.

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

At June 30, 2023, the District reported a liability of \$120,695 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. 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. As of the June 30, 2022 measurement date, the District's proportion was 0.384%, which was a decrease of 0.101% from its proportion measured as of the June 30, 2021 measurement date of 0.484%.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to County of Essex pension from the following sources:

	<u>Deferred Outflows of Resources</u>
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 16,911
Total	<u>\$ 16,911</u>

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2023, was as follows:

	Balance, July 1, 2022	Additions	Reductions	Balance, June 30, 2023	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 17,799,000		\$ (2,517,000)	\$ 15,282,000	\$ 2,539,000
Add: Unamortized Premium	775,887	-	(101,841)	674,046	-
Total Bonds Payable	18,574,887	-	(2,618,841)	15,956,046	2,539,000
Capital Financing Agreements	28,052,496	\$ 247,783	(3,167,130)	25,133,149	3,289,873
Other Financing Agreements	344,512	289,600	(270,949)	363,163	266,672
Compensated Absences	3,942,701		(466,527)	3,476,174	163,266
Deferred Pension Obligation	170,535	11,937	(72,603)	109,869	73,510
Net Pension Liability					
PERS	25,312,182	5,848,026	-	31,160,208	
Essex County	120,695	-	-	120,695	-
Governmental Activities Long-Term Liabilities	<u>\$ 76,518,008</u>	<u>\$ 6,397,346</u>	<u>\$ (6,596,050)</u>	<u>\$ 76,319,304</u>	<u>\$ 6,332,321</u>

For the governmental activities, the liabilities for compensated absences, deferred pension obligations, capital and other financing 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 Annual Comprehensive 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, 2023**

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

Estimates of claims payable and of claims incurred, but not reported (IBNR) at June 30, 2023, 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 \$1,660,650 reported at June 30, 2023 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, 2023 and 2022 are as follows:

Governmental Activities:	<u>Fiscal Year Ended</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Unpaid Claims, Beginning of Year	\$ 1,743,055	\$ 1,434,455
Incurred Claims	323,617	660,868
Claim Payments and Claims Adjustments	<u>(406,022)</u>	<u>(352,268)</u>
Unpaid Claims, End of Year	<u>\$ 1,660,650</u>	<u>\$ 1,743,055</u>
 General Fund		
Other Current Liabilities	<u>\$ 1,660,650</u>	<u>\$ 1,434,455</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>
2023	\$ 162,173		\$ 188,725	\$ 452,920
2022	151,780	\$ 50,000		452,854
2021	126,904	100,000		402,794

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2023, 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, 2023, 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) Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions.

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

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

The following represents the membership tiers for PERS:

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

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

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

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

The following represent the membership tiers for TPAF:

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

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon 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 for Tier 3 enrollment or do not work the minimum required hours for Tier 4 and Tier 5 enrollments but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

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

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

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

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

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

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

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2022 is \$15.2 billion and the plan fiduciary net position as a percentage of the total pension liability is 62.91% . The collective net pension liability of the State funded TPAF at June 30, 2022 is \$51.7 billion and the plan fiduciary net position as a percentage of total pension liability is 32.29%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2021 which were rolled forward to June 30, 2022.

Actuarial Methods and Assumptions

In the July 1, 2021 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 2023.

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, 2022 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 more 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 2023, 2022 and 2021 were equal to the required contributions.

During the fiscal years ended June 30, 2023, 2022 and 2021 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 June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2023	\$ 2,610,514	\$ 25,835,265	\$ 59,018
2022	2,502,301	27,244,584	63,986
2021	2,466,924	19,165,758	74,873

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

In addition for fiscal years 2023, 2022 and 2021 the State contributed \$7,131, \$7,113 and \$7,904, 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 \$5,629,110 during the fiscal year ended June 30, 2023 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, 2021 through June 30, 2022. 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, 2022 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2022.

At June 30, 2023, the District reported in the statement of net position (accrual basis) a liability of \$31,160,208 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021. 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, 2022. At June 30, 2022, the District's proportionate share was .20647 percent, which was a decrease of .00992 percent from its proportionate share measured as of June 30, 2021 of .21366 percent.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2023, the District recognized in the district-wide statement of activities (accrual basis) pension benefit of \$3,221,913 for PERS. The pension contribution made by the District during the current 2022/2023 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, 2023 with a measurement date of the prior fiscal year end of June 30, 2022. 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, 2023 for contributions made subsequent to the measurement date. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 224,900	\$ 198,330
Changes of Assumptions	96,544	4,665,917
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,289,693	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>323,498</u>	<u>2,173,905</u>
Total	<u>\$ 1,934,635</u>	<u>\$ 7,038,152</u>

At June 30, 2023, 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>
2023	\$ (4,370,583)
2024	(1,529,744)
2025	(565,165)
2026	1,364,353
2027	(2,378)
Thereafter	<u>-</u>
	<u>\$ (5,103,517)</u>

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-6.55%
	Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2022) 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, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.91%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Investment Grade Credit	7.00%	3.38%
US Equity	27.00%	8.12%
Non-US Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
High Yield	4.00%	4.95%
Real Assets	3.00%	7.60%
Private Credit	8.00%	8.10%
Real Estate	8.00%	11.19%
Private Equity	13.00%	11.80%

Discount Rate

The discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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)

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:

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's Proportionate Share of the PERS Net Pension Liability	\$ <u>40,031,740</u>	\$ <u>31,160,208</u>	\$ <u>23,610,177</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, 2021. A sensitivity analysis specific to the District's net pension liability at June 30, 2022 was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2021 through June 30, 2022. 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, 2022, the State's pension contribution was more 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, 2023 the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$9,061,761 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, 2023 the State's proportionate share of the net pension liability attributable to the District is \$336,708,298. The net pension liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021. 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, 2022. At June 30, 2022, the State's share of the net pension liability attributable to the District was .65260 percent, which was an increase of .00559 percent from its proportionate share measured as of June 30, 2021 of .64701 percent.

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-5.65%
	Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2022) 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, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.91%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Investment Grade Credit	7.00%	3.38%
US Equity	27.00%	8.12%
Non-US Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
High Yield	4.00%	4.95%
Real Assets	3.00%	7.60%
Private Credit	8.00%	8.10%
Real Estate	8.00%	11.19%
Private Equity	13.00%	11.80%

Discount Rate

The discount rate used to measure the total pension liability for TPAF was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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)

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

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 394,797,635</u>	<u>\$ 336,708,298</u>	<u>\$ 287,775,331</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, 2022. A sensitivity analysis specific to the State’s proportionate share of the net pension liability attributable to the District at June 30, 2022 was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in a Custodial Fund in the New Jersey Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. In addition, the plan is administered on a pay-as-you-go basis. Therefore, the plan has no assets accumulated in a qualified 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.

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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, the Police and Firemen Retirement System (PFRS) or Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement. 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.

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

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2021:

Active Plan Members	213,148
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>151,669</u>
Total	<u>364,817</u>

Measurement Focus and Basis of Accounting

The financial statements of the post-employment health benefit plan 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 plan. 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.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2022 is \$50.6 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities at June 30, 2022 were determined based on actuarial valuations as of June 30, 2021 which were rolled forward to June 30, 2022.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2021 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 \$1.33 billion to the OPEB plan in fiscal year 2022.

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, 2023, 2022 and 2021 were \$6,786,862, \$6,365,436 and \$6,006,250, 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, 2021 through June 30, 2022. 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.

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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)

For the fiscal year ended June 30, 2023, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$11,033,331. 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, 2023 the State’s proportionate share of the OPEB liability attributable to the District is \$245,267,089. 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, 2022 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2022. At June 30, 2022, the state’s share of the OPEB liability attributable to the District was .48427 percent, which was a decrease of .00234 percent from its proportionate share measured as of June 30, 2021 of .48661 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>PERS</u>	<u>TPAF</u>
Salary Increases	2.75% to 6.55%	2.75% to 4.25%
	Based on Years of Service	Based on Years of Service

Preretirement mortality rates were based on the Pub-2010 Health “Teachers” (TPAF) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 “General” (PERS) and “Teachers” (TPAF) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2018 to June 30, 2021.

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

**WEST ORANGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate for June 30, 2022 was 3.54%. This 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.

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, 2023 (measurement date June 30, 2022) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2021 Measurement Date	\$ 292,006,154
Changes Recognized for the Fiscal Year:	
Service Cost	14,853,493
Interest on the Total OPEB Liability	6,499,848
Differences Between Expected and Actual Experience	3,934,439
Changes of Assumptions	(65,795,097)
Gross Benefit Payments	206,544
Contributions from the Member	(6,438,292)
Net Changes	\$ (46,739,065)
Balance, June 30, 2022 Measurement Date	\$ 245,267,089

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% in 2021 to 3.54% in 2022.

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, 2022.

**WEST ORANGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.54%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54% percent) or 1-percentage-point higher (4.54% percent) than the current rate:

	1% Decrease <u>(2.54%)</u>	Current Discount Rate <u>(3.54%)</u>	1% Increase <u>(4.54%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 288,285,663</u>	<u>\$ 245,267,089</u>	<u>\$ 210,789,852</u>

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 202,728,240</u>	<u>\$ 245,267,089</u>	<u>\$ 301,144,450</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2022. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2022 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, 2023**

NOTE 6 RECENT HEALTHCARE DEVELOPMENTS

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to mitigate the spread of the disease and provide relief to State and local governments. The pandemic and certain mitigation measures altered the behavior of businesses and people with negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level. Depending on future circumstances, ongoing actions could be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19, its variants or other critical health care challenges.

To date, the overall finances and operations of the Board have not been materially adversely affected by the COVID-19 pandemic. Nonetheless, the degree of any future impact to the Board's operations and finances is difficult to predict due to the dynamic nature of the COVID-19 pandemic and any additional actions that may be taken by governmental and other health care authorities to manage the COVID-19 pandemic.

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by the President of the United States on March 11, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. The Plan, in part, 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 Board.

The Board has been awarded a total of \$12,374,878 in federal aid to address the effects of the COVID-19 pandemic.

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, 2023**

Exhibit C-1

	Original <u>Budget</u>	Budget <u>Adjustments</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to <u>Actual</u>
REVENUES					
Local Sources					
Property Taxes	\$ 147,706,335		\$ 147,706,335	\$ 147,706,335	
Tuition from Individuals	10,000		10,000		\$ (10,000)
Tuition from Other LEA's within the State	155,351		155,351	214,943	59,592
Rents and Royalties	50,000		50,000	39,225	(10,775)
Interest				2,739	2,739
Interest Earned on Capital Reserve Funds	100		100	143	43
Interest Earned on Emergency Reserve Funds	90		90		(90)
Interest Earned on Maintenance Reserve Funds	10		10	147	137
Interest Earned on Unemployment Compensation Reserve				66	66
Unrestricted Miscellaneous Revenues	143,249	-	143,249	438,355	295,106
Total Local Sources	148,065,135	-	148,065,135	148,401,953	336,818
State Sources					
Special Education Aid	4,159,988		4,159,988	4,159,988	
Equalization Aid	20,313,635		20,313,635	20,313,635	
Security Aid	1,866,353		1,866,353	1,866,353	
Transportation Aid	3,033,009		3,033,009	3,033,009	
Extraordinary Aid	2,250,000		2,250,000	4,445,404	2,195,404
Other State Aids (Non-Public Transportation Reimbursement)	50,000		50,000	231,783	181,783
TPAF Pension Contribution (On-Behalf)					
Normal Pension Contribution				25,481,735	25,481,735
NCGI Contributions				353,530	353,530
Long Term Disability Insurance				7,131	7,131
Post Retirement				6,786,862	6,786,862
TPAF Social Security Contribution (On-Behalf)				5,629,110	5,629,110
Total State Sources	31,672,985	-	31,672,985	72,308,540	40,635,555
Federal Source					
Medicaid Reimbursement	233,078		233,078	322,384	89,306
FFCRA/SEMI	-	-	-	30,989	30,989
Total Federal Sources	233,078	-	233,078	353,373	120,295
Total Revenues	179,971,198	-	179,971,198	221,063,866	41,092,668
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	2,386,293	\$ (1,126)	2,385,167	2,312,032	73,135
Grades 1-5	17,242,316	(445,306)	16,797,010	16,788,327	8,683
Grades 6-8	11,292,325	(62,560)	11,229,765	11,144,306	85,459
Grades 9-12	16,677,888	(273,546)	16,404,342	16,404,227	115
Home Instruction					
Salaries of Teachers	145,000	70,650	215,650	215,047	603
Purchased Professional- Educational Services	89,000	21,350	110,350	83,615	26,735
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	930,887	(19,406)	911,481	901,043	10,438
Purchased Professional- Educational Services	44,100	781,850	825,950	802,528	23,422
Purchased Technical Services	-	3,000	3,000	2,925	75
Other Purchased Services	841,278	(88,800)	752,478	710,560	41,918
General Supplies	2,235,608	135,619	2,371,227	2,331,122	40,105
General Supplies- Acquired Under Lease Purchase (Non-Budgeted)				289,600	(289,600)
Textbooks	106,478	(23,975)	82,503	65,438	17,065
Other Objects	37,690	13,285	50,975	38,759	12,216
Total Regular Programs	52,028,863	111,035	52,139,898	52,089,529	50,369
Special Education					
Cognitive Mild					
Salaries of Teachers	830,369	(37,891)	792,478	784,489	7,989
Other Salaries for Instruction	663,942	124,545	788,487	778,638	9,849
General Supplies	5,125		5,125	3,487	1,638
Other Objects	5,800	-	5,800	2,783	3,017
Total Cognitive Mild	1,505,236	86,654	1,591,890	1,569,397	22,493
Learning and/or Language Disabilities					
Salaries of Teachers	2,459,350	(91,195)	2,368,155	2,346,903	21,252
Other Salaries for Instruction	1,115,089	140,157	1,255,246	1,240,414	14,832
General Supplies	20,107	-	20,107	4,408	15,699
Total Learning and/or Language Disabilities	3,594,546	48,962	3,643,508	3,591,725	51,783
Emotional Regulation Impairment					
Salaries of Teachers	233,139	154,961	388,100	381,545	6,555
Other Salaries for Instruction	226,595	(25,809)	200,786	195,061	5,725
General Supplies	14,449	(1,085)	13,364	9,886	3,478
Other Objects	350	-	350	345	5
Total Behavioral Disabilities	474,533	128,067	602,600	586,837	15,763

**WEST ORANGE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Multiple Disabilities					
Salaries of Teachers	\$ 121,477	\$ 96,508	\$ 217,985	\$ 217,807	\$ 178
Other Salaries for Instruction	499,449	(49,086)	450,363	446,194	4,169
General Supplies	5,950	500	6,450	4,351	2,099
Total Multiple Disabilities	<u>626,876</u>	<u>47,922</u>	<u>674,798</u>	<u>668,352</u>	<u>6,446</u>
Resource Room/Resource Center					
Salaries of Teachers	6,260,618	(175,557)	6,085,061	6,079,119	5,942
Other Salaries for Instruction	1,001,543	(154,000)	847,543	844,571	2,972
General Supplies	23,838	-	23,838	9,046	14,792
Total Resource Room/Resource Center	<u>7,285,999</u>	<u>(329,557)</u>	<u>6,956,442</u>	<u>6,932,736</u>	<u>23,706</u>
Autistic Program					
Salaries of Teachers	960,773	38,672	999,445	973,687	25,758
Other Salaries for Instruction	1,594,281	(100,744)	1,493,537	1,461,742	31,795
General Supplies	72,916	11,600	84,516	54,674	29,842
Other Objects	500	-	500	-	500
Total Autistic Program	<u>2,628,470</u>	<u>(50,472)</u>	<u>2,577,998</u>	<u>2,490,103</u>	<u>87,895</u>
Preschool Disabilities - Full-Time					
Salaries of Teachers	1,065,601	60,000	1,125,601	1,120,477	5,124
Other Salaries for Instruction	1,403,302	176,585	1,579,887	1,579,494	393
General Supplies	69,388	2,000	71,388	68,779	2,609
Total Preschool Disabilities - Full-Time	<u>2,538,291</u>	<u>238,585</u>	<u>2,776,876</u>	<u>2,768,750</u>	<u>8,126</u>
Home Instruction					
Salaries of Teachers	195,000	22,000	217,000	216,061	939
Purchased Professional-Educational Services	89,000	(11,000)	78,000	34,191	43,809
Total Home Instruction	<u>284,000</u>	<u>11,000</u>	<u>295,000</u>	<u>250,252</u>	<u>44,748</u>
Total Special Education	<u>18,937,951</u>	<u>181,161</u>	<u>19,119,112</u>	<u>18,858,152</u>	<u>260,960</u>
Basic Skills/Remedial					
Salaries of Teachers	3,166,691	141,084	3,307,775	3,307,471	304
General Supplies	8,275	-	8,275	5,086	3,189
Total Basic Skills/Remedial	<u>3,174,966</u>	<u>141,084</u>	<u>3,316,050</u>	<u>3,312,557</u>	<u>3,493</u>
Bilingual Education					
Salaries of Teachers	1,734,311	(4,036)	1,730,275	1,725,388	4,887
General Supplies	29,055	690	29,745	26,093	3,652
Textbooks	9,500	-	9,500	9,500	-
Total Bilingual Education	<u>1,772,866</u>	<u>(3,346)</u>	<u>1,769,520</u>	<u>1,760,981</u>	<u>8,539</u>
School Sponsored Co-Curricular Activities					
Salaries	542,261	35,179	577,440	576,792	648
Purchased Services	89,750	6,700	96,450	87,864	8,586
Supplies and Materials	82,225	(12,400)	69,825	57,339	12,486
Other Objects	23,159	(15,100)	8,059	6,888	1,171
Total School Sponsored Co-Curricular Activities	<u>737,395</u>	<u>14,379</u>	<u>751,774</u>	<u>728,883</u>	<u>22,891</u>
School Sponsored Athletics - Instruction					
Salaries	1,216,688	22,260	1,238,948	1,236,599	2,349
Purchased Services	266,028	(4,549)	261,479	220,039	41,440
Supplies & Materials	116,285	55,367	171,652	162,996	8,656
Other Objects	62,950	(45,000)	17,950	15,100	2,850
Total School Sponsored Athletics - Instruction	<u>1,661,951</u>	<u>28,078</u>	<u>1,690,029</u>	<u>1,634,734</u>	<u>55,295</u>
Total - Instruction	<u>78,313,992</u>	<u>472,391</u>	<u>78,786,383</u>	<u>78,384,836</u>	<u>401,547</u>

**WEST ORANGE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs within the State-Reg.		\$ 39,000	\$ 39,000	\$ 38,008	\$ 992
Tuition to Other LEAs within the State-Spec.	\$ 1,012,945	276,000	1,288,945	1,284,745	4,200
Tuition to County Vocational School District-Reg.	35,466	6,000	41,466	41,377	89
Tuition to County Vocational School District-Spec.	50,072	6,000	56,072	55,843	229
Tuition to County Special Services - School Districts & Regional Day Schools	376,014		376,014	370,279	5,735
Tuition to Private Schools - Disabled w/i State	10,001,363	(1,200,884)	8,800,479	8,364,486	435,993
Tuition- Other	684,240	(162,457)	521,783	438,234	83,549
Total Undistributed Expenditures - Instruction	12,160,100	(1,036,341)	11,123,759	10,592,972	530,787
Attendance and Social Work					
Salaries	173,993	11,000	184,993	183,167	1,826
Purchased Prof & Tech Svc.	80,884	1,300	82,184	82,090	94
Supplies & Materials	900	-	900	443	457
Total Attendance and Social Work	255,777	12,300	268,077	265,700	2,377
Health Services					
Salaries	1,512,711	29,502	1,542,213	1,495,090	47,123
Purchased Professional & Technical Services	139,975	(15,000)	124,975	99,750	25,225
Other Purchased Services	4,500		4,500	90	4,410
Supplies and Materials	34,905	38	34,943	30,575	4,368
Other Objects	3,800	(30)	3,770	2,230	1,540
Total Health Services	1,695,891	14,510	1,710,401	1,627,735	82,666
Speech, OT, PT & Related Services					
Salaries	2,021,353	48,300	2,069,653	2,065,884	3,769
Purchased Professional/Educational Services	744,737	(197,779)	546,958	493,097	53,861
Travel		4,000	4,000	3,657	343
Supplies and Materials	26,750	242	26,992	13,258	13,734
Other Objects	1,000	-	1,000	-	1,000
Total Speech, OT, PT & Related Services	2,793,840	(145,237)	2,648,603	2,575,896	72,707
Other Support Services Std- Extra Serv					
Salaries	279,143	61,697	340,840	328,156	12,684
Purchased Professional- Educational Services	477,444	(80,000)	397,444	377,620	19,824
Supplies and Materials	100	-	100	-	100
Total Other Support Services Std- Extra Serv	756,687	(18,303)	738,384	705,776	32,608
Guidance					
Salaries of Other Professional Staff	2,793,077	2,231	2,795,308	2,787,882	7,426
Salaries of Secretarial and Clerical Assistants	429,285	58,215	487,500	478,446	9,054
Other Purchased Prof. and Tech. Services	211,143	(27,046)	184,097	164,033	20,064
Other Purchased Services	1,240		1,240	669	571
Supplies and Materials	35,570	(600)	34,970	14,083	20,887
Other Objects	3,315	-	3,315	1,000	2,315
Total Guidance	3,473,630	32,800	3,506,430	3,446,113	60,317
Child Study Teams					
Salaries of Other Professional Staff	4,034,868	(60,900)	3,973,968	3,915,710	58,258
Salaries of Secretarial and Clerical Assistants	465,859	7,000	472,859	472,620	239
Purchased Professional-Educational Services	121,000	(3,600)	117,400	91,936	25,464
Other Purchased Prof & Tech Svc.	74,803		74,803	30,044	44,759
Other Purchased Services	5,000	2,339	7,339	7,294	45
Supplies and Materials	65,457	7,000	72,457	66,985	5,472
Other Objects	500	-	500	400	100
Total Child Study Teams	4,767,487	(48,161)	4,719,326	4,584,989	134,337

**WEST ORANGE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Improvement of Instruction Services					
Salaries of Supervisor of Instruction	\$ 1,883,096	\$ (125,206)	\$ 1,757,890	\$ 1,726,243	\$ 31,647
Salaries of Other Professional Staff	119,000		119,000	77,427	41,573
Salaries of Secr and Clerical Assist.	178,453	(5,471)	172,982	159,171	13,811
Salaries of Facilitators, Math & Literacy Coaches	240,189	(39,973)	200,216	200,216	
Other Purchased Services	500		500	349	151
Supplies and Materials	2,450	181	2,631	1,676	955
Other Objects	1,000	-	1,000	178	822
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	2,424,688	(170,469)	2,254,219	2,165,260	88,959
Educational Media Services/School Library					
Salaries	1,226,143		1,226,143	1,222,968	3,175
Purchased Professional and Technical Services	17,005	5,112	22,117	15,807	6,310
Other Purchased Services	500		500		500
Supplies and Materials	108,027	29,858	137,885	127,465	10,420
Other Objects	300	-	300	282	18
Total Educational Media Services/School Library	1,351,975	34,970	1,386,945	1,366,522	20,423
Instructional Staff Training Services					
Salaries of Other Professional Staff	18,857	(200)	18,657	7,388	11,269
Other Purchased Prof. And Tech. Services	249,512	(85,900)	163,612	75,954	87,658
Other Purchased Services	81,964	5,331	87,295	69,944	17,351
Supplies and Materials	5,900		5,900		5,900
Other Objects	4,650	-	4,650	389	4,261
Total Instructional Staff Training Services	360,883	(80,769)	280,114	153,675	126,439
Support Services General Administration					
Salaries	688,400	84,760	773,160	773,081	79
Legal Services	400,000	(62,976)	337,024	210,157	126,867
Audit Fees	67,300	7,255	74,555	74,536	19
Architectural/Engineering Services	10,000	127,848	137,848	126,759	11,089
Other Purchased Professional Services	107,000	18,755	125,755	118,032	7,723
Purchased Technical Services	26,546	21,200	47,746	47,686	60
Communications/Telephone	363,022	84,785	447,807	432,585	15,222
BOE Other Purchased Services	5,750	-	5,750	3,560	2,190
Misc. Purchased Services	493,787	36,000	529,787	523,665	6,122
General Supplies	16,250	(1,312)	14,938	11,112	3,826
BOE In-House Training/Meeting Supplies	4,250		4,250	1,135	3,115
Judgments against the School District		20,000	20,000	20,000	
Miscellaneous Expenditures	9,500	59,123	68,623	37,810	30,813
BOE Membership Dues and Fees	28,000	(1,000)	27,000	26,738	262
Total Support Services General Administration	2,219,805	394,438	2,614,243	2,406,856	207,387
Support Services School Administration					
Salaries of Principals/Asst. Principals	4,339,616	293,470	4,633,086	4,631,751	1,335
Salaries of Secretarial and Clerical Assistants	1,833,108	(40,135)	1,792,973	1,779,782	13,191
Unused Vacation Payment to Terminated/Retired Staff		39,200	39,200	36,625	2,575
Purchased Professional and Technical Services	1,000		1,000		1,000
Other Purchased Services	49,650	(1,000)	48,650	34,290	14,360
Supplies and Materials	99,805	13,372	113,177	89,228	23,949
Other Objects	2,875	1,650	4,525	3,680	845
Total Support Services School Administration	6,326,054	306,557	6,632,611	6,575,356	57,255
Central Services					
Salaries	1,600,564	(23,674)	1,576,890	1,576,451	439
Unused Vacation Payment to Terminated/Retired Staff		34,730	34,730	34,729	1
Purchased Professional Services	86,453	30,295	116,748	102,765	13,983
Purchased Technical Services	88,515	(500)	88,015	85,882	2,133
Misc. Purchased Services	69,323	(29,926)	39,397	33,744	5,653
Supplies and Materials	27,600	22,998	50,598	45,509	5,089
Miscellaneous Expenditures	8,150	(2,000)	6,150	5,337	813
Total Central Services	1,880,605	31,923	1,912,528	1,884,417	28,111
Administration - Information Technology Services					
Salaries	1,349,227	(54,300)	1,294,927	1,294,027	900
Purchased Technical Services	153,450	(5,798)	147,652	140,688	6,964
Other Purchased Services	10,840	(7,900)	3,840	3,520	320
Supplies and Materials	60,116	61,843	121,959	121,764	195
Other Objects	3,510	(1,000)	2,510	2,505	5
Total Administration Information Technology Svcs.	1,577,143	(6,255)	1,570,888	1,562,504	8,384

**WEST ORANGE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Required Maintenance for School Facilities					
Cleaning, Repair and Maintenance Services	\$ 1,437,903	\$ 587,077	\$ 2,024,980	\$ 1,688,095	\$ 336,885
Lead Testing of Drinking Water	35,000		35,000		35,000
General Supplies	365,075	(95,300)	269,775	217,403	52,372
Other Objects	21,075	5,900	26,975	23,491	3,484
Total Required Maint. For School Facilities	1,859,053	497,677	2,356,730	1,928,989	427,741
Custodial Services					
Salaries	4,707,111	311,651	5,018,762	4,995,298	23,464
Salaries of Non-Instructional Aides	702,016	10,000	712,016	658,923	53,093
Unused Vacation Payment to Terminated/Retired Staff	80,000	(10,000)	70,000	30,258	39,742
Purchased Professional & Technical Services	492,100	(124,200)	367,900	341,102	26,798
Cleaning, Repair and Maintenance Services	290,000	181,840	471,840	419,604	52,236
Rental of Land & Bldgs Other Than Lease	532,809	21,500	554,309	546,383	7,926
Lease Purchase Payments- Energy Savings	674,306		674,306	674,305	1
Other Purchased Property Services	156,800	71,500	228,300	221,970	6,330
Insurance	314,569	20,550	335,119	335,070	49
Miscellaneous Purchased Services	5,000	(800)	4,200	562	3,638
General Supplies	400,000	95,422	495,422	468,009	27,413
Energy (Natural Gas)	704,813	(240,000)	464,813	414,773	50,040
Energy (Electricity)	1,314,075	(196,500)	1,117,575	1,014,687	102,888
Energy (Gasoline)	39,910	470	40,380	31,439	8,941
Other Objects	10,050	-	10,050	3,748	6,302
Total Custodial Services	10,423,559	141,433	10,564,992	10,156,131	408,861
Care and Upkeep of Grounds					
Salaries	607,067	53,853	660,920	660,919	1
Cleaning, Repair and Maintenance Svc.	422,513	207,070	629,583	577,859	51,724
General Supplies	85,000	(31,344)	53,656	45,462	8,194
Total Care and Upkeep of Grounds	1,114,580	229,579	1,344,159	1,284,240	59,919
Security					
Salaries	711,502	120,877	832,379	827,118	5,261
Unused Vacation Payment to Terminated/Retired Staff		5,200	5,200	5,182	18
Purchased Professional & Technical Services	29,150		29,150	27,588	1,562
Cleaning, Repair and Maintenance Svc.	99,791	33,805	133,596	92,979	40,617
General Supplies	70,402	111,365	181,767	176,277	5,490
Total Security	910,845	271,247	1,182,092	1,129,144	52,948
Student Transportation Services					
Salaries of Non-Instructional Aides	502,132	(19,525)	482,607	482,606	1
Salaries for Pupil Trans (Bet. Home & Sch)-Reg.	529,096	21,410	550,506	549,248	1,258
Salaries for Pupil Trans (Bet. Home & Sch)-Sp Ed.	607,822	4,146	611,968	611,965	3
Salaries for Pupil Trans (Other than Bet. Home & Sch)	75,000	122,000	197,000	189,157	7,843
Unused Vacation Payment to Terminated/Retired Staff		3,900	3,900	3,878	22
Management Fee- ESC & CTSA Trans. Program	197,830	44,500	242,330	242,287	43
Other Purchased Professional & Technical Services	34,598	18,000	52,598	47,752	4,846
Cleaning, Repair and Maintenance Svc.	169,250	(23,900)	145,350	112,882	32,468
Lease Purchase Payments- School Buses	289,008	(40,000)	249,008	246,972	2,036
Contract Services- Aid in Lieu Pymts-NonPub Sch	700,000	(309,000)	391,000	380,151	10,849
Contracted Services (Bet. Home and School)- Vendors	5,448,550	(203,000)	5,245,550	5,145,452	100,098
Contracted Services (Oth. Than Bet Home & School)- Vendors	356,353	123,469	479,822	463,722	16,100
Contracted Services (Sp. Ed. Sids)- Vendors	25,165	13,000	38,165	24,738	13,427
Contracted Services (Special Education Students)- Joint Agreements	2,500	(1,200)	1,300		1,300
Contracted Services (Reg. Students)-ESCs & CTSA	324,000	(6,500)	317,500	316,200	1,300
Contracted Services (Spec. Ed. Students)-ESCs & CTSA	5,912,500	520,000	6,432,500	6,411,937	20,563
Misc. Purchased Services	112,587	(12,000)	100,587	99,048	1,539
General Supplies	5,000		5,000	4,740	260
Transportation Supplies	112,305	28,253	140,558	139,077	1,481
Other Objects	5,700	1,200	6,900	6,602	298
Total Student Transportation Services	15,409,396	284,753	15,694,149	15,478,414	215,735
Allocated Benefits					
Regular Programs- Instruction					
Unused Sick Payment to Terminated/Retired Staff	164,103	6,612	170,715	170,715	-
Total Regular Programs- Instruction	164,103	6,612	170,715	170,715	-
Other Support Services - Students - Extraordinary					
Unused Sick Payment to Terminated/Retired Staff	18,582	-	18,582	17,898	684
Total Other Support Services - Students - Extraordinary	18,582	-	18,582	17,898	684
Other Support Services - Students - Regular					
Unused Sick Payment to Terminated/Retired Staff	-	22,800	22,800	22,800	-
Total Other Support Services - Students - Regular	-	22,800	22,800	22,800	-

**WEST ORANGE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Allocated Benefits (Continued)					
Educational Media Services - School Library					
Unused Sick Payment to Terminated/Retired Staff	\$ 22,800	\$ (22,800)	-	-	-
Total Educational Media Services - School Library	22,800	(22,800)	-	-	-
School Administration					
Unused Sick Payment to Terminated/Retired Staff	-	25,000	\$ 25,000	\$ 25,000	-
Total School Administration	-	25,000	25,000	25,000	-
Custodial Services					
Unused Sick Payment to Terminated/Retired Staff	92,000	(27,612)	64,388	46,000	\$ 18,388
Total Custodial Services	92,000	(27,612)	64,388	46,000	18,388
Student Transportation Services					
Unused Sick Payment to Terminated/Retired Staff	-	10,000	10,000	8,740	1,260
Student Transportation Services	-	10,000	10,000	8,740	1,260
Total Allocated Benefits	297,485	14,000	311,485	291,153	20,332
Unallocated Benefits - Employee Benefits					
Group Insurance	3,100		3,100	1,346	1,754
Social Security Contributions	2,100,000	238,000	2,338,000	2,309,536	28,464
Other Retirement Contribution- PERS	2,711,000	39,688	2,750,688	2,610,514	140,174
Other Retirement Contribution-Deferred PERS Payment	77,000		77,000	72,603	4,397
Other Retirement Contribution - Regular	85,000	(11,300)	73,700	59,018	14,682
Unemployment Compensation	50,000	(50,000)			
Worker's Compensation	455,316	350,000	805,316	646,547	158,769
Health Benefits	23,454,000	(1,709,507)	21,744,493	21,740,537	3,956
Tuition Reimbursement	285,000		285,000	257,007	27,993
Other Employee Benefits	912,050	76,620	988,670	988,574	96
Total Unallocated Benefits - Employee Benefits	30,132,466	(1,066,499)	29,065,967	28,685,682	380,285
Total Personal Services - Employee Benefits	30,429,951	(1,052,499)	29,377,452	28,976,835	400,617
TPAF Pension Contribution (Non Budgeted)					
Normal Pension Contribution				25,481,735	(25,481,735)
NCGI Contributions				353,530	(353,530)
Long Term Disability Insurance				7,131	(7,131)
Post Retirement				6,786,862	(6,786,862)
TPAF Social Security Contribution (Non Budgeted)				5,629,110	(5,629,110)
	-	-	-	38,258,368	(38,258,368)
Total Undistributed Expenditures	102,191,949	(305,847)	101,886,102	137,125,892	(35,239,790)
Total Current Expenditures	180,505,941	166,544	180,672,485	215,510,728	(34,838,243)
CAPITAL OUTLAY					
Equipment					
Grades 1-5		9,186	9,186	9,186	
Grades 6-8	12,000	5,145	17,145	17,145	
Grades 9-12	68,470	(24,292)	44,178	30,011	14,167
School Sponsored and Other Instructional Programs	69,706	121,512	191,218	144,140	47,078
Undistributed Expenditures					
Support Services-Related & Extraordinary		20,776	20,776	5,694	15,082
School Admin		18,524	18,524	18,486	38
Support Services- Instructional Staff	20,200	68,956	89,156	89,056	100
Central Services		7,063	7,063	7,062	1
Admin Info Tech.	207,248	64,673	271,921	271,250	671
Required Maintenance School Facilities		2,547	2,547	2,375	172
Custodial Services		78,273	78,273	59,128	19,145
Security	4,400	(4,400)	-	-	-
Total Equipment	382,024	367,963	749,987	653,533	96,454
Facilities and Acquisitions					
Architectural/Engineering Services	68,850	88,925	157,775	110,541	47,234
Construction Services	2,324,643	1,814,372	4,139,015	3,647,755	491,260
Assessment for Debt Service on SDA Funding	114,991	-	114,991	114,991	-
Total Facilities and Acquisitions	2,508,484	1,903,297	4,411,781	3,873,287	538,494
Interest Deposit to Capital Reserve	100	-	100	-	100
Total Capital Outlay	2,890,608	2,271,260	5,161,868	4,526,820	635,048

**WEST ORANGE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Transfer of Funds to Charter Schools	\$ 468,442	\$ 35,897	\$ 504,339	\$ 504,339	-
Total Expenditures - General Fund	<u>183,864,991</u>	<u>2,473,701</u>	<u>186,338,692</u>	<u>220,541,887</u>	\$ (34,203,195)
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,893,793)</u>	<u>(2,473,701)</u>	<u>(6,367,494)</u>	<u>521,979</u>	<u>6,889,473</u>
Other Financing Sources (Uses)					
Transfers In				2,795	2,795
Transfer to Cover Deficit (Food Service Fund)		(350,000)	(350,000)	(350,000)	
Transfer to Special Revenue Fund - PreK Contribution		(53,106)	(53,106)	(53,106)	
Other Financing Agreement Proceeds (Non-Budget)	-	-	-	289,600	289,600
Total Other Financing Sources (Uses)	<u>-</u>	<u>(403,106)</u>	<u>(403,106)</u>	<u>(110,711)</u>	<u>292,395</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Financing Sources	<u>(3,893,793)</u>	<u>(2,876,807)</u>	<u>(6,770,600)</u>	<u>411,268</u>	<u>7,181,868</u>
Fund Balances, Beginning of Year	<u>22,374,069</u>	<u>-</u>	<u>22,374,069</u>	<u>22,374,069</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 18,480,276</u>	<u>\$ (2,876,807)</u>	<u>\$ 15,603,469</u>	<u>\$ 22,785,337</u>	<u>\$ 7,181,868</u>
<u>Recapitulation of Fund Balance</u>					
Restricted					
Capital Reserve				\$ 5,118,643	
Maintenance Reserve				2,000,182	
Unemployment Reserve				452,920	
Excess Surplus				3,896,933	
Excess Surplus, Designated in Subsequent Year's Budget (2023/24)				812,489	
Committed					
Year-End Encumbrances				401,813	
Assigned					
Year-End Encumbrances				542,032	
Designated in Subsequent Year's Budget (2023/24 Budget)				3,542,197	
Unassigned Fund Balance				<u>6,018,128</u>	
				22,785,337	
Less State Aid not Recognized on a GAAP Basis				<u>(7,328,445)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 15,456,892</u>	

**WEST ORANGE BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources	\$ 200,000	\$ (64,127)	\$ 135,873	\$ 636,471	\$ 500,598
State Sources	680,714	2,345,930	3,026,644	2,821,611	(205,033)
Federal Sources	7,779,078	1,743,178	9,522,256	5,955,042	(3,567,214)
Total Revenues	<u>8,659,792</u>	<u>4,024,981</u>	<u>12,684,773</u>	<u>9,413,124</u>	<u>(3,271,649)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	1,436,144	451,740	1,887,884	1,367,863	520,021
Other Salaries for Instruction		127,574	127,574	127,574	
Purchased Prof & Technical Services	290,000	136,747	426,747	413,854	12,893
Purchased Professional- Educational Services	199,192	81,945	281,137	211,610	69,527
Tuition	1,532,143	1,138,915	2,671,058	2,422,371	248,687
General Supplies	244,249	1,087,741	1,331,990	740,217	591,773
Textbooks	74,179	19,079	93,258	92,715	543
Other Objects		2,995	2,995		2,995
Student Activities and Athletics	150,000	436,466	586,466	592,258	(5,792)
Total Instruction	<u>3,925,907</u>	<u>3,483,202</u>	<u>7,409,109</u>	<u>5,968,462</u>	<u>1,440,647</u>
Support Services					
Salaries	9,000	50,178	59,178	9,421	49,757
Salaries of Program Directors	81,600	(23,100)	58,500	45,428	13,072
Salaries of Supervisors of Instruction	106,400	(767)	105,633	105,633	
Salaries of Other Professional Staff		61,948	61,948	57,847	4,101
Salaries of Secretarial and Clerical Assistants		116,099	116,099	32,694	83,405
Salaries of Master Teachers		63,189	63,189	63,188	1
Other Salaries	590,015	(494,210)	95,805	75,241	20,564
Salaries of Program Directors	81,600	490,150	571,750	571,409	341
Employee Benefits	355,429	539,368	894,797	480,570	414,227
Purchased Education Services - Contracted Pre-K		450,570	450,570	398,295	52,275
Purchased Education Services - Head Start		428,295	428,295	428,148	147
Purchased Prof. and Technical Services	1,633,434	(198,586)	1,434,848	411,507	1,023,341
Cleaning, Repair and Maintenance Services	779,950	(779,950)			
Rentals		132,025	132,025	131,050	975
Other Purchased Services	631,907	(346,459)	285,448	233,017	52,431
Contracted Services -Transportation		7,049	7,049	3,189	3,860
Travel		2,841	2,841	274	2,567
General Supplies	180,000	99,060	279,060	195,017	84,043
Other Objects	-	7,650	7,650	5,650	2,000
Total Support Services	<u>4,449,335</u>	<u>605,350</u>	<u>5,054,685</u>	<u>3,247,578</u>	<u>1,807,107</u>
Facilities Acquisition and Construction					
Services					
Instructional Equipment		13,764	13,764	13,763	1
Non-Instructional Equipment	124,550	(74,875)	49,675	49,675	
Architectural and Engineering Services		2,500	2,500	2,500	
Construction Services	160,000	48,146	208,146	186,345	21,801
Total Facilities Acquisition and Construction Services	<u>284,550</u>	<u>(10,465)</u>	<u>274,085</u>	<u>252,283</u>	<u>21,802</u>
Total Expenditures	<u>8,659,792</u>	<u>4,078,087</u>	<u>12,737,879</u>	<u>9,468,323</u>	<u>3,269,556</u>
Excess of Revenues Over Expenditures	-	(53,106)	(53,106)	(55,199)	(2,093)
Other Financing Sources					
Transfer from General Fund - Preschool	-	53,106	53,106	53,106	-
Total Other Financing Sources	-	53,106	53,106	53,106	-
Excess (Deficiency) of Revenues and Other Financing Source Over (Under) Expenditures	-	-	-	(2,093)	(2,093)
Fund Balances, Beginning of Year	218,907	-	218,907	218,907	-
Fund Balances, End of Year	<u>\$ 218,907</u>	<u>\$ -</u>	<u>\$ 218,907</u>	<u>\$ 216,814</u>	<u>\$ (2,093)</u>
Recapitulation of Fund Balance					
Restricted					
Student Activities				\$ 216,814	
Less State Aid not Recognized on a GAAP Basis				(108,543)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 108,271</u>	

**WEST ORANGE BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual revenue amounts (budgetary basis) (Exhibits C-1 and C-2)	\$ 221,063,866	\$ 9,413,124
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, 2022		2,184,845
Encumbrances, June 30, 2023		(127,335)
State Aid Payments not recognized for GAAP purposes, not recognized for budgetary statements (2021/22 State Aid)	6,669,676	
State Aid Payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year (2022/2023 State Aid)	<u>(7,328,445)</u>	<u>(108,543)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 220,405,097</u>	<u>\$ 11,362,091</u>
Uses/Outflows of Resources		
Actual expenditure amounts (budgetary basis) (Exhibits C-1 and C-2)	\$ 220,541,887	\$ 9,468,323
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, 2022		2,184,845
Encumbrances, June 30, 2023	<u>-</u>	<u>(127,335)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 220,541,887</u>	<u>\$ 11,525,833</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 Ten Fiscal Years*

	<u>2023</u>	<u>2022</u>	<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)	20.64800%	0.21366%	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>\$ 31,160,208</u>	<u>\$ 25,312,182</u>	<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>\$ 15,550,132</u>	<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>	<u>\$ 15,849,310</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	200.39%	168.73%	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	62.91%	70.33%	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.

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

Public Employees Retirement System

Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<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	\$ 2,603,773	\$ 2,502,301	\$ 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>(2,603,773)</u>	<u>(2,502,301)</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	<u>\$ 18,786,936</u>	<u>\$ 15,550,132</u>	<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	13.86%	16.09%	16.44%	13.86%	13.76%	13.87%	14.10%	13.72%	12.99%	11.14%

**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 Ten Fiscal Years*

	<u>2023</u>	<u>2022</u>	<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%	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>\$ 336,708,298</u>	<u>\$ 311,053,183</u>	<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>\$ 72,610,912</u>	<u>\$ 71,339,988</u>	<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	0.00%	0.00%	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	32.29%	35.52%	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.

**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 Nine Fiscal Years*

	<u>2022</u>	<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)	0.384%	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>\$ 120,695</u>	<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%	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%	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 year of information as GASB Statement 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 Ten Fiscal Years*

	<u>2023</u>	<u>2022</u>	<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	\$ -	\$ 13,252	\$ 22,562	\$ 17,819	\$ 25,395	\$ 26,770	\$ 25,280	\$ 25,596	\$ 37,410	\$ 31,418
Contributions in Relation to the Contractually Required Contribution	-	(13,252)	(22,562)	(17,819)	(25,395)	(26,770)	(25,280)	(25,596)	(37,410)	(31,418)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<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%	0%	0%

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, 2023

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 Six Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service Cost	\$ 14,853,493	\$ 16,913,725	\$ 9,513,888	\$ 9,654,862	\$ 10,847,670	\$ 13,227,808
Interest on Total OPEB Liability	6,499,848	7,574,947	7,714,080	8,567,129	9,068,829	7,737,672
Changes of Benefit Terms		(310,805)				
Differences Between Expected and Actual Experiences	3,934,439	(48,959,016)	55,774,497	(33,473,094)	(20,349,321)	
Changes of Assumptions	(65,795,097)	288,086	58,268,111	2,928,972	(24,628,254)	(32,396,771)
Contribution from the Member	206,544	193,654	170,054	178,752	198,340	254,738
Gross Benefit Payments	(6,438,292)	(5,966,937)	(5,610,499)	(6,030,195)	(5,738,754)	(6,917,994)
Net Change in Total OPEB Liability	(46,739,065)	(30,266,346)	125,830,131	(18,173,574)	(30,601,490)	(18,094,547)
Total OPEB Liability - Beginning	292,006,154	322,272,500	196,442,369	214,615,943	245,217,433	263,311,980
Total OPEB Liability - Ending	\$ 245,267,089	\$ 292,006,154	\$ 322,272,500	\$ 196,442,369	\$ 214,615,943	\$ 245,217,433
District's Proportionate Share of OPEB Liability						\$ -
State's Proportionate Share of OPEB Liability	\$ 245,267,089	\$ 292,006,154	\$ 322,872,500	\$ 196,442,369	\$ 214,615,943	\$ 245,217,433
Total OPEB Liability - Ending	\$ 245,267,089	\$ 292,006,154	\$ 322,872,500	\$ 196,442,369	\$ 214,615,943	\$ 245,217,433
District's Covered Payroll	\$ 88,161,044	\$ 86,341,600	\$ 88,220,466	\$ 86,649,021	\$ 83,651,412	\$ 77,887,331
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	0%	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, 2023**

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, 2023

	ASCSERS	Title I	Title I-SVA	Title I-DA	Title III	Title III - Instruction	Title IV	IDEA Basis	ARP - IDEA Basis	IDEA Preschool	NP-STEM	Carl A. Rohlfus	SDA Emergent Need and Capital Maintenance	Student Activities and Athletics	Total Page 2	Total Page 2
REVENUES																
Local	\$ 1,107,913	\$ 9,974	\$ 240,781	\$ 74,173	\$ 28,395	\$ 124,234		\$ 1,704,881	\$ 43,830	\$ 79,789	\$ 5,038	\$ 57,180	\$ 161,176	\$ 590,165	\$ 46,306	\$ 2,821,611
State																\$ 2,821,611
Federal																\$ 5,952,942
Total Revenues	637,701	1,107,913	9,974	240,781	74,373	28,395	124,234	1,704,881	43,830	79,789	5,038	57,180	161,176	590,165	46,306	9,413,124
EXPENDITURES																
Instruction																
Salaries of Teachers		634,653	4,615	82,119	44,018	19,175					5,038					1,367,863
Other Salaries for Instruction					1,512											127,574
Purchased Prof. and Technical Services		12,025			4,620							23,684				413,454
Purchased Prof/Educational Services																211,610
Other Purchased Services																-
Textbooks																-
Other Purchased Services																-
Other Professional Services																-
Tuition							106,351			79,789		18,939				508,301
Supplies																740,217
Textbooks																92,715
Other Objects																-
Student Activities and Athletics														592,258		592,258
Total Instruction	637,701	727,303	9,621	91,514	65,630	19,875	106,351	1,704,881		79,789	5,038	42,623		592,258	1,818,838	5,968,462
Support Services																
Salaries																9,421
Salaries of Program Directors		5,801		39,627	1,250	500						5,260				45,428
Salaries of Supervisors of Instruction																103,883
Salaries of Other Professional Staff																57,847
Salaries of Secretarial and Clerical Assistants																32,694
Salaries of Master Teachers																63,188
Other Salaries																72,241
Employee Benefits		316,443	353	63,675	3,483	1,320						402				571,469
Purchased Education Services - Contracted Pre-K																480,370
Purchased Education Services - Head Start																398,295
Purchased Prof. and Technical Services		56,595		11,801	6,412	6,500	9,665					8,895				428,148
Purchased Professional/Educational Services									43,830							377,860
Purchased Property Services																367,677
Cleaning, Repair and Maintenance Services																-
Permits																-
Other Purchased Services				34,164	538		8,218									131,050
Travel																233,017
Concessions Services - Transportation																3,189
Supplies		1,371														274
Other Objects																193,646
Total Support Services	386,610	353	149,267	11,723	8,290	17,883		43,830				14,557			3,620,835	3,247,378
Facilities Acquisition and Construction Services																
Instructional Equipment																13,763
Non-Instructional Equipment																49,675
Architectural and Engineering Services																2,500
Construction Services													161,176			186,345
Total Facilities Acquisition and Construction Services													161,176			252,283
Total Expenditures	637,701	1,107,913	9,974	240,781	74,373	28,395	124,234	1,704,881	43,830	79,789	5,038	57,180	161,176	592,258	4,600,780	9,408,323
Excess (Deficiency) of Revenues Over (Under) Expenditures														(2,093)		(55,199)
Other Financing Sources																
Transfer from General Fund - Preschool																53,106
Total Other Financing Sources																53,106
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures														(2,093)		(2,093)
Fund Balances, Beginning of Year																218,507
Fund Balances, End of Year																\$ 216,814

WEST ORANGE BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ESSER I		ESSER II		ESSER III		Chapter 192		Chapter 193		Total Page 2		
	Preschool Education Aid	Emergency Relief	CRS&A	Learning Association	Mental Health	Beyond the School Day	Summer Learning	GED	Nonpublic Training	Nonpublic Student		Nonpublic Tuition	State
REVENUES													
Local	\$ 1,899,860		\$ 3,578	\$ 6,933								\$ 46,306	\$ 46,306
State													
Federal													
Total Revenue	\$ 1,899,860		\$ 3,578	\$ 6,933								\$ 46,306	\$ 46,306
EXPENDITURES													
Instruction	246,130		6,459				6,000						
Salaries of Teachers	126,062												
Other Salaries for Instruction	372,623												
Salaries of Other Professional Staff	31,847												
Salaries of Secretarial and Clerical Assistants	32,694												
Salaries of Master Teachers	63,188												
Other Salaries	120,647						459						
Salaries of Support Staff	480,570												
Purchased Educational Services - Contracted Pre-K	394,295					44,729	31,372						
Purchased Educational Services - Head Start													
Purchased Prof. and Technical Services													
Printing, Repro and Maintenance Services													
Other Purchased Services	90,000												
Books	2,189												
Contract Services - Transportation (Field Trip)	1,179												
Travel													
Supplies and Materials													
Other Objects													
Total Support Services	\$ 1,368,780		\$ 6,933			\$ 44,729	\$ 31,372					\$ 4,819	\$ 4,819
Facilities Acquisition and Construction Services													
Belevedere Equipment													
Non-Instructional Equipment													
Engineering Services													
Construction Services													
Total Facilities Acquisition and Construction													
Total Expenditures	\$ 1,932,956		\$ 6,933			\$ 44,729	\$ 31,372					\$ 4,819	\$ 4,819
Excess (Deficiency) of Revenues Over (Below) Expenditures	(53,146)												
Other Financing Sources													
Transfer from General Fund - Preschool	\$ 53,146												
Total Other Financing Sources	\$ 53,146												
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures													
Fund Balances, Beginning of Year													
Fund Balances, End of Year													

**WEST ORANGE BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXPENDITURES	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
Instruction					
Salaries of Teachers		\$ 256,131	\$ 256,131	\$ 256,130	\$ 1
Other Salaries for Instruction		126,062	126,062	126,062	
Purchased Professional-Educational Services		39,936	39,936	39,936	
General Supplies	-	162,068	162,068	162,058	10
Total Instruction	-	584,197	584,197	584,186	11
Support Services					
Salaries of Supervisors of Instruction		103,883	103,883	103,883	
Salaries of Other Professional Staff		57,848	57,848	57,847	1
Salaries of Secretarial and Clerical Assistants		32,695	32,695	32,694	1
Salaries of Master Teachers			63,189	63,188	1
Personal Services - Employee Benefits		243,563	243,563	120,647	122,916
Purchased Education Services - Contracted Pre-K		480,570	480,570	480,570	
Purchased Education Services - Head Start		398,295	398,295	398,295	
Rentals			90,000	90,000	
Contract Services-Transportation (Field Trips)		3,190	3,190	3,189	1
Travel		274	274	274	
Supplies and Materials	-	18,193	18,193	18,193	-
Total Support Services	-	1,338,511	1,491,700	1,368,780	122,920
Total Expenditures	\$ -	\$ 1,922,708	\$ 2,075,897	\$ 1,952,966	\$ 122,931

Calculation of Budget Carryover

Total 2022-2023 Preschool Education Aid Allocation	\$ 2,022,791
Add:	
Actual PEA Carryover (June 30, 2022)	-
Budgeted Transfer from the General Fund 2022-2023	53,106
Total Preschool Education Aid Funds Available for 2022-2023 Budget	2,075,897
Less: 2022-2023 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	2,075,897
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2023	-
Add: June 30, 2023 Unexpended Preschool Education Aid	122,931
2022-2023 Carryover - Preschool Education Aid Programs	\$ 122,931
2022-2023 Preschool Education Aid Carryover Budgeted in 2023-24	\$ -

CAPITAL PROJECTS FUND

**WEST ORANGE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2023</u>
		<u>Prior Year</u>	<u>Current Year</u>	
Acquisition of School Vehicles	\$ 247,783	\$ -	\$ 247,783	\$ -
	<u>\$ 247,783</u>	<u>\$ -</u>	<u>\$ 247,783</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, 2023**

REVENUES AND OTHER FINANCING SOURCES

Revenues	
Interest on Capital Financing Agreement Proceeds	\$ 2,795
Other Financing Sources	
Capital Financing Agreement Proceeds	<u>247,783</u>
 Total Revenues and Other Financing Sources	 <u>250,578</u>

EXPENDITURES AND OTHER FINANCING USES

Expenditures	
Vehicles	247,783
Other Financing Uses	
Transfer to General Fund	<u>2,795</u>
 Total Expenditures and Other Financing Uses	 <u>250,578</u>

Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	-
 Fund Balance, July 1, 2022	 <u>-</u>
 Fund Balance, June 30, 2023	 <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, 2023**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Capital Financing Agreement Proceeds	\$ -	\$ 247,783	\$ 247,783	\$ 247,783
Total Revenues and Other Financing Sources	<u>-</u>	<u>247,783</u>	<u>247,783</u>	<u>247,783</u>
Expenditures and Other Financing Uses				
Vehicles	<u>-</u>	<u>247,783</u>	<u>247,783</u>	<u>247,783</u>
Total Expenditures and Other Financing Uses	<u>-</u>	<u>247,783</u>	<u>247,783</u>	<u>247,783</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	\$ 247,783
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 247,783

Percentage Increase Over Original Authorized Cost	
Percentage Completion	100%
Original Target Completion Date	2022/23
Revised Target Completion Date	2022/23

ENTERPRISE FUNDS

EXHIBIT G-1

**WEST ORANGE BOARD OF EDUCATION
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2023**

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

EXHIBIT G-2

**COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2023**

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<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, 2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2023</u>
			<u>Date</u>	<u>Amount</u>					
2021 School Refunding Bonds	8/11/2021	18,080,000	11/1/2023	\$ 2,539,000	1.150 %	<u>17,799,000</u>	<u>-</u>	<u>2,517,000</u>	<u>\$ 15,282,000</u>
			11/1/2024	2,565,000	1.150				
			11/1/2025	3,360,000	1.150				
			11/1/2026	3,398,000	1.150				
			11/1/2027	3,420,000	1.150				
						<u>\$ 17,799,000</u>	<u>-</u>	<u>\$ 2,517,000</u>	<u>\$ 15,282,000</u>

**WEST ORANGE BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL FINANCING AGREEMENTS
AND OTHER FINANCING AGREEMENTS
FOR THE FISCAL YEAR JUNE 30, 2023**

Capital Financing Agreements

<u>Description</u>	<u>Amount of Original Issue</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2023</u>
2015 Refunding Certificates	\$ 25,475,000	3.00-5.00%	\$ 17,285,000		\$ 1,835,000	\$ 15,450,000
2016 Refunding Certificates	4,970,000	4.00%	2,020,000		645,000	1,375,000
Energy Savings Improvements	11,520,000	2.730%	8,299,341		450,788	7,848,553
Buses (2018/19)	158,837	4.680%	33,185		33,185	
Buses (2019/20)	373,690	2.100%	151,059		74,744	76,315
Buses (2020/21)	255,631	1.566%	154,154		50,588	103,566
Buses (2021/22)	137,731	1.542%	109,757		26,813	82,944
Buses (2022/23)	247,783	2.898%	-	\$ 247,783	51,012	196,771
			<u>\$ 28,052,496</u>	<u>\$ 247,783</u>	<u>\$ 3,167,130</u>	<u>\$ 25,133,149</u>

Other Financing Agreements

<u>Description</u>	<u>Amount of Original Issue</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2023</u>
Chrome Books (2020/21)	\$ 686,368	1.552%	\$ 344,512		\$ 170,890	\$ 173,622
Chrome Books (2022/23)	\$ 289,600	3.698%	-	\$ 289,600	100,059	189,541
			<u>\$ 344,512</u>	<u>\$ 289,600</u>	<u>\$ 270,949</u>	<u>\$ 363,163</u>

**WEST ORANGE BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Property Taxes	\$ 5,086,669		\$ 5,086,669	\$ 5,086,669	
State Sources					
Debt Service Aid	<u>809,099</u>	<u>-</u>	<u>809,099</u>	<u>809,099</u>	<u>-</u>
Total Revenues	<u>5,895,768</u>	<u>-</u>	<u>5,895,768</u>	<u>5,895,768</u>	<u>-</u>
EXPENDITURES					
Principal Payments- Comm Approved					
Lease Purchase Agreement	2,480,000		2,480,000	2,480,000	
Interest Payments- Comm Approved					
Lease Purchase Agreement	708,551	-	708,551	708,550	
Redemption of Principal	2,517,000		2,517,000	2,517,000	
Interest on Bonds	<u>190,217</u>	<u>-</u>	<u>190,217</u>	<u>190,216</u>	<u>\$ 1</u>
Total Expenditures	<u>5,895,768</u>	<u>-</u>	<u>5,895,768</u>	<u>5,895,766</u>	<u>1</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
Fund Balance, Beginning of Year	<u>189,033</u>	<u>-</u>	<u>189,033</u>	<u>189,033</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 189,033</u>	<u>\$ -</u>	<u>\$ 189,033</u>	<u>\$ 189,035</u>	<u>\$ 2</u>
 <u>Recapitulation of Fund Balance:</u>					
Restricted for Debt Service:					
Designated for Subsequent Year's Budget (2023/24 Budget)			\$ 189,033		
Available for Debt Service Expenditures			<u>2</u>		
			<u>\$ 189,035</u>		

STATISTICAL SECTION

This part of the West Orange Board of Education's annual comprehensive 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 district's overall financial health.

Contents

Exhibits

Financial Trends

These schedules contain trend information to help the reader understand how the district'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 district'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 district's current levels of outstanding debt and the district'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 district'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 district's financial report relates to the services the district provides and the activities it performs.

J-16 to J-20

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

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	(Restated)									
Governmental Activities										
Net Investment in Capital Assets	\$ 59,644,905	\$ 6,206,060	\$ 5,013,062	\$ 5,142,084	\$ 7,014,988	\$ 8,870,463	\$ 9,988,846	\$ 12,733,874	\$ 18,514,434	\$ 26,462,973
Restricted	2,429,584	689,187	367,589	53,823	504,228	573	2,243,183	3,015,871	5,229,329	7,977,594
Unrestricted (Deficit)	(37,928,804)	(41,271,909)	(43,374,143)	(51,535,350)	(52,340,064)	(53,111,800)	(53,472,772)	(45,482,678)	(36,189,944)	(32,810,312)
Total Governmental Activities Net Position	\$ 24,145,685	\$ (34,376,662)	\$ (37,993,492)	\$ (46,339,443)	\$ (44,820,848)	\$ (44,240,764)	\$ (41,240,743)	\$ (29,732,933)	\$ (12,446,181)	\$ 1,630,255
Business-Type Activities										
Net Investment in Capital Assets	\$ 78,903	\$ 837,743	\$ 717,879	\$ 616,162	\$ 500,918	\$ 353,707	\$ 297,413	\$ 253,889	\$ 340,243	\$ 566,142
Unrestricted	277,446	341,939	504,402	660,784	798,465	860,358	931,725	1,842,882	2,938,613	2,952,298
Total Business-Type Activities Net Position	\$ 356,349	\$ 1,179,682	\$ 1,222,281	\$ 1,276,946	\$ 1,299,383	\$ 1,214,065	\$ 1,229,138	\$ 2,096,771	\$ 3,278,856	\$ 3,518,440
District-Wide										
Net Investment in Capital Assets	\$ 59,723,808	\$ 7,043,803	\$ 5,730,941	\$ 5,758,246	\$ 7,515,906	\$ 9,224,170	\$ 10,286,259	\$ 12,987,763	\$ 18,854,677	\$ 27,029,115
Restricted	2,429,584	689,187	367,589	53,823	504,228	573	2,243,183	3,015,871	5,229,329	7,977,594
Unrestricted	(37,651,358)	(40,929,970)	(42,869,741)	(50,874,566)	(51,541,599)	(52,251,442)	(52,541,047)	(43,639,796)	(33,251,331)	(29,858,014)
Total District Net Position	\$ 24,502,034	\$ (33,196,980)	\$ (36,771,211)	\$ (45,062,497)	\$ (43,521,465)	\$ (43,026,699)	\$ (40,011,605)	\$ (27,636,162)	\$ (9,167,325)	\$ 5,148,695

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)

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 70,270,423	\$ 77,479,168	\$ 74,210,221	\$ 85,732,467	\$ 89,764,429	\$ 83,827,931	\$ 82,895,918	\$ 87,405,934	\$ 82,598,834	\$ 81,740,715
Special Education	13,731,125	15,851,405	32,776,729	37,600,641	35,287,770	33,936,486	35,693,461	37,098,984	36,554,345	38,956,506
Other Instruction	2,991,100	3,331,767	5,469,247	6,694,223	6,696,452	6,323,731	6,653,840	7,681,376	7,569,499	7,709,849
School Sponsored Co-Curricular and Athletics	1,509,617	1,465,571	2,687,502	3,670,117	3,502,549	3,620,792	3,046,150	2,810,733	3,077,855	3,511,698
Support Services:										
Tuition	8,966,563	7,361,760								
Student and Instruction Related Services	14,233,945	18,851,833	21,589,825	23,297,639	24,335,737	22,123,130	21,433,891	27,490,408	24,933,586	26,032,698
General Administration Services	1,542,055	2,135,783	2,373,226	2,429,170	2,178,896	2,474,908	2,436,590	2,611,880	2,842,395	2,998,581
School Administration Services	9,679,931	10,968,183	8,729,484	10,176,873	10,373,914	9,764,953	9,319,800	9,976,453	9,078,413	9,410,626
Central Services	1,221,056	2,789,473	4,484,056	5,394,327	4,955,442	4,845,221	4,447,495	4,747,279	4,288,988	4,144,416
Plant Operations And Maintenance	11,250,987	15,505,138	16,421,279	16,440,143	16,181,642	17,325,731	17,387,897	19,343,934	17,690,209	19,578,763
Pupil Transportation	8,120,910	8,696,611	9,025,725	9,598,354	9,902,389	10,418,854	10,512,310	9,157,145	13,010,901	15,634,321
Interest On Long-Term Debt	3,108,497	2,977,679	3,222,707	2,677,810	2,187,845	2,286,896	2,143,119	1,866,622	1,353,065	994,287
Transfer of Funds to Charter Schools		255,172								
Unallocated Depreciation	2,874,763	5,121,756	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	149,500,972	172,791,299	180,990,001	203,711,764	205,367,065	196,948,633	195,970,471	210,190,748	202,998,090	210,712,460
Business-Type Activities										
Food Service	3,178,570	3,448,198	3,679,776	3,601,613	3,728,527	3,809,921	3,053,450	1,776,049	4,051,453	4,394,308
Community Education	-	133,754	127,773	140,192	153,746	168,904	173,425	-	179,667	181,533
Total Business-Type Activities Expense	3,178,570	3,581,952	3,807,549	3,741,805	3,882,273	3,978,825	3,226,875	1,776,049	4,231,120	4,575,841
Total District Expenses	\$ 152,679,542	\$ 176,373,251	\$ 184,797,550	\$ 207,453,569	\$ 209,249,338	\$ 200,927,458	\$ 199,197,346	\$ 211,966,797	\$ 207,229,210	\$ 215,288,301
Program Revenues										
Governmental Activities										
Charges For Services	\$ 578,707	\$ 311,761	\$ 332,145	\$ 657,964	\$ 634,813	\$ 474,357	\$ 310,549	\$ 345,748	\$ 663,917	\$ 844,333
Operating Grants and Contributions	19,047,102	35,456,743	42,770,535	58,171,326	63,784,321	55,145,617	49,500,719	67,731,333	54,775,586	48,548,022
Capital Grants and Contributions	-	-	-	7,284	104,546	342,955	42,531	14,876	3,150,971	2,401,167
Total Governmental Activities Program Revenues	19,625,809	35,768,504	43,102,680	58,836,574	64,523,680	55,962,929	49,853,799	68,091,957	58,590,474	51,793,522
Business-Type Activities										
Charges For Services										
Food Service	1,496,008	1,585,176	2,080,794	1,615,262	1,702,136	1,733,030	1,160,278	20,936	636,427	1,626,041
Summer Enrichment		162,283	145,768	150,529	167,061	169,312	167,253			
Operating Grants And Contributions	1,765,304	1,886,516	1,623,552	2,030,569	2,034,903	2,028,612	1,911,970	2,622,740	4,776,762	2,839,341
Total Business Type Activities Program Revenues	3,261,312	3,633,975	3,850,114	3,796,360	3,904,100	3,930,954	3,239,501	2,643,676	5,413,189	4,465,382
Total District Program Revenues	\$ 22,887,121	\$ 39,402,479	\$ 46,952,794	\$ 62,632,934	\$ 68,427,780	\$ 59,893,883	\$ 53,093,300	\$ 70,735,633	\$ 64,003,663	\$ 56,258,904
Net (Expense)/Revenue										
Governmental Activities	\$ (129,875,163)	\$ (137,022,795)	\$ (137,887,321)	\$ (144,875,190)	\$ (140,843,385)	\$ (140,985,704)	\$ (146,116,672)	\$ (142,098,791)	\$ (144,407,616)	\$ (158,918,938)
Business-Type Activities	82,742	52,023	42,565	54,555	21,827	(47,871)	12,626	867,627	1,182,069	(110,459)
Total District-Wide Net Expenses	\$ (129,792,421)	\$ (136,970,772)	\$ (137,844,756)	\$ (144,820,635)	\$ (140,821,558)	\$ (141,033,575)	\$ (146,104,046)	\$ (141,231,164)	\$ (143,225,547)	\$ (159,029,397)

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Assets										
Governmental Activities										
Property Taxes Levied For General Purposes, Net	\$ 120,538,165	\$ 125,184,960	\$ 126,326,356	\$ 128,852,883	\$ 133,115,444	\$ 132,380,400	\$ 137,645,823	\$ 141,491,179	\$ 143,613,547	\$ 147,706,335
Taxes Levied For Debt Service	5,322,238	4,952,981	5,084,539	5,001,495	5,719,471	5,772,600	5,772,257	5,348,967	5,348,224	5,086,669
Federal and State Aid - Unrestricted	4,851,117	5,253,271	2,268,165	2,192,832	3,244,247	3,390,358	4,835,597	5,509,828	10,735,605	19,422,367
State Aid Restricted for Debt Service								532,736	605,225	685,758
Investment Earnings	7,977	5,139	6,802	10,556	25,489	137,124	103,319	4,870	3,362	5,824
Miscellaneous Income	907,811	256,959	584,629	471,473	257,329	160,457	181,495	719,021	1,388,405	438,421
Transfers	-	-	-	-	-	-	-	-	-	(350,000)
Total Governmental Activities	131,627,308	135,653,310	134,270,491	136,529,239	142,361,980	141,840,939	148,538,491	153,606,601	161,694,368	172,995,374
Business-Type Activities										
Investment Earnings	27	15	34	110	610	3,383	2,447	6	16	43
Transfers	-	-	-	-	-	-	-	-	-	350,000
Total Business-Type Activities	27	15	34	110	610	3,383	2,447	6	16	350,043
Total District-Wide	\$ 131,627,335	\$ 135,653,325	\$ 134,270,525	\$ 136,529,349	\$ 142,362,590	\$ 141,844,322	\$ 148,540,938	\$ 153,606,607	\$ 161,694,384	\$ 173,345,417
Change in Net Position										
Governmental Activities	\$ 1,752,145	\$ (1,369,485)	\$ (3,616,830)	\$ (8,345,951)	\$ 1,518,595	\$ 855,235	\$ 2,421,819	\$ 11,507,810	\$ 17,286,752	\$ 14,076,436
Business-Type Activities	82,769	52,038	42,599	54,665	22,437	(44,488)	15,073	867,633	1,182,085	239,584
Total District	\$ 1,834,914	\$ (1,317,447)	\$ (3,574,231)	\$ (8,291,286)	\$ 1,541,032	\$ 810,747	\$ 2,436,892	\$ 12,375,443	\$ 18,468,837	\$ 14,316,020

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,									
	2014	2015	2016	2017	2018	2019	2020 (Restated)	2021	2022	2023
General Fund										
Restricted	\$ 2,393,105	\$ 648,772	\$ 273,014	\$ 4,209	\$ 504,226	\$ 569	\$ 1,967,664	\$ 3,856,242	\$ 6,089,756	\$ 12,281,167
Committed			2,583,598		116,667	192,337	56,038	564,617	1,903,297	401,813
Assigned	1,047,827	2,483,080	2,167,640	1,353,907	2,742,463	2,311,183	2,715,264	2,000,984	4,411,525	4,084,229
Unassigned	2,511,440	2,368,040	(314,101)	(143,511)	(377,415)	(744,645)	282,560	3,631,408	3,299,815	(1,310,317)
Total General Fund	\$ 5,952,372	\$ 5,499,892	\$ 4,710,151	\$ 1,214,605	\$ 2,985,941	\$ 1,759,444	\$ 5,021,526	\$ 10,053,251	\$ 15,704,393	\$ 15,456,892
All Other Governmental Funds										
Unassigned (Deficit):										
Special Revenue Fund										\$ (108,543)
Restricted/Reserved for:										
Student Activities							\$ 275,515	\$ 279,936	\$ 218,907	216,814
Capital Projects Fund			\$ 8,605,089	\$ 754,371						
Debt Service Fund	\$ 36,479	\$ 40,415	214,574	47,302	\$ 2	\$ 4	4	4	189,033	189,035
Total All Other Governmental Funds	\$ 36,479	\$ 40,415	\$ 8,819,663	\$ 801,673	\$ 2	\$ 4	\$ 275,519	\$ 279,940	\$ 407,940	\$ 297,306

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)

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Property Taxes	\$ 125,860,403	\$ 130,137,941	\$ 131,410,895	\$ 133,854,378	\$ 138,834,915	\$ 138,153,000	\$ 143,418,080	\$ 146,840,146	\$ 148,961,771	\$ 152,793,004
Tuition Charges	578,707	311,761	302,945	524,819	513,225	361,257	232,564	207,349	239,223	214,943
Miscellaneous	919,499	313,392	635,219	669,089	548,197	608,555	400,155	827,345	1,926,431	1,110,841
State Sources	20,873,116	23,304,644	23,797,382	28,138,903	31,760,830	37,370,842	42,043,580	49,420,583	65,934,477	75,142,185
Federal Sources	3,021,392	3,617,131	3,042,881	3,180,141	3,290,618	3,305,703	3,214,789	4,965,097	9,721,211	8,404,778
Total Revenues	151,253,117	157,684,869	159,189,322	166,367,330	174,947,785	179,799,357	189,309,168	202,260,520	226,783,113	237,665,751
Expenditures										
Instruction										
Regular Instruction	48,532,741	45,078,017	62,006,225	67,067,133	70,690,474	72,879,424	76,681,033	77,842,683	86,582,558	89,300,333
Special Education Instruction	13,713,576	15,822,868	28,841,051	31,289,011	29,655,939	30,772,477	33,829,525	34,990,208	38,861,564	42,407,538
Vocational Instruction- Tuition			175,783	154,935	135,994	82,060	70,687			
Other Instruction	2,991,100	3,331,767	4,395,365	5,097,364	5,118,803	5,440,928	6,087,184	6,845,987	8,093,470	8,526,972
School Sponsored Co-Curricular	1,509,617	1,465,571	2,312,660	2,954,674	2,821,863	3,217,803	2,843,635	2,718,012	3,358,307	3,885,537
Support Services										
Tuition	8,966,563	7,361,760								
Student and Inst. Related Services	19,886,244	12,804,951	19,949,986	19,679,644	20,487,933	20,480,511	20,662,021	24,530,741	26,443,274	28,363,514
General Administration Services	1,417,716	1,884,726	2,153,246	2,072,895	1,971,269	2,275,876	2,285,863	2,436,537	2,785,752	3,038,831
School Administration Services	7,201,449	7,076,852	7,550,998	8,106,505	8,265,316	8,549,824	8,636,458	9,069,418	9,789,128	10,480,630
Central Services	934,706	1,542,368	4,128,993	4,532,978	4,289,012	4,471,633	4,262,160	4,638,707	4,628,651	4,709,556
Administrative Information Technology		357,243								
Plant Operations And Maintenance	9,440,998	11,753,134	13,433,838	12,604,576	12,021,433	13,545,036	13,886,392	15,934,535	15,489,846	17,294,441
Pupil Transportation	7,647,525	7,968,435	8,930,484	9,262,691	9,580,098	10,284,019	10,483,908	9,140,545	13,321,577	16,049,643
Unallocated Employee Benefits	29,595,409	33,019,505								
Transfer of Funds to Charter Schools		255,172								
Cost of Issuance			499,298	171,579						
Capital Outlay	3,679,806	3,457,031	3,599,557	8,150,456	1,289,809	1,555,793	988,419	1,761,631	4,420,872	7,060,779
Debt Service										
Principal	3,410,000	3,170,000	4,112,973	4,838,471	5,637,819	5,505,197	5,471,105	5,627,325	6,088,454	5,955,079
Interest and Other Charges	2,876,807	2,742,653	2,429,191	2,707,585	2,557,889	2,399,353	2,219,761	1,943,676	1,383,958	1,138,416
Total Expenditures	152,804,257	159,992,053	164,519,648	178,690,497	174,523,651	181,459,934	188,408,151	197,480,005	221,247,411	238,211,269
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(1,551,140)	(1,407,184)	(5,330,326)	(12,323,167)	424,134	(1,660,577)	901,017	4,780,515	5,535,702	(545,518)
Other Financing Sources (Uses)										
Lease Purchase Agreements			12,820,535							
School Bonds Issued			27,250,000						18,080,000	-
School Bonds Defeased			(28,199,370)						(17,974,291)	-
Bond Issuance Costs										
Bond Premiums			1,448,668	481,347						
Deferred Interest on Refunding										
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	137,731	537,383
Gain/Insurance Recovery on Capital Assets				7,284		174,220	-	-	-	-
Transfers In	35,273			98	8,745		9,486	159	32	55,901
Transfers Out	(35,273)			(98)	(8,745)		(9,486)	(159)	(32)	(405,901)
Total Other Financing Sources (Uses)	-	958,640	13,319,833	809,631	545,531	434,082	2,058,378	255,631	243,440	187,383
Net Change in Fund Balances	\$ (1,551,140)	\$ (448,544)	\$ 7,989,507	\$ (11,513,536)	\$ 969,665	\$ (1,226,495)	\$ 2,959,395	\$ 5,036,146	\$ 5,779,142	\$ (358,135)
Debt Service as a Percentage of										
Noncapital Expenditures	4.22%	3.80%	4.07%	4.42%	4.73%	4.39%	4.10%	3.87%	3.45%	3.07%

* 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>Miscellaneous</u>	<u>Total</u>
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	\$ 62,686	630,477	120,754	1,035,694
2022	3,330	239,223	45,991	38,825	1,245,728	103,852	1,676,949
2023	5,824	214,943	39,225		154,203	911,589	1,325,784

Source: School District's Records

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

Calendar Year	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Tax-Exempt Property	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
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
2022	34,342,600	4,491,715,900	799,667,300	20,350,800	160,260,400	5,506,337,000	9,301,100	5,515,638,100	673,015,800	6,585,050,263	2.74
2023						Information not Available					

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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	School	Overlapping Rates		Total Direct and Overlapping Tax Rate
		Municipality	County	
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
2022	2.74	1.15	0.55	4.44
2023	2.82	1.23	0.55	4.60

Source: County Abstract of Ratables

**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	
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
2022	148,961,771	148,961,771	100.00%	N/A
2023	152,793,004	146,426,629	95.83%	\$ 6,366,375

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 and Other Financing Agreements			
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	48,257	1,072
2022	17,799,000	19,305,000	9,092,008	46,196,008	47,957	963
2023	15,282,000	16,825,000	8,671,312	40,778,312	47,957 E	850

Source: District records

E Estimate

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
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%	420
2022	17,799,000		17,799,000	0.32%	371
2023	15,282,000		15,282,000	N/A	319

Source: District records

**WEST ORANGE BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2022
(Unaudited)**

	<u>Gross Debt</u>
Municipal Debt: (1)	
West Orange Board of Education	\$ 26,455,491
Township of West Orange	<u>149,811,079</u>
	<u>176,266,570</u>
Overlapping Debt Apportioned to the Municipality:	
Essex County	
County of Essex (A)	<u>64,477,659</u>
	<u>64,477,659</u>
Total Direct and Overlapping Debt	<u>\$ 240,744,229</u>

Source:

(1) Township of West Orange's 2022 Annual Debt Statement

(A) The debt for this entity was apportioned to West Orange by dividing the municipality's 2022 equalized value by the total 2022 equalized value for Essex County.

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Limit	\$ 239,820,163	\$ 233,263,736	\$ 233,250,484	\$ 236,673,670	\$ 242,853,746	\$ 248,314,489	\$ 254,519,352	\$ 260,370,412	\$ 263,889,288	\$ 270,962,128
Total Net Debt Applicable to Limit	<u>34,232,000</u>	<u>32,847,000</u>	<u>31,225,000</u>	<u>29,510,000</u>	<u>27,405,000</u>	<u>25,130,000</u>	<u>22,750,000</u>	<u>20,265,000</u>	<u>17,799,000</u>	<u>15,282,000</u>
Legal Debt Margin	<u>\$ 205,588,163</u>	<u>\$ 200,416,736</u>	<u>\$ 202,025,484</u>	<u>\$ 207,163,670</u>	<u>\$ 215,448,746</u>	<u>\$ 223,184,489</u>	<u>\$ 231,769,352</u>	<u>\$ 240,105,412</u>	<u>\$ 246,090,288</u>	<u>\$ 255,680,128</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	14.27%	14.08%	13.39%	12.47%	11.28%	10.12%	8.94%	7.78%	6.74%	5.64%

Legal Debt Margin Calculation for Fiscal Year 2022

Equalized Valuation Basis

2022	\$ 7,039,551,266
2021	6,628,158,584
2020	6,654,449,737
	<u>\$ 20,322,159,587</u>

3 Year Average \$ 6,774,053,196

4% of Avg. Equalized Valuation \$ 270,962,128
Less Net Debt 15,282,000

Remaining Borrowing Power \$ 255,680,128

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>
2014	6.00%	\$ 57,133	46,826
2015	5.10%	59,395	46,879
2016	4.4%	60,735	46,959
2017	4.1%	62,659	47,729
2018	3.8%	63,521	47,747
2019	3.2%	65,927	47,739
2020	9.2%	70,497	47,473
2021	6.1%	74,310	48,257
2022	3.5%	N/A	47,957 E
2023	N/A	N/A	47,957 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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Instruction										
Regular	492	497	508	511	509	505	503	492	499	506
Special Education	306	311	313	308	291	288	290	298	323	361
Support Services:										
Student & Instruction-Related Services	100	101	115	116	121	125	125	122	119	125
School Administration Services	75	68	76	73	77	77	75	73	74	77
General Administration Services	7	7	7	5	5	5	5	5	6	7
Plant Operations and Maintenance	140	141	144	149	118	117	119	113	117	117
Pupil Transportation	27	34	36	36	43	41	40	30	29	26
Central Services/Administrative Information Technology	15	31	35	33	34	34	35	31	29	31
Total	<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>	<u>1,196</u>	<u>1,250</u>

Source: District Personnel Records

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

Pupil/Teacher Ratio

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Elementary	Middle School	High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
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	188,147,373	28,340	4.38%	621	10.4	10.3	11.5	6,353	6,178	-4.08%	97.25%
2022	6,560	209,354,127	31,914	12.61%	632	9.9	10.1	11.4	6,458	6,063	1.65%	93.88%
2023	6,652	224,056,995	33,683	18.85%	640	9.9	9.8	11.2	6,709	6,216	1.30%	92.65%

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)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
District Building										
Elementary										
Gregory School										
Square Feet	67,666	67,666	67,666	67,666	67,666	67,666	67,666	67,666	67,666	67,266
Capacity (students)	502	502	502	502	502	502	502	502	502	502
Enrollment	571	546	521	504	467	442	454	443	448	444
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	376	381	366	337	332	335	319	320	318	329
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	414	394	380	365	364	344	353	341	346	352
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	492	442	419	456	447	460	455	458	469	473
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	591	566	546	573	533	515	510	469	451	429
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	394	401	388	367	379	377	396	395	398	432
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	445	438	434	433	413	428	417	400	395	479

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
District Building										
<u>Middle School</u>										
Edison										
Square Feet	82,510	82,510	82,510	82,510	82,510	82,510	82,510	82,510	82,510	82,510
Capacity (students)	558	558	558	558	558	558	558	558	558	558
Enrollment	466	545	517	487	482	493	516	551	443	483
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	515	522	535	558	535	487	488	476	521	507
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	501	449	497	533	512	528	536	560	568	530
<u>High School</u>										
West Orange										
Square Feet	381,668	381,668	381,668	381,668	381,668	381,668	381,668	381,668	381,668	381,668
Capacity (students)	2,728	2,728	2,728	2,728	2,728	2,728	2,728	2,728	2,728	2,728
Enrollment	2,111	2,048	2,085	2,019	2,094	2,119	2,105	2,183	2,142	2,144

Number of Schools at June 30, 2023

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>School Facilities</u>										
Gregory	\$ 128,912	\$ 185,350	\$ 81,872	\$ 73,493	\$ 79,075	\$ 62,154	\$ 206,764	\$ 201,627	\$ 110,706	\$ 141,346
Hazel	84,378	121,319	53,588	48,104	65,090	126,612	101,592	109,453	60,097	76,730
Mount Pleasant	80,000	115,024	50,808	45,608	82,667	67,844	69,250	204,782	112,439	143,559
Kelly	144,925	208,373	92,042	82,622	43,599	49,853	117,792	201,210	110,478	141,055
Redwood	133,694	192,226	84,909	76,220	34,983	81,228	112,370	155,287	85,263	108,861
Saint Cloud	80,370	115,556	51,043	45,819	65,870	71,979	168,089	160,872	88,329	112,776
Washington	109,712	157,745	69,678	62,548	37,184	84,664	64,653	117,885	64,726	82,640
Edison Middle	157,192	226,011	99,832	89,616	58,983	173,423	161,050	223,014	122,450	156,340
Roosevelt Middle	212,875	306,072	135,197	121,361	54,628	162,076	140,426	191,777	105,299	134,443
Liberty Middle	220,501	317,037	140,040	125,709	59,253	82,303	92,484	133,326	73,205	93,466
West Orange High	727,126	1,045,463	461,796	414,538	479,616	513,647	617,236	877,813	481,978	615,375
Administration Building	41,151	59,166	26,134	23,460	22,178	37,814	62,246	108,372	59,507	75,977
Bus Garage	80,398	115,596	51,061	45,835	24,504	19,256	20,646	60,977	33,475	42,740
Betty Maddelena ELC	-	-	-	-	32,935	3,077	1,899	5,252	2,884	3,682
Grand Total	<u>\$ 2,201,234</u>	<u>\$ 3,164,938</u>	<u>\$ 1,398,000</u>	<u>\$ 1,254,933</u>	<u>\$ 1,140,565</u>	<u>\$ 1,535,930</u>	<u>\$ 1,936,497</u>	<u>\$ 2,751,647</u>	<u>\$ 1,510,836</u>	<u>\$ 1,928,989</u>

**WEST ORANGE BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2023
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
<u>Property</u>		
Blanket, Building and Contents	\$ 365,044,506	\$ 5,000
Business Income and Extra Expense	2,000,000	
Valuable Papers and Records	50,000	5,000
Fine Arts	50,000	
Trees, Shrubs, Plants and Lawns	25,000	
In Transit or Off Premises	100,000	
Outdoor Property	4,800,000	
Software	500,000	
Sublimits: Flood Zones C and Shaded X	5,000,000	50,000
Flood Zones A	1,000,000	500,000
Earthquake per Occurrence	5,000,000	100,000
Real and Personal Property	10,000	
<u>Crime</u>		
Public Employee Dishonesty w/Faithful Performance	250,000	1,000
Forgery or Alteration	250,000	1,000
Money Orders & Counterfeit	250,000	1,000
Computer Fraud	250,000	1,000
<u>Boiler & Machinery</u>		
Limit per Breakdown	included	
Property Damage	included	
Expediting Expense	100,000	
Business Income and Extra Expense	included	
Spoilage Damage	100,000	
Hazardous Substance	250,000	
Data Restoration	500,000	
Deductible	5,000	
<u>Comprehensive General Liability</u>		
Each Occurrence	1,000,000	
Damage to Premises Rented to You	1,000,000	
Medical Expense	10,000	
Personal Injury & Advertising Injury	1,000,000	
General Aggregate	3,000,000	
Products Completed Operations	3,000,000	
Employee Benefits Liability	1,000,000	
Employee Benefits Liability Aggregate	2,000,000	
Abuse or Molestation Liability	1,000,000	
Abuse or Molestation Aggregate	2,000,000	

**WEST ORANGE BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2023
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
<u>Automobile Coverage</u>		
Combined Single Limit for Bodily Injury and Property Damage per Accident	\$ 1,000,000	
Uninsured/Underinsured Motorist	1,000,000	
Personal Injury Protection	statutory	
Medical Payments	5,000	
Comprehensive Deductible	1,000	
Collision Deductible	1,000	
<u>Cyber Liability</u>		
Each Event Limit	1,000,000	
Post Breach Remediation	25,000	
Cyber Extortion Expense	1,000,000	
Privacy and Cyber Extortion Aggregate	1,000,000	
<u>Educators Legal Liability</u>		
Each Wrongful Act	1,000,000	\$ 25,000
Professional Incident Aggregate	3,000,000	25,000
<u>Umbrella Policy</u>		
Each Occurrence Limit	10,000,000	
Aggregate	10,000,000	
<u>Student Accident</u>		
Accident Medical	5,000,000	
<u>Premises Pollution Liability Insurance</u>		
Per Pollution Condition or Indoor Environmental Condition	1,000,000	
Aggregate Policy Limit	2,000,000	
Retention per Condition	25,000	
<u>Excess Workers Compensation</u>		
Workers Compensation	statutory	
Employers Liability	1,000,000	
Self Insured Retention per Occurrence	500,000	
<u>Excess Umbrella - NJUEP</u>		
New Jersey Unshared Excess Program	10,000,000	
<u>Bonds</u>		
Business Administrator/Board Secretary	550,000	
Treasurer of School Monies	600,000	

Source: District Records

SINGLE AUDIT SECTION



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, 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, RMA, PSA

DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA, PSA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA
JOHN CUIFFO, CPA, PSA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of 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, 2023 and the related notes to the financial statements, which collectively comprise the West Orange Board of Education's basic financial statements and have issued our report thereon dated November 29, 2023.

Report on 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.


Report on Compliance and Other Matters

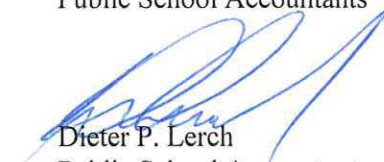
As part of obtaining reasonable assurance about whether the West Orange Board of Education’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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 November 29, 2023.

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 & BLISS, LLP
Certified Public Accountants
Public School Accountants


Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 29, 2023



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
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MARK SACO, CPA
ROBERT LERCH, CPA, PSA
CHRISTOPHER VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, 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

Opinion on Each Major Federal and State Program

We have audited the West Orange Board of Education’s compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

In our opinion, the West Orange Board of Education complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal and State Program

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 prescribed by the Office of School Finance, Department of Education, State of New Jersey; audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and audit requirements of New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Our responsibilities under those standards, U.S. Uniform Guidance and New Jersey OMB Circular are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the West Orange Board of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the West Orange Board of Education’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulation, rules, and provisions of contracts or grant agreements applicable to the West Orange Board of Education's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the West Orange Board of Education's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. Uniform Guidance and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the West Orange Board of Education's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. Uniform Guidance, and New Jersey OMB Circular 15-08, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the West Orange Board of Education's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the West Orange Board of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the West Orange Board of Education's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with U.S. Uniform Guidance and New Jersey OMB Circular 15-08 which is described in the accompanying schedule of findings and questioned costs as item 2023-01. Our opinion on each major federal and state program is not modified with respect to this matter.

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

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

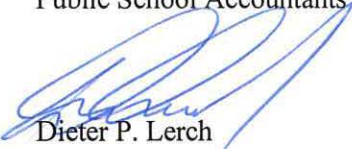
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 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 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, 2023, 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 November 29, 2023, 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 & BLISS, LLP
Certified Public Accountants
Public School Accountants


Dieter P. Lerch
Public School Accountant
PSA Number CS00756

WEST ORANGE BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal AL Number	FAIN Number	Grant Period	Award Amount	Balance July 1, 2022	Carryover Amount		Cash Received	Budgetary Expenditures	Funds Released		Balance, June 30, 2023			Memo GAAP Receivable
						Unearned Revenue	Accounts Receivable			Unearned Revenue	Accounts Receivable	Accounts Receivable	Unearned Revenue	Due to Grantor	
U.S. Department of Agriculture															
Passed-through State Dept. of Ed															
Enterprise Fund															
Food Distribution Program	10.555	231NJ304N1099	7/1/22-6/30/23	\$ 385,757				\$ 385,757	\$ 340,084				\$ 45,673		
Food Distribution Program	10.555	221NJ304N1099	7/1/21-6/30/22	260,649	\$ 20,497				20,497						
COVID Supply Chain Assistance	10.555	231NJ304N1099	7/1/22-6/30/23	314,298				314,298	314,298						
School Breakfast Program	10.553	231NJ304N1099	7/1/22-6/30/23	357,463				332,536	357,463			\$ (24,927)			\$ (24,927)
School Breakfast Program	10.553	221NJ304N1099	7/1/21-6/30/22	575,623	(51,290)			51,290							
National School Lunch Program	10.553	231NJ304N1099	7/1/22-6/30/23	1,702,010				1,592,920	1,702,010			(109,090)			(109,090)
National School Lunch Program	10.553	221NJ304N1099	7/1/21-6/30/22	3,845,614	(324,248)			324,248							
Total Child Nutrition Cluster					(355,041)			3,001,049	2,734,352			(134,017)	45,673		(134,017)
Fresh Fruit and Vegetable Program	10.582	231NJ304L1603	7/1/22-6/30/23	24,161				23,620	24,161			(541)			(541)
Fresh Fruit and Vegetable Program	10.582	221NJ304L1603	7/1/21-6/30/22	24,959	(2,237)			2,237							
					(2,237)			25,857	24,161			(541)			(541)
Local Food for Schools (LFS) Cooperative Program	10.185		7/1/22-6/30/23	8,657				2,037	8,657			(6,620)			(6,620)
Total Enterprise Fund					(357,278)			3,028,943	2,767,170			(141,178)	45,673		(141,178)
U.S. Department of Health and Human Services															
Passed-through State Dept. of Ed															
General Fund															
Medical Assistance Program	93.778	2005NJ5MAP	7/1/22-6/30/23	322,384				322,384	322,384						
FFCRA/SEMI	93.778	2005NJ5MAP	1/1/21-12/31/22	30,989				30,989	30,989						
Medical Assistance Program	93.778	2005NJ5MAP	7/1/21-6/30/22	275,959	(43,257)			43,257							
Total General Fund					(43,257)			396,630	353,373						
Special Revenue Fund															
U.S. Department of Education - Passed through State Department of Education															
Every Student Succeeds Act															
Title I - Part A	84.010	S010A220030	7/1/2022-9/30/2023	1,188,121		\$ 13,161	\$ (13,161)	632,867	1,107,913			(568,415)	93,369		(475,046)
Title I - Part A	84.010	S010A210030	7/1/2021-9/30/2022	900,834	(368,906)			368,906							
Title I SIA - Part A	84.010	S010A220030	7/1/2022-9/30/2023	10,000		10,000	(10,000)	8,352	9,974	(26)	26	(11,622)	10,000		(1,622)
Title I SIA - Part A	84.010	S010A210030	7/1/2021-9/30/2022	10,000	(5,510)			5,510							
Title II - Part A	84.367A	S367A220029	7/1/2022-9/30/2023	209,648		109,181	(109,181)	132,895	240,781			(185,934)	78,048		(107,886)
Title II - Part A	84.367A	S367A210029	7/1/2021-9/30/2022	178,514	(47,207)			47,207							
Title IV	84.424	S424A220031	7/1/2022-9/30/2023	74,931		67,246	(67,246)	49,018	124,234			(93,159)	17,943		(75,216)
Title IV	84.424	S424A210031	7/1/2021-9/30/2022	68,250	(6,318)			6,318							
Title III	84.365	S365A220030	7/1/2022-9/30/2023	63,491		12,109	(12,109)	60,496	74,373			(15,104)	1,227		(13,877)
Title III	84.365	S365A210030	7/1/2021-9/30/2022	52,958	(2,325)			2,325							
Title III- Immigrant	84.365	S365A220030	7/1/2022-9/30/2023	29,630		163	(163)	26,875	28,395			(2,918)	1,398		(1,520)
Title III- Immigrant	84.365	S365A210030	7/1/2021-9/30/2022	17,006	(7,612)			7,612							
Total Title III Cluster					(9,937)	12,272	(12,272)	97,308	102,768			(18,022)	2,625		(15,397)
Carl D. Perkins Secondary Education	84.048A	V048A220030	7/1/2022-6/30/2023	57,181				41,996	57,181			(15,185)			(15,185)
Carl D. Perkins Secondary Education	84.048A	V048A210030	7/1/2021-6/30/2022	51,402	(9,591)			9,591							
I.D.E.A. - Part B, Basic Regular	84.027A	H027A220100	7/1/2022-9/30/2023	1,862,399		468,341	(468,341)	1,502,220	1,704,881			(828,520)	625,859		(202,661)
I.D.E.A. - Part B, Basic Regular	84.027A	H027A210100	7/1/2021-9/30/2022	1,760,961	(224,774)	(468,341)	468,341	224,774							
I.D.E.A. - Part B, Basic Regular-ARP	84.027X	H027X210100	3/13/2020-9/30/2024	397,742	(76,875)			76,875	43,830			(197,742)	153,912		(43,830)
I.D.E.A. - Part B, Preschool	84.173A	H173A220114	7/1/2021-9/30/2022	79,789				73,369	79,789			(6,420)			(6,420)
I.D.E.A. - Part B, Preschool	84.173A	H173A210114	7/1/2021-9/30/2022	70,350	(15,164)			15,164							
I.D.E.A. - Part B, Preschool- ARP	84.173X	H173X210114	3/13/2020-9/30/2024	33,840	(22,024)			22,024							
Total Special Education Cluster IDEA					(338,837)			1,914,426	1,828,500			(1,032,682)	779,771		(252,911)

WEST ORANGE BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal AL Number	FAIN Number	Grant Period	Award Amount	Balance July 1, 2022	Carryover Amount		Cash Received	Budgetary Expenditures	Funds Released		Balance, June 30, 2023			Momo GAAP Receivable
						Unearned Revenue	Accounts Receivable			Unearned Revenue	Accounts Receivable	Accounts Receivable	Unearned Revenue	Due to Grantor	
Elementary and Secondary School Emergency Relief (ESSER) Coronavirus Aid, Relief, and Economic Security (CARES) Act CARES Emergency Relief Grant	84.425D	S425D200027	3/13/2020-9/30/2022	\$ 929,735	\$ (21,298)			\$ 21,298		(54,432)	54,432				
Elementary and Secondary School Emergency Relief (ESSER II) Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act CRRSA - ESSER II	84.425D	S425D210027	3/13/2020-9/30/2023	3,064,702	(693,173)			633,479	25,919			(85,613)			(85,613)
Learning Acceleration	84.425D	S425D210027	3/13/2020-9/30/2023	196,677	(5,119)			5,119	3,578			(123,342)	119,764		(3,578)
Mental Health	84.425D	S425D210027	3/13/2020-9/30/2023	45,000	(3,737)			10,195	6,953			(1,767)	1,272		(495)
Elementary and Secondary School Emergency Relief (ESSER III) American Rescue Plan (ARP)															
ARP	84.425U	S425U210027	3/13/2020-9/30/2024	6,887,719	(2,880,320)			3,928,301	1,393,364			(1,928,082)	1,582,699		(345,383)
Learning Acceleration	84.425U	S425U210027	3/13/2020-9/30/2024	656,055	(68,971)			198,728	301,554			(410,277)	238,480		(171,797)
Evidence Based Comp Beyond	84.425U	S425U210027	3/13/2020-9/30/2024	44,729				44,729	44,729			-	-		
Evidence Based Summer	84.425U	S425U210027	3/13/2020-9/30/2024	44,729				35,352	35,352			(9,377)	9,377		
NFTSS- Mental Health	84.425U	S425U210027	3/13/2020-9/30/2024	45,000				8,997	17,230			(36,003)	27,770		(8,233)
ARP Homeless II	84.425U	S425U210027	3/13/2020-9/30/2024	28,950	-	-	-	8,650	17,312	-	-	(20,300)	11,638	-	(8,662)
Total ESSER Cluster					(3,672,618)			4,894,848	1,845,991	(54,432)	54,432	(2,614,761)	1,991,000	-	(623,761)
U.S. Department of Treasury Passed-through State Department of Education Additional or Compensatory Special Education and Related Services (ASCERS)	21.027 21.027	SLFRFDOE1SES SLFRFDOE1SES	7/1/2022-6/30/2023 7/1/2021-6/30/2022	637,701 348,469				339,333 348,469	637,701 -			(298,368) -			(298,368) -
Total Special Revenue Fund					(4,807,393)	211,860	(211,860)	8,897,044	5,955,043	(54,458)	54,458	(4,838,148)	2,972,756	-	(1,865,392)
Total Federal Financial Awards					\$ (5,207,928)	\$ 211,860	\$ (211,860)	\$ 12,322,617	\$ 9,075,586	\$ (54,458)	\$ 54,458	\$ (4,979,326)	\$ 3,018,429	\$ -	\$ (2,006,570)

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WEST ORANGE BOARD OF EDUCATION
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grants/Program Title	Grant Period	Award Amount	Balance, July 1, 2022			Cash Received	Budgetary Expenditures	General Fund Contribution	Refund of Prior Years' Balances	Balance, June 30, 2023		GAAP Releasable	Memo Cumulative Total Expenditures
			(Accounts Receivable)	Due to Grantor	(Accounts Receivable)					Unearned Revenue			
State Department of Education													
General Fund													
Transportation Aid	7/1/22-6/30/23	3,033,009	\$	2,735,311	\$	3,033,009						\$	3,033,009
Transportation Aid	7/1/21-6/30/22	3,033,009	\$	295,940		231,783						\$	231,783
Nonpublic Transportation Costs	7/1/22-6/30/23	208,800		208,800									
Nonpublic Transportation Costs	7/1/21-6/30/22	208,800											
Total Transportation Aid Cluster			(564,740)	3,240,051		3,264,792						(231,783)	3,264,792
Equalization Aid	7/1/22-6/30/23	20,313,635		18,319,795		20,313,635							20,313,635
Equalization Aid	7/1/21-6/30/22	11,299,961	(1,102,372)	1,102,372		4,159,988							4,159,988
Special Education Aid	7/1/22-6/30/23	4,159,988	(405,903)	405,903		1,866,353							1,866,353
Special Education Aid	7/1/21-6/30/22	4,159,988	(182,106)	182,106		26,339,976							26,339,976
Security Aid	7/1/22-6/30/23	1,866,353	(1,690,381)	25,445,214		4,445,404							4,445,404
Security Aid	7/1/21-6/30/22	1,866,353	(4,683,155)	4,683,155		5,629,110							5,629,110
Total State Aid Public Cluster			(4,683,155)	4,683,155		4,445,404							4,445,404
Extrordinary Aid	7/1/22-6/30/23	4,445,404		4,445,404									4,445,404
Extrordinary Aid	7/1/21-6/30/22	4,445,404											4,445,404
Total Extrordinary Special Education Costs													
Reimbursed TPAF Social Security Contributions	7/1/22-6/30/23	5,629,110	(539,109)	539,109		5,629,110							5,629,110
Reimbursed TPAF Social Security Contributions	7/1/21-6/30/22	5,604,844											
TPAF On-Behalf Contributions	7/1/22-6/30/23	25,481,735		25,481,735		25,481,735							25,481,735
TPAF Pension Contribution-Normal Costs	7/1/22-6/30/23	353,530		353,530		353,530							353,530
TPAF Pension Contribution-NCGI	7/1/22-6/30/23	7,131		7,131		7,131							7,131
TPAF- Long Term Disability Insurance	7/1/22-6/30/23	6,786,862		6,786,862		6,786,862							6,786,862
TPAF Pension Contribution - Post Retirement Cost	7/1/22-6/30/23												
Total On-Behalf TPAF Contribution Cluster			(56,638)	32,629,258		32,629,258							32,629,258
School Security Grant	7/1/20-6/30/22	375,295		56,638									
Total General Fund			(7,474,243)	72,222,555		72,308,540					(231,783)		72,308,540
Special Revenue Fund													
New Jersey Nonpublic Aid:													
Auxiliary Services (Chapter 192)	7/1/22-6/30/23	4,430		4,430		4,430							4,430
Home Instruction	7/1/21-6/30/22	3,515	(3,515)	3,515							(4,430)		
Home Instruction	7/1/22-6/30/23	33,603		33,603									33,603
Compensatory Education	7/1/21-6/30/22	8,958		8,958									8,958
Total Nonpublic Auxiliary Services Aid (Chap 192) Cluster			(3,515)	37,118		4,430					(4,430)		4,430
Handicapped Services (Chap. 193)	7/1/22-6/30/23	43,778		43,778		43,778							43,778
Supplementary Instruction	7/1/21-6/30/22	37,996	26,349			11,647							11,647
Supplementary Instruction	7/1/22-6/30/23	140,511		140,511		136,718							136,718
Examination and Classification	7/1/21-6/30/22	192,402	19,551			18,879							18,879
Examination and Classification	7/1/22-6/30/23	18,879		18,879		18,879							18,879
Corrective Speech	7/1/21-6/30/22	14,880		5,952									5,952
Corrective Speech	7/1/22-6/30/23												
Total Nonpublic Handicapped Services Aid (Chap 193) Cluster			51,852	203,168		167,244							167,244
Textbook Aid	7/1/22-6/30/23	93,258		93,258		92,715							92,715
Textbook Aid	7/1/21-6/30/22	87,269	10,270			158,592							158,592
Nursing Services	7/1/22-6/30/23	290,280		290,280		273,855							273,855
Security Aid	7/1/21-6/30/22	254,975	39,772			38,681							38,681
Security Aid	7/1/22-6/30/23	59,346		59,346		59,346							59,346
Technology Initiative	7/1/21-6/30/22	61,608	1,471			5,058							5,058
Technology Initiative	7/1/22-6/30/23	2,022,791		1,791,317		1,932,966							1,932,966
NP Teacher Stem	7/1/21-6/30/22	100,000	(27,105)	27,105		161,176							161,176
Preschool Expansion Aid	7/1/21-6/30/22	161,176		161,176									161,176
EXPAND Pre-Apprenticeship Competitive Grant	7/1/22-6/30/23	2,022,791		1,791,317		1,932,966							1,932,966
SDA Emergent Needs and Capital Maintenance	7/1/21-6/30/22	161,176		161,176									161,176
Total Special Revenue Fund			(30,630)	112,323		2,823,175					(239,147)		2,874,717
Total			(11,008,088)	112,323		2,823,175					(239,147)		2,874,717

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

WEST ORANGE BOARD OF EDUCATION
 SCHEDULE OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2022			Budgetary Expenditures	General Fund Contribution	Refund of Prior Years' Balances	Balance, June 30, 2023			Memo	
				(Accounts Receivable)	Due to Grantor	Cash Received				(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
Debt Service Fund														
Debt Service Aid - State Support	23-495-034-5120-075	7/1/22-6/30/23	\$ 809,099	-	-	\$ 809,099	\$ 809,099	-	-	-	-	-	-	\$ 809,099
Enterprise Fund														
State School Lunch Program	23-100-010-3350-023	7/1/22-6/30/23	80,828			75,462	80,828			\$ (5,366)			\$ (5,366)	80,828
State School Lunch Program	22-100-010-3350-023	7/1/21-6/30/22	90,414	\$ (7,462)	-	7,462	-	-	-	-	-	-	-	-
Total Department of Agriculture/Enterprise Fund				(7,462)	-	82,924	80,828	-	-	(5,366)	-	-	(5,366)	80,828
Total State Financial Assistance Subject to Single Audit Determination				(7,512,325)	112,323	75,937,753	76,073,184	53,106	112,323	(7,804,741)	122,931	87,160	(244,822)	76,073,184
State Financial Assistance Not Subject to Single Audit Major Program Determination														
General Fund														
TPAF Pension Contribution-Normal Costs	23-495-034-5094-002	7/1/22-6/30/23	25,481,735			(25,481,735)	(25,481,735)							(25,481,735)
TPAF Pension Contribution -NCGI	23-495-034-5094-004	7/1/22-6/30/23	353,530			(353,530)	(353,530)							(353,530)
TPAF - Long Term Disability Insurance	23-495-034-5094-004	7/1/22-6/30/23	7,131			(7,131)	(7,131)							(7,131)
TPAF Pension Contribution - Post Retirement Cost	23-495-034-5094-001	7/1/22-6/30/23	6,786,862			(6,786,862)	(6,786,862)							(6,786,862)
Total State Financial Assistance Subject to Single Audit Major Programs Determination				\$ (7,512,325)	\$ 112,323	\$ 43,308,495	\$ 43,443,926	\$ 53,106	\$ 112,323	\$ (7,804,741)	\$ 122,931	\$ 87,160	\$ (244,822)	\$ 43,443,926

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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, 2023**

NOTE 1 REPORTING ENTITY

The West Orange Board of Education (the “Board” or the “District”) received and participated in numerous Federal Award and State Financial Assistance programs in the form of cost reimbursement grants and revenue sharing entitlements. The Board is the reporting entity for these programs. The Board is defined in Note 1 (A) to the Board’s Financial Statements.

NOTE 2 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (the “Schedules”) present the activity of all federal and state programs of the Board. All federal awards received directly from federal agencies or passed through other government agencies are included on the schedule of expenditures of federal awards. All state awards received directly from state agencies or passed through other government agencies are included in the schedule of expenditures of state financial assistance. The information in these Schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principals, and audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 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 the Notes to the Budgetary Comparison Schedules (RSI) and Note 1(D) to the Board’s financial statements, respectively. Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements. The Board’s summary of significant accounting policies are described in Note 1 to the Board’s financial statements.

NOTE 4 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 \$658,769 for the general fund and an increase of \$1,948,967 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	\$ 353,373	\$ 71,649,771	\$ 72,003,144
Special Revenue Fund	8,051,405	2,683,315	10,734,720
Debt Service Fund		809,099	809,099
Food Service Fund	<u>2,758,513</u>	<u>80,828</u>	<u>2,839,341</u>
Total Awards and Financial Assistance	<u>\$ 11,163,291</u>	<u>\$ 75,223,013</u>	<u>\$ 86,386,304</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, 2023**

NOTE 5 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6 OTHER INFORMATION

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 5,629,110 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, 2023. The amount reported as TPAF Pension System Contributions in the amount of \$25,835,265 TPAF Post-Retirement Medical Benefits Contributions in the amount of \$6,786,862 and TPAF Long-Term Disability Insurance in the amount of \$7,131 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2023.

NOTE 7 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 8 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, 2023**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

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

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

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

Federal Awards Section

Internal Control over major programs:

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

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

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

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

Identification of major federal programs:

<u>AL Number(s)</u>	<u>FAIN #</u>	<u>Name of Federal Program or Cluster</u>
<u>84.425D</u>	<u>S425D210027</u>	<u>Coronavirus Response and Relief Supplemental Act (CRRSA - ESSER II)</u>
<u>84.425U</u>	<u>S425U210027</u>	<u>American Rescue Plan - (ARP - ESSER)</u>
<u>21.027</u>	<u>SLFRFDOE1SES</u>	<u>Additional or Compensatory Special Education and Related Services (ASCERS)</u>
<u>84.010</u>	<u>S010A220030</u>	<u>Title I, Title I - SIA</u>
<u>10.555</u>	<u>231NJ304N1099</u>	<u>Food Distribution Program</u>
<u>10.555</u>	<u>231NJ304N1099</u>	<u>Supply Chain Assistance</u>
<u>10.553</u>	<u>231NJ304N1099</u>	<u>National School Breakfast Program</u>
<u>10.553</u>	<u>231NJ304N1099</u>	<u>National School Lunch Program</u>

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

Auditee qualified as low-risk auditee? yes X no

**WEST ORANGE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2023**

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

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

CURRENT YEAR FEDERAL AWARDS

Finding 2023-01

Our audit indicated that the District's net cash resources in the food service fund exceeded the maximum allowed of three months' average expenditures.

Information on the Federal Program

10.553	School Breakfast Program
10.555	National School Lunch Program

Criteria or Specific Requirement

U.S. Uniform Guidance; Compliance Supplement – Child Nutrition Cluster

Condition

The net cash resources maintained in the food service enterprise fund was more than the average of three month's expenditures.

Questioned Costs

None.

Context

The net cash resources of the food service enterprise fund is \$2,866,825. The three-month average of operating expenditures is \$1,298,275. This results in an excess balance of \$1,568,550.

Effect

The District is not in compliance with the requirements of U.S. Uniform Guidance with respect to the Child Nutrition program.

Cause

Unknown.

Recommendation

The District develop a plan to reduce net cash resources in the food service fund below the maximum allowed of three months' average expenditures.

View of Responsible Officials and Planned Corrective Action

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

WEST ORANGE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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

CURRENT YEAR STATE AWARDS

There are none.

**WEST ORANGE BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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.