

**WEST ORANGE SCHOOL DISTRICT**

**West Orange Board of Education  
West Orange, New Jersey**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2015**

**Comprehensive Annual  
Financial Report**

**of the**

**West Orange School District**

**West Orange, New Jersey**

**For the Fiscal Year Ended June 30, 2015**

**Prepared by**

**West Orange Board of Education Office**

WEST ORANGE SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2015

INTRODUCTORY SECTION (UNAUDITED)

|                               |   |
|-------------------------------|---|
| Letter of Transmittal .....   | 1 |
| Organizational Chart .....    | 4 |
| Roster of Officials .....     | 5 |
| Consultants and Advisors..... | 6 |

FINANCIAL SECTION .....

|  |    |
|--|----|
| Independent Auditors' Report.....  | 8  |
| Required Supplementary Information .....   | 11 |
| Management's Discussion and Analysis (Unaudited).....  | 12 |
| Basic Financial Statements (Sections A. and B.).....   | 23 |
| A. District-Wide Financial Statements.....   | 24 |
| A-1 Statement of Net Position .....  | 25 |
| A-2 Statement of Activities.....   | 26 |
| B. Fund Financial Statements.....  | 28 |
| B-1 Balance Sheet – Governmental Funds .....   | 29 |
| B-2 Statement of Revenue, Expenditures and Changes in Fund Balance –<br>Governmental Funds.....  | 31 |
| B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in<br>Fund Balances of Governmental Funds to the Statement of Activities..... | 33 |
| B-4 Statement of Net Position – Proprietary Funds .....  | 34 |
| B-5 Statement of Revenue, Expenses and Changes in Net Position –<br>Proprietary Funds .....  | 35 |
| B-6 Statement of Cash Flows – Proprietary Funds.....   | 36 |
| B-7 Statement of Fiduciary Net Position – Fiduciary Funds.....   | 37 |
| B-8 Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....  | 38 |
| Notes to the Basic Financial Statements.....   | 39 |

Required Supplementary Information (Unaudited)

|  |    |
|--|----|
| L. Schedules Related to Accounting and Reporting for Pensions (GASB 68) (Unaudited).....   | 77 |
| L-1 Schedule of District's Proportionate Share of the Net Pension Liability –<br>Public Employees Retirement System.....                         | 77 |
| L-2 Schedule of District Contributions – Public Employees Retirement System.....   | 78 |
| L-3 Schedule of District's Proportionate Share of the Net Pension Liability –<br>Teachers' Pension and Annuity Fund.....                         | 79 |
| L-4 Schedule of District's Proportionate Share of the Net Pension Liability –<br>Board of Education Employees' Pension Fund of Essex County..... | 80 |
| L-5 Schedule of District Contributions – Board of Education Employees'<br>Pension Fund of Essex County.....                                      | 81 |
| Notes to Required Supplementary Information .....  | 82 |

WEST ORANGE SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

FINANCIAL SECTION (Cont'd)

Required Supplementary Information (Unaudited) (Cont'd)

|   |    |
|---|----|
| C. Budgetary Comparison Schedules (Unaudited).....                                  | 83 |
| C-1 Budgetary Comparison Schedule – General Fund .....                              | 84 |
| C-2 Budgetary Comparison Schedule – Special Revenue Fund.....                       | 98 |
| C-3 Budgetary Comparison Schedule – Note to Required Supplementary Information..... | 99 |

Required Supplementary Schedules (D.-I.)

|   |     |
|---|-----|
| D. School Level Schedules (Not Applicable).....   | 101 |
| E. Special Revenue Fund .....   | 102 |
| E-1 Combining Schedule of Revenue and Expenditures Special Revenue<br>Fund – Budgetary Basis..... | 103 |
| E-2 Preschool Education Aid Schedule of Expenditures - Budgetary<br>Basis (Not Applicable) .....  |     |
| F. Capital Projects Fund (Not Applicable) .....   | 107 |
| G. Proprietary Funds.....   | 108 |
| G-1 Statement of Net Position .....   | 109 |
| G-2 Statement of Revenue, Expenses and Changes in Net Position.....                               | 110 |
| G-3 Statement of Cash Flows .....   | 111 |
| H. Fiduciary Funds .....  | 112 |
| H-1 Combining Statement of Fiduciary Net Position .....   | 113 |
| H-2 Statement of Changes in Fiduciary Net Position .....  | 114 |
| H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements .....                     | 115 |
| H-4 Student Activity Agency Fund Schedule of Activity.....  | 116 |
| H-5 Payroll Agency Fund Schedule of Receipts and Disbursements .....                              | 117 |
| I. Long-Term Debt .....   | 118 |
| I-1 Schedule of Bonds Payable.....  | 119 |
| I-2 Schedule of Obligations Under Capital Leases – Certificates of Participation.....             | 120 |
| I-3 Budgetary Comparison Schedule – Debt Service Fund (Unaudited) .....                           | 122 |
| I-4 Statement of Obligations under Capital Leases.....  | 123 |

STATISTICAL SECTION (Unaudited)

|   |     |
|---|-----|
| J. Statistical Section (Unaudited).....                 | 124 |
| J-1 Net Position by Component .....                     | 125 |
| J-2 Changes in Net Position.....                        | 126 |
| J-3 Fund Balances – Governmental Funds .....            | 129 |
| J-4 Changes in Fund Balances – Governmental Funds ..... | 130 |
| J-5 General Fund Other Local Revenue by Source .....    | 132 |

WEST ORANGE SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

STATISTICAL SECTION (Cont'd)

J. Statistical Section (Cont'd)

|      |   |     |
|------|---|-----|
| J-6  | Assessed Value and Actual Value of Taxable Property .....         | 133 |
| J-7  | Direct and Overlapping Property Taxpayers .....                   | 134 |
| J-8  | Principal Property Taxpayers.....                                 | 135 |
| J-9  | Property Tax Levies and Collections.....                          | 136 |
| J-10 | Ratios of Outstanding Debt by Type .....                          | 137 |
| J-11 | Ratios of Net General Bonded Debt Outstanding.....                | 138 |
| J-12 | Ratios of Overlapping Governmental Activities Debt.....           | 139 |
| J-13 | Legal Debt Margin Information.....                                | 140 |
| J-14 | Demographic and Economic Statistics .....                         | 141 |
| J-15 | Principal Employers.....  | 142 |
| J-16 | Full-Time Equivalent District Employees by Function/Program ..... | 143 |
| J-17 | Operating Statistics .....  | 144 |
| J-18 | School Building Information .....                                 | 145 |
| J-19 | Schedule of Required Maintenance for School Facilities .....      | 148 |
| J-20 | Insurance Schedule .....  | 149 |

SINGLE AUDIT SECTION

|     |   |     |
|-----|---|-----|
| K.  | Single Audit Section.....   | 151 |
| K-1 | Report on Internal Control over Financial Reporting and on Compliance<br>and Other Matters Based on an Audit of Financial Statements<br>Performed in Accordance With <i>Government Auditing Standards</i> ..... | 152 |
| K-2 | Report on Compliance for Each Major Federal and State Program;<br>Report on Internal Control over Compliance Required by OMB Circular<br>A-133 and New Jersey's OMB Circulars 04-04 and 15-08.....              | 154 |
|     | Schedule of Expenditures of Federal Awards.....   | 156 |
|     | Schedule of Expenditures of State Awards.....   | 158 |
|     | Notes to the Schedules of Expenditures of Federal and State Awards.....   | 160 |
|     | Schedule of Findings and Questioned Costs.....  | 162 |
|     | Summary Schedule of Prior Audit Findings.....   | 164 |

INTRODUCTORY SECTION  
(UNAUDITED)

# West Orange Board of Education

## West Orange, New Jersey

Jeffrey S. Rutzky  
Superintendent of Schools

John Calavano  
Business Administrator

November 20, 2015

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

Dear Board Members:

The Comprehensive Annual Financial Report of the West Orange School District (the "District") for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principle 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 Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey's OMB Circulars 04-04 and 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. These include regular as well as special education for handicapped youngsters. The District completed the 2014-2015 fiscal year with an enrollment of 6,732 students.

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

West Orange School District  
 Page 2  
 November 20, 2015

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

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

- Ongoing cooperation with other schools within the state to purchase energy and telephone services.
- Ongoing cooperative purchasing with other schools in the state to acquire office, instructional and custodial supplies.
- Participating with educational service commissions to reduce costs in other areas of purchasing.

Other initiatives pursued by the District include:

- Maximizing student achievement as measured by the state testing program.
- Enriching the program offering to further encourage all students to achieve success.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2015.



The Honorable President and Members of  
the Board of Education  
West Orange School District  
Page 3  
November 20, 2015

**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 Basic 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 Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

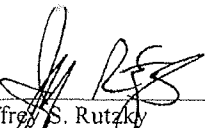
**8) RISK MANAGEMENT:** The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found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

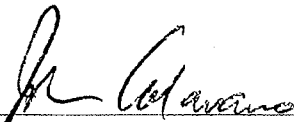
The District is a member of the New Jersey Schools Insurance Group (NJSIG). The NJSIG is a risk-sharing public entity risk pool that is both insured and self-administered group of school districts established for the purpose of providing low cost insurance coverage to its members. Additional information about NJSIG is included in Note 12 to the financial statements. The Board has chosen a self-insurance program for its workers' compensation claims up to \$500,000 (individually and in the aggregate) and has purchased commercial excess coverage for all claims above the self-insured retention amount.

**10) OTHER INFORMATION:** Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia 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 Amendments of 1996 and the related Federal OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

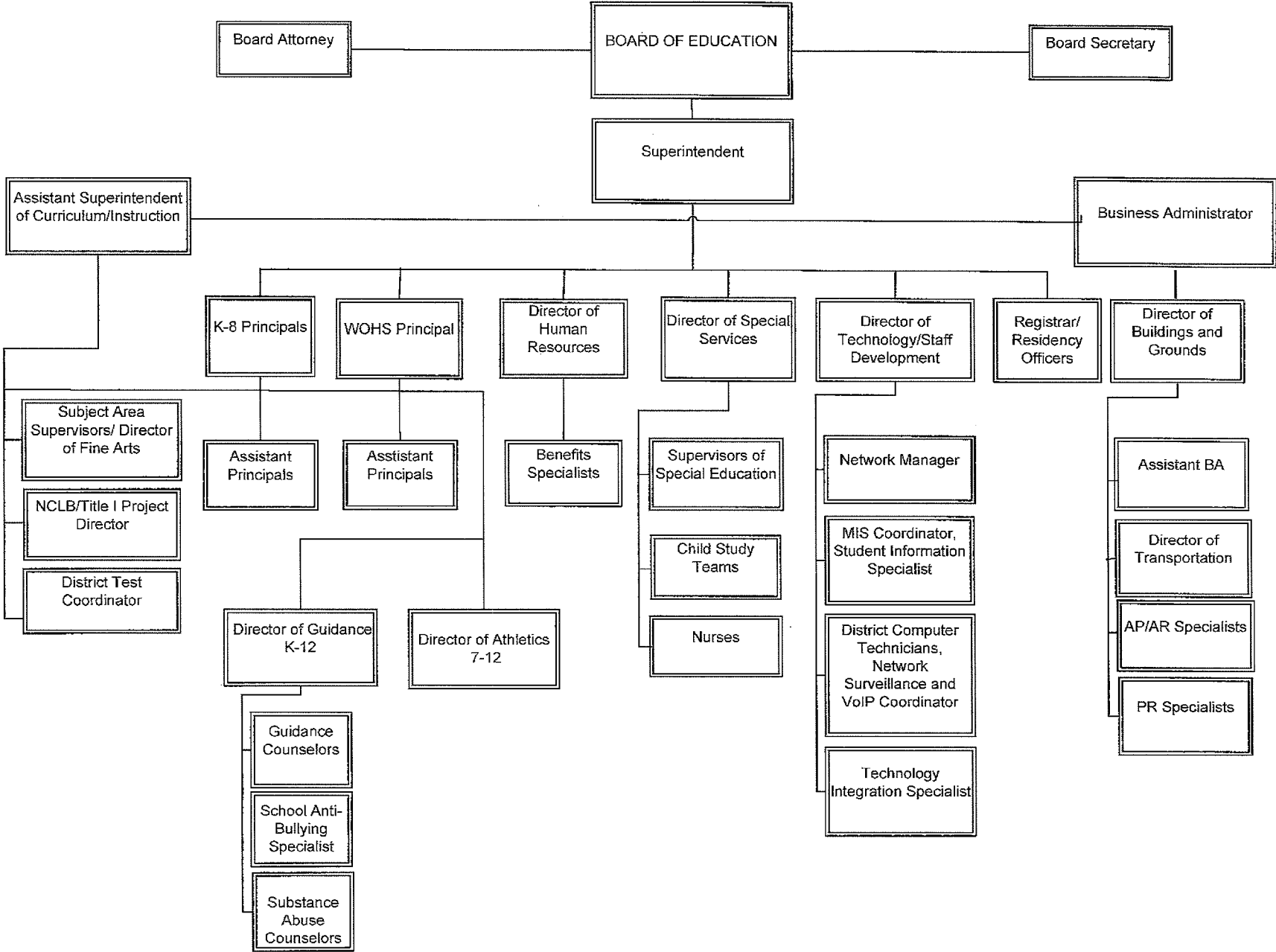
**11) ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the West Orange School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

Respectfully submitted,

  
\_\_\_\_\_  
Jeffrey S. Rutzy  
Superintendent of Schools

  
\_\_\_\_\_  
John Calavano  
Business Administrator/Board Secretary

WEST ORANGE PUBLIC SCHOOLS  
ORGANIZATION CHART (2014-15)



**WEST ORANGE SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2015**

| <u>Members of the Board of Education</u> | <u>Term Expires</u> |
|--|---------------------|
| Ron Charles, President                   | 2015                |
| Michelle Casalino, Vice President        | 2015                |
| Laura Lab                                | 2017                |
| Sandra Mordecai                          | 2016                |
| Mark Robertson                           | 2016                |

| <u>Other Officers</u>       | <u>Title</u>                                  |
|-----------------------------|---|
| Jeffrey S. Rutzky           | Superintendent of Schools                     |
| John Calavano               | Board Secretary/School Business Administrator |
| Joseph Antonucci            | Treasurer                                     |
| Stephen J. Christiano, Esq. | Board Attorney                                |

**WEST ORANGE SCHOOL DISTRICT**  
**Consultants and Advisors**

**Attorney**

Stephen J. Christiano, Esquire  
179 Eagle Rock Avenue  
West Orange, New Jersey 07052

**Auditor**

Nisivoccia LLP  
Mount Arlington Corporate Center  
200 Valley Rd., Suite 300  
Mount Arlington, New Jersey 07856  
and  
Lawrence Business Park  
11 Lawrence Road  
Newton, New Jersey 07860

**Bond Counsel**

McManimon & Scotland, L.L.C.  
One Riverfront Plaza  
Fourth Floor  
Newark, New Jersey 07102

**Official Depositories**

PNC Bank  
Main Street Branch  
West Orange, New Jersey 07052

TD Bank North  
Pleasant Valley Way  
West Orange, New Jersey 07052

FINANCIAL SECTION



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax  
 Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

## Independent Auditors' Report

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the West Orange School District (the "District") in the County of Essex, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

The Honorable President and Members  
of the Board of Education  
West Orange School District  
Page 2

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the West Orange School District, in the County of Essex, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 19 to the basic financial statements, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the fiscal year ended June 30, 2015. Our opinions are not modified with respect to this matter. The implementation resulted in the restatement of certain balances on the Statement of Net Position and the ending balance for Net Position for the Governmental Activities as of June 30, 2014 as detailed in Note 19 to the basic financial statements.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the required supplementary information pension schedules and the budgetary comparison information in Exhibits C-1 through C-3 and I-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Honorable President and Members  
of the Board of Education  
West Orange School District  
Page 3

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Matters***

*Other Information*

The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 District's internal control over financial reporting and compliance.

*Nisivo ccia, LLP*

November 20, 2015  
Mount Arlington, New Jersey

NISIVOCCIA, LLP

*Kathryn L. Mantell*

\_\_\_\_\_  
Kathryn L. Mantell  
Licensed Public School Accountant #884  
Certified Public Accountant



REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)

**WEST ORANGE SCHOOL DISTRICT  
WEST ORANGE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

This section of West Orange School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

**Financial Highlights**

- The District's net position was \$23,184,587 at June 30, 2015 which was comprised of \$22,776,200 from its governmental activities and \$408,387 from its business-type activities.
- The District's financial position decreased \$1,317,447, or 5.4%, over the past year on a district-wide basis.
- Overall revenue was \$175,055,804.
- Overall expenses were \$176,373,251.
- The net position of the District's business-type activities increased \$52,038 over the course of the year – primarily due to a decrease in the cost of sales in the food service program and the establishment of the community education program.
- Capital asset additions were \$3,205,601 from current year budgeted projects.

**Overview of the Financial Statements**

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary 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 such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds statements* offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services and community education.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.
- The *notes to the basic financial statements* provide additional information essential to a full understanding of the District-wide and fund financial statements.

**WEST ORANGE SCHOOL DISTRICT  
WEST ORANGE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1  
Organization of West Orange School District's Financial Report**

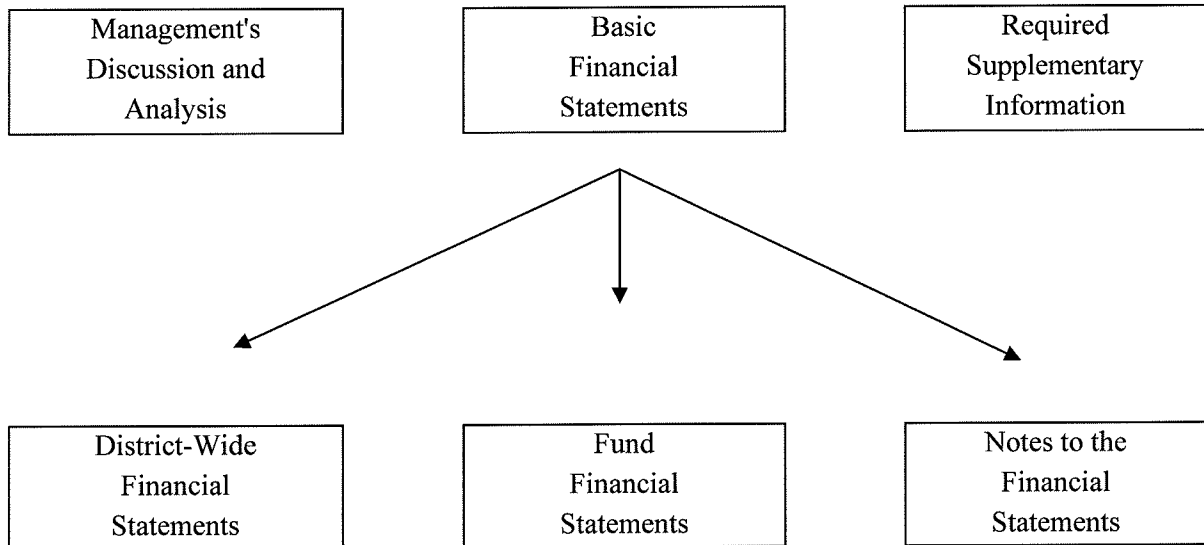


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

**WEST ORANGE SCHOOL DISTRICT  
WEST ORANGE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

Figure A-2

*Major Features of the District-Wide and Fund Financial Statements*

|  | District-Wide Statements   | Fund Financial Statements  |   |   |
|--|--|--|---|---|
|  |  | Governmental Funds   | Proprietary Funds   | Fiduciary Funds   |
| Scope                                  | Entire District (except fiduciary funds)   | The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance   | Activities the District operates similar to private businesses (food services)  | Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.      |
| Required Financial Statements          | <ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul> | <ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>                        | <ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul> | <ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul> |
| Accounting Basis and Measurement Focus | Accrual accounting and economic resources focus  | Modified accrual accounting and current financial resources focus  | Accrual accounting and economic resources focus   | Accrual accounting and economic resources focus   |
| Type of Asset/Liability Information    | All assets and liabilities, both financial and capital, short-term and long-term                                 | Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included    | All assets and liabilities, both financial and capital, short-term and long-term  | All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can                       |
| Type of Inflow/Outflow Information     | All revenue and expenses during the year, regardless of when cash is received or paid                            | Revenue 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 | All revenue and expenses during the year, regardless of when cash is received or paid   | All additions and deductions during the year, regardless of when cash is received or paid   |

**WEST ORANGE SCHOOL DISTRICT  
WEST ORANGE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

***District-wide 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 inflows and outflows and liabilities. All of the current year's revenue 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. Examining net position – the difference between the District's assets, deferred inflows and outflows and liabilities – is one way to measure the District's financial health or *position*.

- 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 District's overall health, you need to consider additional nonfinancial 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 divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service and community education programs are included here.

***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 by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you 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, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

**WEST ORANGE SCHOOL DISTRICT  
WEST ORANGE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

***Fund Financial Statements***

- *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. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

***Notes to the Basic Financial Statements***

The notes to the basic financial statements provide additional information essential to a full understanding of the District-wide and fund financial statements.

***Financial Analysis of the District as a Whole***

*Net Position.* The District's *combined* net position was \$1,317,447 less on June 30, 2015, than it was the year before – decreasing 5.4% to \$23,184,587. (See figure A-3). The District's governmental activities net position decreased by \$1,369,485 to \$22,776,200. The District's business-type activities net position increased by \$52,038 to \$408,387.

**Figure A-3**

**Condensed Statement of Net Position**

|                                   | Governmental Activities |               | Business-Type Activities |            | Total School District |               | Percent Change |
|-----------------------------------|-------------------------|---------------|--------------------------|------------|-----------------------|---------------|----------------|
|                                   | 2015                    | 2014 *        | 2015                     | 2014       | 2015                  | 2014 *        |                |
| Current and                       |                         |               |                          |            |                       |               |                |
| Other Assets                      | \$ 8,034,204            | \$ 12,399,306 | \$ 822,140               | \$ 522,386 | \$ 8,856,344          | \$ 12,921,692 | -31.5%         |
| Capital Assets, Net               | 127,180,927             | 129,391,905   | 66,448                   | 78,903     | 127,247,375           | 129,470,808   | -1.7%          |
| Total Assets                      | 135,215,131             | 141,791,211   | 888,588                  | 601,289    | 136,103,719           | 142,392,500   | -4.4%          |
| Deferred Outflows<br>of Resources | 7,510,343               | 4,731,784     |                          |            | 7,510,343             | 4,731,784     | 58.7%          |
| Long-Term Debt<br>Outstanding     | 112,127,730             | 112,950,356   |                          |            | 112,127,730           | 112,950,356   | -0.7%          |
| Other Liabilities                 | 5,310,586               | 9,426,954     | 480,201                  | 244,940    | 5,790,787             | 9,671,894     | -40.1%         |
| Total Liabilities                 | 117,438,316             | 122,377,310   | 480,201                  | 244,940    | 117,918,517           | 122,622,250   | -3.8%          |
| Deferred Outflows<br>of Resources | 2,510,958               |               |                          |            | 2,510,958             |               | 100.0%         |
| Net Position:                     |                         |               |                          |            |                       |               |                |
| Net Investment in                 |                         |               |                          |            |                       |               |                |
| Capital Assets                    | 59,915,011              | 59,644,905    | 66,448                   | 78,903     | 59,981,459            | 59,723,808    | 0.4%           |
| Restricted                        | 689,187                 | 2,429,584     |                          |            | 689,187               | 2,429,584     | -71.6%         |
| Unrestricted/(Deficit)            | (37,827,998)            | (37,928,804)  | 341,939                  | 277,446    | (37,486,059)          | (37,651,358)  | 0.4%           |
| Total Net Position                | \$ 22,776,200           | \$ 24,145,685 | \$ 408,387               | \$ 356,349 | \$ 23,184,587         | \$ 24,502,034 | -5.4%          |

\*Restated

**WEST ORANGE SCHOOL DISTRICT  
WEST ORANGE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

***Financial Analysis of the District as a Whole***

*Changes in Net Position.* The District's combined net position was \$23,184,587 on June 30, 2015, which is \$1,317,447 or 5.4% less than the year before. (See Figure A-3). Net investment in capital assets increased \$257,651 as a result of capital additions of \$3,205,601 and a \$2,481,084 net reduction in related debt offset by \$5,429,034 of depreciation (\$5,416,579 from governmental activities and \$12,455 from business-type activities). Restricted net position decreased \$1,740,397 due to a decrease in excess surplus of \$1,873,227 offset by increases in capital reserve of \$128,894 and in the debt service fund of \$3,936. Unrestricted net position increased \$100,806 in governmental activities as a result of increases in surplus used to support the 2015/16 budget of \$1,912,166, changes in pension assumptions of \$1,329,018 and changes in proportion in pensions of \$1,769,386 and decreases in the pension deferral of \$70,657, bond premiums of \$170,636 and accrued bond interest payable of \$29,174 offset by decreases in deferred interest on bond refundings of \$319,845, year-end encumbrances of \$476,913, unassigned fund balance of \$143,400 and increases in worker's compensation of \$323,713, compensated absences of \$209,071, the change in net pension liability of \$1,196,331 and investment gains in pensions of \$2,510,958. The net position of the business-type activities increased \$52,038, primarily due to a reduction in expenses in the food service program. (See Figure A-4).

**Figure A-4**

**Changes in Net Assets from Operating Results**

|                                     | Governmental Activities |                     | Business-Type Activities |                  | Total School District |                     | %<br>Change |
|-------------------------------------|-------------------------|---------------------|--------------------------|------------------|-----------------------|---------------------|-------------|
|                                     | 2015                    | 2014                | 2015                     | 2014             | 2015                  | 2014                |             |
| Revenue:                            |                         |                     |                          |                  |                       |                     |             |
| Program Revenue:                    |                         |                     |                          |                  |                       |                     |             |
| Charges for Services                | \$ 311,761              | \$ 578,707          | \$ 1,747,459             | \$ 1,496,008     | \$ 2,059,220          | \$ 2,074,715        | -0.7%       |
| Operating Grants<br>& Contributions | 35,456,743              | 19,047,102          | 1,886,516                | 1,765,304        | 37,343,259            | 20,812,406          | 79.4%       |
| General Revenue:                    |                         |                     |                          |                  |                       |                     |             |
| Property Taxes                      | 130,137,941             | 125,860,403         |                          |                  | 130,137,941           | 125,860,403         | 3.4%        |
| Unrestricted State/<br>Federal Aid  | 5,253,271               | 4,851,117           |                          |                  | 5,253,271             | 4,851,117           | 8.3%        |
| Other                               | 262,098                 | 915,788             | 15                       | 27               | 262,113               | 915,815             | -71.4%      |
| Total Revenue                       | <u>171,421,814</u>      | <u>151,253,117</u>  | <u>3,633,990</u>         | <u>3,261,339</u> | <u>175,055,804</u>    | <u>154,514,456</u>  | 13.3%       |
| Expenses:                           |                         |                     |                          |                  |                       |                     |             |
| Instruction                         | 98,127,911              | 88,502,265          |                          |                  | 98,127,911            | 88,502,265          | 10.9%       |
| Pupil/Instruction Services          | 26,213,593              | 23,200,508          |                          |                  | 26,213,593            | 23,200,508          | 13.0%       |
| Administration/Business             | 15,893,439              | 12,443,042          |                          |                  | 15,893,439            | 12,443,042          | 27.7%       |
| Maintenance/Operations              | 15,505,138              | 11,250,987          |                          |                  | 15,505,138            | 11,250,987          | 37.8%       |
| Transportation                      | 8,696,611               | 8,120,910           |                          |                  | 8,696,611             | 8,120,910           | 7.1%        |
| Other                               | 8,354,607               | 5,983,260           | 3,581,952                | 3,178,570        | 11,936,559            | 9,161,830           | 30.3%       |
| Total Expenses                      | <u>172,791,299</u>      | <u>149,500,972</u>  | <u>3,581,952</u>         | <u>3,178,570</u> | <u>176,373,251</u>    | <u>152,679,542</u>  | 15.5%       |
| Change in Net Position              | <u>\$ (1,369,485)</u>   | <u>\$ 1,752,145</u> | <u>\$ 52,038</u>         | <u>\$ 82,769</u> | <u>\$ (1,317,447)</u> | <u>\$ 1,834,914</u> |             |

**WEST ORANGE SCHOOL DISTRICT  
WEST ORANGE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

*Revenue Sources.* The District's total revenue for the 2014/2015 school year was \$175,055,804. (See Figure A-5). Property taxes accounted for most of the District's revenue and constituted \$130,137,941 of the total, or 74.34%. Operating Grants and Contributions comprised \$37,343,259 of the total, or 21.33%. Unrestricted State and federal aid comprised \$5,253,271 of the total, or 3.00%. Charges for services and miscellaneous revenue constituted \$2,321,333, or 1.33% of total revenue.

**Figure A-5  
Sources of Revenue for Fiscal Years 2015 and 2014**

| Sources of Income:                 | 2015                  | Percentage     | 2014                  | Percentage     |
|------------------------------------|-----------------------|----------------|-----------------------|----------------|
| Operating Grants and Contributions | \$ 37,343,259         | 21.33%         | \$ 20,812,406         | 13.47%         |
| Unrestricted State/Federal Aid     | 5,253,271             | 3.00%          | 4,851,117             | 3.14%          |
| Property Taxes                     | 130,137,941           | 74.34%         | 125,860,403           | 81.46%         |
| Charges for Services               | 2,059,220             | 1.18%          | 2,074,715             | 1.34%          |
| Other                              | 262,113               | 0.15%          | 915,815               | 0.59%          |
|                                    | <u>\$ 175,055,804</u> | <u>100.00%</u> | <u>\$ 154,514,456</u> | <u>100.00%</u> |

The total cost of all programs and services was \$176,373,251. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students and constitute \$133,038,115, or approximately 75.43%, of total expenses. (See Figure A-6). The District's administrative and business activities accounted for \$15,893,439, or 9.01%, maintenance and operations was \$15,505,138, or 8.79%, and other costs which primarily include \$2,977,679 of interest on long-term debt, \$255,172 transfer of funds to charter schools, \$5,121,756 of unallocated depreciation of capital assets, and \$3,581,952 of business-type activities expenses and represented \$11,936,559, or 6.77%, of total costs.

**Figure A-6  
Expenses for Fiscal Years 2015 and 2014**

| Expense Category:              | 2015                  | Percentage     | 2014                  | Percentage     |
|--------------------------------|-----------------------|----------------|-----------------------|----------------|
| Instruction                    | \$ 98,127,911         | 55.64%         | \$ 88,502,265         | 57.97%         |
| Pupil and Instruction Services | 26,213,593            | 14.86%         | 23,200,508            | 15.19%         |
| Administration and Business    | 15,893,439            | 9.01%          | 12,443,042            | 8.15%          |
| Maintenance and Operations     | 15,505,138            | 8.79%          | 11,250,987            | 7.37%          |
| Transportation                 | 8,696,611             | 4.93%          | 8,120,910             | 5.32%          |
| Other                          | 11,936,559            | 6.77%          | 9,161,830             | 6.00%          |
|                                | <u>\$ 176,373,251</u> | <u>100.00%</u> | <u>\$ 152,679,542</u> | <u>100.00%</u> |



**WEST ORANGE SCHOOL DISTRICT  
WEST ORANGE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

***Governmental Activities***

The District's financial position decreased slightly during the year. Maintaining existing programs with the current regular pupil enrollment and the provision of a multitude of special programs and services for disabled pupils place great demands on the District's resources. During the past several years, numerous veteran teachers have retired and have been replaced by teachers of less experience. Such changes have generated significant salary savings, but these have not been sufficient enough to offset increased special education programs and increased health benefit costs.

Careful management of expenses remains essential for the District to sustain its financial health. It is crucial that the District monitor its expenses carefully. Increasing parental and student demands for new activities and programs must be evaluated thoroughly.

Among the many significant cost saving actions implemented over the years have been:

- For the 2014-15 fiscal year, 206 employees have chosen benefit waivers in lieu of traditional health benefits coverage saving the District an average of \$14,325 per employee.
- New contracts were negotiated for snow removal that required lower retainer fees and a general reduction in overall costs for the past five years.
- Use of cooperative bidding contracts and participation in the "ACES" program for energy costs.
- Installation of private fiber throughout the District has reduced internet services costs. Also, voice over internet protocol was implemented during 2010 reducing telephone costs by \$65,000 in the initial year and \$230,000 annually thereafter.
- Development of cost-sharing agreements with the Township of West Orange for fuel for school buses.

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-7  
Net Cost of Governmental Activities**

|                                | Total Cost of Services |                       | Net Cost of Services  |                       |
|--------------------------------|------------------------|-----------------------|-----------------------|-----------------------|
|                                | 2015                   | 2014                  | 2015                  | 2014                  |
| Instruction                    | \$ 98,127,911          | \$ 88,502,265         | \$ 72,757,340         | \$ 73,853,986         |
| Pupil and Instruction Services | 26,213,593             | 23,200,508            | 21,639,067            | 19,944,581            |
| Administration and Business    | 15,893,439             | 12,443,042            | 13,101,191            | 11,343,706            |
| Maintenance and Operations     | 15,505,138             | 11,250,987            | 13,423,256            | 11,250,987            |
| Transportation                 | 8,696,611              | 8,120,910             | 7,747,334             | 7,498,643             |
| Other                          | 8,354,607              | 5,983,260             | 8,354,607             | 5,983,260             |
|                                | <u>\$ 172,791,299</u>  | <u>\$ 149,500,972</u> | <u>\$ 137,022,795</u> | <u>\$ 129,875,163</u> |

**WEST ORANGE SCHOOL DISTRICT  
WEST ORANGE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

***Governmental Activities***

- The cost of all governmental activities this year was \$172,791,299.
- The federal and state governments subsidized certain programs with aids, grants and contributions (\$35,456,743).
- Most of the District's costs were financed by \$130,137,941 of District taxes.
- The remainder of the funding came from charges for services (\$311,761) and miscellaneous revenue and investment earnings (\$262,098).

***Business-Type Activities***

Net position from the District's business-type activities increased \$52,038 primarily due to a decrease in the cost of sales in the food service program and the establishment of the community education program. (Refer to Figure A-4).

***Financial Analysis of the District's Funds***

The District's General Fund financial position has decreased by \$438,459 (on the budgetary basis). Local revenue was less than the original budget by \$82,133. State Extraordinary Aid and Nonpublic Transportation Aid exceeded the anticipated amount in the current budget by \$326,836 in State revenue and can be appropriated by Board resolution in the subsequent year. Also, the District had \$2,343,979 of unexpended budget appropriations (of which \$344,141 was encumbered at June 30). The District has been operating under very tight budget constraints which are evidenced by the marginal unexpended appropriations.

The District's Debt Service Fund financial position has increased by \$3,936 during the year. Restricted amounts are required to be budgeted and used in the next succeeding year's budget.

***General Fund Budgetary Highlights***

Over the course of the year, the District revised the annual operating budget several times. These budget amendments were the result of changes made between budgetary line items for changes in school-based needs for programs, supplies and equipment.

**WEST ORANGE SCHOOL DISTRICT  
WEST ORANGE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

***Capital Asset and Debt Administration***

***Capital Assets***

By the end of 2015, the District had \$127,247,375 in a broad range of capital assets, including school buildings and building improvements, athletic facilities, and computer and audiovisual equipment. (See Figure A-8). This amount represents a \$2,223,433 or 1.7% decrease from last year. (More detailed information about capital assets can be found in Note 6 to the financial statements.) During the 2014/2015 school year, the District had \$3,205,601 in capital asset additions. These additions were offset by \$5,429,034 in depreciation expense (\$5,416,579 from governmental activities and \$12,455 from business-type activities).

**Figure A-8**

**Capital Assets (Net of Depreciation)**

|  | Government Activities |                       | Business-Type Activities |                  | Total School District |                       | Percent Change |
|--|-----------------------|-----------------------|--------------------------|------------------|-----------------------|-----------------------|----------------|
|  | 2015                  | 2014                  | 2015                     | 2014             | 2015                  | 2014                  |                |
| Land                                   | \$ 1,000,000          | \$ 1,000,000          |                          |                  | \$ 1,000,000          | \$ 1,000,000          | 0.0%           |
| Buildings &<br>Bldg. Imps.             | 122,612,456           | 125,851,257           |                          |                  | 122,612,456           | 125,851,257           | -2.6%          |
| Furniture,<br>Machinery &<br>Equipment | 3,568,471             | 2,540,648             | \$ 66,448                | \$ 78,903        | 3,634,919             | 2,619,551             | 38.8%          |
| <b>Total</b>                           | <b>\$ 127,180,927</b> | <b>\$ 129,391,905</b> | <b>\$ 66,448</b>         | <b>\$ 78,903</b> | <b>\$ 127,247,375</b> | <b>\$ 129,470,808</b> | <b>-1.7%</b>   |

***Long-term Debt***

At year-end, the District had \$112,127,730 in long-term debt including bonds, net pension liability, lease-purchase obligations, capital leases payable, workers compensation claims and other long-term debt outstanding – a decrease of \$822,626 (or 0.70%) from last year as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

**Figure A-9**

**Outstanding Long-Term Debt**

|   | Total School District |                       | Percent Change |
|---|-----------------------|-----------------------|----------------|
|   | 2015                  | 2014*                 |                |
| Bonds Payable<br>(Financed with Property Taxes) | \$ 32,847,000         | \$ 34,232,000         | -4.0%          |
| Net Pension Liability                           | 42,510,567            | 41,314,236            | 2.9%           |
| Lease-Purchase Obligations (COP's)              | 33,730,000            | 35,515,000            | -5.0%          |
| Capital Leases Payable                          | 688,916               |                       | 100.0%         |
| Worker's Compensation Claims Payable            | 323,713               |                       | 100.0%         |
| Other Long-Term Liabilities                     | 2,027,534             | 1,889,120             | 7.3%           |
|   | <b>\$ 112,127,730</b> | <b>\$ 112,950,356</b> | <b>-0.7%</b>   |

\*Restated

**WEST ORANGE SCHOOL DISTRICT  
WEST ORANGE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

***Long-term Debt***

- The District continued to pay down its debt, retiring \$1,385,000 of outstanding bonds payable, \$1,785,000 of outstanding lease-purchase obligations (COP's), \$269,724 of capital leases payable, and \$70,657 of the PERS pension deferral during the fiscal year.
- The District's net pension liability increased by \$1,196,331.
- The District entered into new capital leases during the year totaling \$958,640.
- The District's compensated absences payable increased by a net \$209,071.
- The District's long-term worker's compensation claims payable increased \$323,713.

***Factors Bearing on the District's Future***

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could significantly affect its financial health in the future:

- The aging condition of several of the District's eleven facilities has financial implications for future budgets. While many of the planned renovations to all buildings have been included in the District's Long-Range Facilities Plan (LRFP) and has been financed with previous issues of Certificates of Participation (COP's) or School Bonds, the remaining needed capital improvements will have to be funded with budgetary appropriations.
- Slow recovery of the general economy in the country and specifically in the State of New Jersey continues to be a concern for the District. The slow economy has caused "empty nester" households to not sell their homes and has limited the expansion of enrollment that the District might otherwise be challenged by. As the economy improves it is expected that these homes will sell and new families will move into West Orange.

***Contacting the District's Financial Management***

This financial report is designed to provide the District's 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 financial information, contact the Board of Education Office, 179 Eagle Rock Avenue, West Orange, New Jersey 07052.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

WEST ORANGE SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2015

|   | Governmental<br>Activities | Business-type<br>Activities | Total                |
|---|----------------------------|-----------------------------|----------------------|
| <b>ASSETS</b>   |                            |                             |                      |
| Cash and Cash Equivalents   | \$ 5,039,317               | \$ 400,395                  | \$ 5,439,712         |
| Internal Balances   | (30,000)                   | 30,000                      |                      |
| Receivables from Other Governments  | 2,213,651                  | 326,156                     | 2,539,807            |
| Interfund Receivable  | 27,362                     |                             | 27,362               |
| Other Receivables   | 135,102                    | 22,623                      | 157,725              |
| Inventory   |                            | 42,966                      | 42,966               |
| Restricted Assets:  |                            |                             |                      |
| Cash and Cash Equivalents   | 648,772                    |                             | 648,772              |
| Capital Assets, Net:  |                            |                             |                      |
| Land  | 1,000,000                  |                             | 1,000,000            |
| Depreciable Buildings and Building Improvements<br>and Furniture, Machinery and Equipment | 126,180,927                | 66,448                      | 126,247,375          |
| Total Assets  | <u>135,215,131</u>         | <u>888,588</u>              | <u>136,103,719</u>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b>  |                            |                             |                      |
| Deferred Amount on Refunding  | 4,411,939                  |                             | 4,411,939            |
| Charges in Assumptions - Pensions   | 1,329,018                  |                             | 1,329,018            |
| Charges in Proportion - Pensions  | 1,769,386                  |                             | 1,769,386            |
| Total Deferred Outflows of Resources  | <u>7,510,343</u>           |                             | <u>7,510,343</u>     |
| <b>LIABILITIES</b>  |                            |                             |                      |
| Accounts Payable  | 1,168,081                  | 334,241                     | 1,502,322            |
| Accrued Interest Payable  | 598,421                    |                             | 598,421              |
| Loss Reserves for Workers' Compensation Claims  | 1,266,131                  |                             | 1,266,131            |
| Payable to Other Governments  | 52,866                     |                             | 52,866               |
| Unearned Revenue  | 6,819                      | 145,960                     | 152,779              |
| Unamortized Bond Premiums, Net  | 2,218,268                  |                             | 2,218,268            |
| Noncurrent Liabilities:   |                            |                             |                      |
| Due Within One Year   | 4,016,959                  |                             | 4,016,959            |
| Due Beyond One Year   | 108,110,771                |                             | 108,110,771          |
| Total Liabilities   | <u>117,438,316</u>         | <u>480,201</u>              | <u>117,918,517</u>   |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>   |                            |                             |                      |
| Investment Gains - Pensions   | 2,510,958                  |                             | 2,510,958            |
| Total Deferred Inflows of Resources   | <u>2,510,958</u>           |                             | <u>2,510,958</u>     |
| <b>NET POSITION</b>   |                            |                             |                      |
| Net Investment in Capital Assets  | 59,915,011                 | 66,448                      | 59,981,459           |
| Restricted for:   |                            |                             |                      |
| Debt Service  | 40,415                     |                             | 40,415               |
| Capital Projects  | 648,772                    |                             | 648,772              |
| Unrestricted (Deficit)  | (37,827,998)               | 341,939                     | (37,486,059)         |
| Total Net Position  | <u>\$ 22,776,200</u>       | <u>\$ 408,387</u>           | <u>\$ 23,184,587</u> |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

WEST ORANGE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| Functions/Programs                     | Expenses           | Program Revenue         |  | Net (Expense) Revenue and<br>Changes in Net Position |                             |
|--|--------------------|-------------------------|--|--|-----------------------------|
|  |                    | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Governmental<br>Activities                           | Business-type<br>Activities |
| Governmental Activities:               |                    |                         |  |  |                             |
| Instruction:                           |                    |                         |  |  |                             |
| Regular                                | \$ 77,479,168      |                         | \$ 19,249,196                            | \$ (58,229,972)                                      | \$ (58,229,972)             |
| Special Education                      | 15,851,405         |                         | 6,121,375                                | (9,730,030)  | (9,730,030)                 |
| Other Special Instruction              | 3,331,767          |                         |  | (3,331,767)  | (3,331,767)                 |
| Other Instruction                      | 1,465,571          |                         |  | (1,465,571)  | (1,465,571)                 |
| Support services:                      |                    |                         |  |  |                             |
| Tuition                                | 7,361,760          | \$ 311,761              | 188,298                                  | (6,861,701)  | (6,861,701)                 |
| Student & Instruction Related Services | 18,851,833         |                         | 4,074,467                                | (14,777,366)   | (14,777,366)                |
| General Administration Services        | 2,135,783          |                         | 140,954                                  | (1,994,829)  | (1,994,829)                 |
| School Administration Services         | 10,968,183         |                         | 2,125,217                                | (8,842,966)  | (8,842,966)                 |
| Central Services                       | 2,243,400          |                         | 419,365                                  | (1,824,035)  | (1,824,035)                 |
| Administration Information Technolog   | 546,073            |                         | 106,712                                  | (439,361)  | (439,361)                   |
| Plant Operations and Maintenance       | 15,505,138         |                         | 2,081,882                                | (13,423,256)   | (13,423,256)                |
| Pupil Transportation                   | 8,696,611          |                         | 949,277                                  | (7,747,334)  | (7,747,334)                 |
| Interest on Long-Term Debt             | 2,977,679          |                         |  | (2,977,679)  | (2,977,679)                 |
| Transfer of Funds to Charter Schools   | 255,172            |                         |  | (255,172)  | (255,172)                   |
| Unallocated Depreciation               | 5,121,756          |                         |  | (5,121,756)  | (5,121,756)                 |
| <b>Total Governmental Activities</b>   | <b>172,791,299</b> | <b>311,761</b>          | <b>35,456,743</b>                        | <b>(137,022,795)</b>                                 | <b>(137,022,795)</b>        |



WEST ORANGE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| <u>Functions/Programs</u>                        | <u>Program Revenue</u> |                                 |   | <u>Net (Expense) Revenue and<br/>Changes in Net Position</u> |                                     |                      |
|--|------------------------|---------------------------------|---|--|-------------------------------------|----------------------|
|  | <u>Expenses</u>        | <u>Charges for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Governmental<br/>Activities</u>                           | <u>Business-type<br/>Activities</u> | <u>Total</u>         |
| Business-Type Activities:                        |                        |                                 |   |  |                                     |                      |
| Food Service                                     | \$ 3,448,198           | \$ 1,585,176                    | \$ 1,886,516                                      |  | \$ 23,494                           | \$ 23,494            |
| Community Education                              | 133,754                | 162,283                         |   |  | 28,529                              | 28,529               |
| Total Business-Type Activities                   | <u>3,581,952</u>       | <u>1,747,459</u>                | <u>1,886,516</u>                                  |  | <u>52,023</u>                       | <u>52,023</u>        |
| Total Primary Government                         | <u>\$ 176,373,251</u>  | <u>\$ 2,059,220</u>             | <u>\$ 37,343,259</u>                              | <u>\$ (137,022,795)</u>                                      | <u>52,023</u>                       | <u>(136,970,772)</u> |
| General Revenues:                                |                        |                                 |   |  |                                     |                      |
| Taxes:   |                        |                                 |   |  |                                     |                      |
| Property Taxes, Levied for General Purposes, Net |                        |                                 |   | 125,184,960  |                                     | 125,184,960          |
| Taxes Levied for Debt Service                    |                        |                                 |   | 4,952,981  |                                     | 4,952,981            |
| State and Federal Aid not Restricted             |                        |                                 |   | 5,253,271  |                                     | 5,253,271            |
| Investment Earnings                              |                        |                                 |   | 5,139  | 15                                  | 5,154                |
| Miscellaneous Income                             |                        |                                 |   | 256,959  |                                     | 256,959              |
| Total General Revenues                           |                        |                                 |   | <u>135,653,310</u>   | <u>15</u>                           | <u>135,653,325</u>   |
| Change in Net Position                           |                        |                                 |   | (1,369,485)  | 52,038                              | (1,317,447)          |
| Net Position - Beginning (Restated)              |                        |                                 |   | <u>24,145,685</u>  | <u>356,349</u>                      | <u>24,502,034</u>    |
| Net Position - Ending                            |                        |                                 |   | <u>\$ 22,776,200</u>   | <u>\$ 408,387</u>                   | <u>\$ 23,184,587</u> |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

WEST ORANGE SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

|  | General<br>Fund     | Special<br>Revenue<br>Fund | Capital<br>Projects<br>Fund | Debt<br>Service<br>Fund | Total<br>Governmental<br>Funds |
|--|---------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| <b>ASSETS</b>                                  |                     |                            |                             |                         |                                |
| Cash and Cash Equivalents                      | \$ 4,857,869        | \$ 141,033                 |                             | \$ 40,415               | \$ 5,039,317                   |
| Interfund Receivable                           | 27,362              |                            |                             |                         | 27,362                         |
| Receivables from Federal Government            | 65,232              | 189,445                    |                             |                         | 254,677                        |
| Receivables from State Government              | 1,947,939           | 11,035                     |                             |                         | 1,958,974                      |
| Other Receivables                              | 135,102             |                            |                             |                         | 135,102                        |
| Restricted Cash and Cash Equivalents           | 648,772             |                            |                             |                         | 648,772                        |
| <b>Total Assets</b>                            | <b>\$ 7,682,276</b> | <b>\$ 341,513</b>          | <b>\$ -0-</b>               | <b>\$ 40,415</b>        | <b>\$ 8,064,204</b>            |
| <b>LIABILITIES AND FUND BALANCES</b>           |                     |                            |                             |                         |                                |
| Liabilities:                                   |                     |                            |                             |                         |                                |
| Accounts Payable                               | \$ 886,253          | \$ 281,828                 |                             |                         | \$ 1,168,081                   |
| Interfund Payable                              | 30,000              |                            |                             |                         | 30,000                         |
| Loss Reserves for Workers' Compensation Claims | 1,266,131           |                            |                             |                         | 1,266,131                      |
| Payable to Federal Government                  |                     | 3,984                      |                             |                         | 3,984                          |
| Payable to State Government                    |                     | 48,882                     |                             |                         | 48,882                         |
| Unearned Revenue                               |                     | 6,819                      |                             |                         | 6,819                          |
| <b>Total Liabilities</b>                       | <b>2,182,384</b>    | <b>341,513</b>             |                             |                         | <b>2,523,897</b>               |
| Fund Balances:                                 |                     |                            |                             |                         |                                |
| Restricted for:                                |                     |                            |                             |                         |                                |
| Capital Reserve Account                        | 648,772             |                            |                             |                         | 648,772                        |
| Debt Service                                   |                     |                            |                             | \$ 40,415               | 40,415                         |

WEST ORANGE SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30,

|   | General<br>Fund     | Special<br>Revenue<br>Fund | Capital<br>Projects<br>Fund | Debt<br>Service<br>Fund | Total<br>Governmental<br>Funds |
|---|---------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| Fund Balances:  |                     |                            |                             |                         |                                |
| Assigned:   |                     |                            |                             |                         |                                |
| Year - End Encumbrances                                   | \$ 344,141          |                            |                             |                         | \$ 344,141                     |
| Designated for Subsequent Year's Expenditures             | 2,100,000           |                            |                             |                         | 2,100,000                      |
| Designated for Subsequent Year's Expenditures - SEMI ARRA | 38,939              |                            |                             |                         | 38,939                         |
| Unassigned  | 2,368,040           |                            |                             |                         | 2,368,040                      |
| Total Fund Balances                                       | 5,499,892           |                            |                             | \$ 40,415               | 5,540,307                      |
| Total Liabilities and Fund Balances                       | <u>\$ 7,682,276</u> | <u>\$ 341,513</u>          | <u>\$ -0-</u>               | <u>\$ 40,415</u>        | <u>\$ 8,064,204</u>            |

Amounts Reported for *Governmental Activities* in the Statement of Net Position (Exhibit A-1) are different because:

|  |                      |
|--|----------------------|
| Fund Balances (Above)  | \$ 5,540,307         |
| Capital assets used in Governmental Activities are not financial resources, and therefore are not reported in the funds. The cost of the assets is \$166,863,357 and the accumulated depreciation is \$39,682,430. | 127,180,927          |
| Long-term liabilities are not due and payable in the current period, and therefore are not reported as liabilities in the funds.   | (112,127,730)        |
| Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:   |                      |
| Change in Assumptions - Pensions   | 1,329,018            |
| Investment Gains - Pensions  | (2,510,958)          |
| Change in Proportions - Pensions   | 1,769,386            |
| Interest on long-term debt is not accrued in governmental funds, but rather is recognized as a current expenditure when due.   | (598,421)            |
| Deferred interest costs are not reported as expenditures in the governmental funds in the year of the expenditure.   | 4,411,939            |
| Bond Premiums are reported as revenue in the Funds. These premiums total \$2,730,173 and the accumulated amortization is \$511,905.  | <u>(2,218,268)</u>   |
| Net Position of Governmental Activities (Exhibit A-1)  | <u>\$ 22,776,200</u> |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

WEST ORANGE SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|   | General<br>Fund | Special<br>Revenue<br>Fund | Capital<br>Projects<br>Fund | Debt<br>Service<br>Fund | Total<br>Governmental<br>Funds |
|---|-----------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| <b>REVENUE:</b>                           |                 |                            |                             |                         |                                |
| Local Sources:                            |                 |                            |                             |                         |                                |
| Local Tax Levy                            | \$ 125,184,960  |                            |                             | \$ 4,952,981            | \$ 130,137,941                 |
| Tuition Charges                           | 311,761         |                            |                             |                         | 311,761                        |
| Miscellaneous                             | 262,098         | \$ 51,294                  |                             |                         | 313,392                        |
| Total - Local Sources                     | 125,758,819     | 51,294                     |                             | 4,952,981               | 130,763,094                    |
| State Sources                             | 21,865,541      | 475,495                    |                             | 963,608                 | 23,304,644                     |
| Federal Sources                           | 370,213         | 3,246,918                  |                             |                         | 3,617,131                      |
| Total Revenue                             | 147,994,573     | 3,773,707                  |                             | 5,916,589               | 157,684,869                    |
| <b>EXPENDITURES:</b>                      |                 |                            |                             |                         |                                |
| Current:                                  |                 |                            |                             |                         |                                |
| Regular Instruction                       | 44,081,391      | 996,626                    |                             |                         | 45,078,017                     |
| Special Education Instruction             | 13,892,330      | 1,930,538                  |                             |                         | 15,822,868                     |
| Other Special Instruction                 | 3,331,767       |                            |                             |                         | 3,331,767                      |
| Other Instruction                         | 1,465,571       |                            |                             |                         | 1,465,571                      |
| Support Services and Undistributed Costs: |                 |                            |                             |                         |                                |
| Tuition                                   | 7,173,462       | 188,298                    |                             |                         | 7,361,760                      |
| Student & Instruction Related Services    | 12,153,830      | 651,121                    |                             |                         | 12,804,951                     |
| General Administration Services           | 1,884,726       |                            |                             |                         | 1,884,726                      |
| School Administration Services            | 7,076,852       |                            |                             |                         | 7,076,852                      |
| Central Services                          | 1,542,368       |                            |                             |                         | 1,542,368                      |
| Administration Information Technology     | 357,243         |                            |                             |                         | 357,243                        |
| Plant Operations and Maintenance          | 11,753,134      |                            |                             |                         | 11,753,134                     |
| Pupil Transportation                      | 7,968,435       |                            |                             |                         | 7,968,435                      |
| Unallocated Benefits                      | 33,019,505      |                            |                             |                         | 33,019,505                     |

WEST ORANGE SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|  | General<br>Fund     | Special<br>Revenue<br>Fund | Capital<br>Projects<br>Fund | Debt<br>Service<br>Fund | Total<br>Governmental<br>Funds |
|--|---------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| EXPENDITURES (Cont'd):                                   |                     |                            |                             |                         |                                |
| Capital Outlay   | \$ 3,449,907        | \$ 7,124                   |                             |                         | \$ 3,457,031                   |
| Transfer of Funds to Charter School                      | 255,172             |                            |                             |                         | 255,172                        |
| Debt Service:  |                     |                            |                             |                         |                                |
| Principal  |                     |                            |                             | \$ 3,170,000            | 3,170,000                      |
| Interest and Other Charges                               |                     |                            |                             | 2,742,653               | 2,742,653                      |
| Total Expenditures                                       | <u>149,405,693</u>  | <u>3,773,707</u>           |                             | <u>5,912,653</u>        | <u>159,092,053</u>             |
| Excess/(Deficiency) of Revenue over/(under) Expenditures | <u>(1,411,120)</u>  |                            |                             | <u>3,936</u>            | <u>(1,407,184)</u>             |
| OTHER FINANCING SOURCES/(USES):                          |                     |                            |                             |                         |                                |
| Capital Leases (Non-budgeted)                            | <u>958,640</u>      |                            |                             |                         | <u>958,640</u>                 |
| Total Other Financing Sources/(Uses)                     | <u>958,640</u>      |                            |                             |                         | <u>958,640</u>                 |
| Net Change in Fund Balances                              | (452,480)           |                            |                             | 3,936                   | (448,544)                      |
| Fund Balance—July 1                                      | <u>5,952,372</u>    |                            |                             | <u>36,479</u>           | <u>5,988,851</u>               |
| Fund Balance —June 30                                    | <u>\$ 5,499,892</u> | <u>\$ - 0 -</u>            | <u>\$ - 0 -</u>             | <u>\$ 40,415</u>        | <u>\$ 5,540,307</u>            |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

WEST ORANGE SCHOOL DISTRICT  
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, 2015

|  |   |                       |
|--|---|-----------------------|
| Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)  |   | \$ (448,544)          |
| Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are different because:   |   |                       |
| Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differed from depreciation in the period.  |   |                       |
|  | Depreciation Expense  | \$ (5,416,579)        |
|  | Capital Outlays   | <u>3,205,601</u>      |
|  |   | (2,210,978)           |
| In the Statement of Activities, certain operating expenses, e.g., compensated absences (sick & vacation) are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation. (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). |   |                       |
|  |   | (532,784)             |
| Repayment of bonds payable is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities.   |   |                       |
|  |   | 1,385,000             |
| Repayment of Certificates of Participation is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities.   |   |                       |
|  |   | 1,785,000             |
| Capital leases entered into by the district is an other financing source in the Governmental Funds, however, the acquisition increases long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities.  |   |                       |
|  |   | (958,640)             |
| Repayment of capital leases is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities.  |   |                       |
|  |   | 269,724               |
| The pension deferral liability is deferred and amortized in the Statement of Activities, whereas this amount is not reported in the Governmental Funds.  |   |                       |
|  |   | 70,657                |
| In the Statement of Activities, interest on long-term debt in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+)   |   |                       |
|  |   | 29,174                |
| The Governmental Funds report the effect of bond premiums and deferred interest when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities (-).  |   |                       |
|  |   | (149,209)             |
| The net pension liability reported in the Statement of Activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:   |   |                       |
|  | Change in Net Pension Liability   | (1,196,331)           |
|  | Deferred Outflows:  |                       |
|  | Changes in Assumptions  | 1,329,018             |
|  | Changes in Proportion   | 1,769,386             |
|  | Deferred Inflows:   |                       |
|  | Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | <u>(2,510,958)</u>    |
|  | Change in Net Position of Governmental Activities (Exhibit A-2)                             | <u>\$ (1,369,485)</u> |

Exhibit B-4

WEST ORANGE SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015

|                                     | Business-Type Activities - Enterprise Funds |                            |                           |
|-------------------------------------|---|----------------------------|---------------------------|
|                                     | Non-Major<br>Fund                           | Major Fund<br>Food Service | Total<br>Enterprise Funds |
| <u>ASSETS:</u>                      |   |                            |                           |
| Current Assets:                     |   |                            |                           |
| Cash and Cash Equivalents           | \$ 156,239                                  | \$ 244,156                 | \$ 400,395                |
| Investments                         |   |                            |                           |
| Accounts Receivable:                |   |                            |                           |
| State                               |   | 7,608                      | 7,608                     |
| Federal                             |   | 318,548                    | 318,548                   |
| Other                               |   | 22,623                     | 22,623                    |
| Interfund Receivable - General Fund |   | 30,000                     | 30,000                    |
| Inventories                         |   | 42,966                     | 42,966                    |
| Total Current Assets                | <u>156,239</u>                              | <u>665,901</u>             | <u>822,140</u>            |
| Non-Current Assets:                 |   |                            |                           |
| Capital Assets:                     |   |                            |                           |
| Equipment and Furniture             |   | 542,621                    | 542,621                   |
| Less: Accumulated Depreciation      |   | (476,173)                  | (476,173)                 |
| Total Non-Current Assets            |   | <u>66,448</u>              | <u>66,448</u>             |
| Total Assets                        | <u>156,239</u>                              | <u>732,349</u>             | <u>888,588</u>            |
| <u>LIABILITIES:</u>                 |   |                            |                           |
| Current Liabilities:                |   |                            |                           |
| Accounts Payable                    | 6,900                                       | 327,341                    | 334,241                   |
| Prepaid Sales                       |   | 2,320                      | 2,320                     |
| Unearned Revenue                    | 120,810                                     | 22,830                     | 143,640                   |
| Total Current Liabilities           | <u>127,710</u>                              | <u>352,491</u>             | <u>480,201</u>            |
| <u>NET POSITION:</u>                |   |                            |                           |
| Net Investment in Capital Assets    |   | 66,448                     | 66,448                    |
| Unrestricted                        | 28,529                                      | 313,410                    | 341,939                   |
| Total Net Position                  | <u>\$ 28,529</u>                            | <u>\$ 379,858</u>          | <u>\$ 408,387</u>         |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT



Exhibit B-5

WEST ORANGE SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|   | <u>Business-Type Activities - Enterprise Funds</u> |                                    |                                   |
|---|--|------------------------------------|-----------------------------------|
|   | <u>Non-Major<br/>Fund</u>                          | <u>Major Fund<br/>Food Service</u> | <u>Total<br/>Enterprise Funds</u> |
| Operating Revenue:                      |  |                                    |                                   |
| Local Sources:                          |  |                                    |                                   |
| Daily Sales - Reimbursable Programs     |  | \$ 970,586                         | \$ 970,586                        |
| Daily Sales - Non-Reimbursable Programs |  | 490,488                            | 490,488                           |
| Special Events                          |  | 124,102                            | 124,102                           |
| Summer Enrichment Program               | \$ 162,283   |                                    | 162,283                           |
| Total Operating Revenue                 | 162,283  | 1,585,176                          | 1,747,459                         |
| Operating Expenses:                     |  |                                    |                                   |
| Cost of Sales                           |  | 1,394,253                          | 1,394,253                         |
| Salaries, Benefits & Payroll Taxes      | 117,600  | 1,384,387                          | 1,501,987                         |
| Purchased Services                      |  | 191,533                            | 191,533                           |
| Food Service Management Fee             |  | 270,000                            | 270,000                           |
| Supplies & Other Costs                  | 16,154   | 195,570                            | 211,724                           |
| Depreciation                            |  | 12,455                             | 12,455                            |
| Total Operating Expenses                | 133,754  | 3,448,198                          | 3,581,952                         |
| Operating Income/(Loss)                 | 28,529   | (1,863,022)                        | (1,834,493)                       |
| Non-Operating Revenue:                  |  |                                    |                                   |
| Local Sources:                          |  |                                    |                                   |
| Interest Income                         |  | 15                                 | 15                                |
| State Sources:                          |  |                                    |                                   |
| State School Lunch Program              |  | 38,244                             | 38,244                            |
| Federal Sources:                        |  |                                    |                                   |
| National School Lunch Program           |  | 1,380,627                          | 1,380,627                         |
| School Breakfast Program                |  | 284,881                            | 284,881                           |
| Fresh Fruit and Vegetable Program       |  | 16,043                             | 16,043                            |
| Food Distribution Program               |  | 166,721                            | 166,721                           |
| Total Non-Operating Revenue             |  | 1,886,531                          | 1,886,531                         |
| Change in Net Position                  | 28,529   | 23,509                             | 52,038                            |
| Net Position - Beginning of Year        |  | 356,349                            | 356,349                           |
| Net Position - End of Year              | \$ 28,529  | \$ 379,858                         | \$ 408,387                        |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

WEST ORANGE SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|   | <u>Business-Type Activities - Enterprise Funds</u> |                                    |                                   |
|---|--|------------------------------------|-----------------------------------|
|   | <u>Non-Major<br/>Fund</u>                          | <u>Major Fund<br/>Food Service</u> | <u>Total<br/>Enterprise Funds</u> |
| Cash Flows from Operating Activities:   |  |                                    |                                   |
| Receipts from Customers   | \$ 283,093   | \$ 1,588,783                       | \$ 1,871,876                      |
| Payments to Employees   | (117,600)  | (1,384,387)                        | (1,501,987)                       |
| Payments for Food Service Vendor  |  | (174,601)                          | (174,601)                         |
| Payments to Suppliers   | (9,254)  | (1,632,416)                        | (1,641,670)                       |
| Net Cash Provided by/(Used for) Operating Activities  | <u>156,239</u>                                     | <u>(1,602,621)</u>                 | <u>(1,446,382)</u>                |
| Cash Flows from Noncapital Financing Activities:  |  |                                    |                                   |
| Cash Received from State Subsidy Reimbursements   |  | 36,950                             | 36,950                            |
| Cash Received from Federal Subsidy Reimbursements   |  | 1,651,134                          | 1,651,134                         |
| Cash Received from Fresh Fruit and Vegetable Program  |  | 14,485                             | 14,485                            |
| Net Cash Provided by Noncapital Financing Activities  |  | <u>1,702,569</u>                   | <u>1,702,569</u>                  |
| Cash Flows from Investing Activities:   |  |                                    |                                   |
| Interest on Investments   |  | 15                                 | 15                                |
| Net Cash Flows Provided by Investing Activities   |  | <u>15</u>                          | <u>15</u>                         |
| Net Increase in Cash and Cash Equivalents   | 156,239  | 99,963                             | 256,202                           |
| Cash and Cash Equivalents, July 1   |  | 144,193                            | 144,193                           |
| Cash and Cash Equivalents, June 30  | <u>\$ 156,239</u>                                  | <u>\$ 244,156</u>                  | <u>\$ 400,395</u>                 |
| Reconciliation of Operating Income/(Loss) to Net Cash<br>Provided by/(Used for) Operating Activities:       |  |                                    |                                   |
| Operating Income/(Loss)   | \$ 28,529  | \$ (1,863,022)                     | \$ (1,834,493)                    |
| Adjustment to Reconcile Operating Income/(Loss)<br>to Net Cash Provided by/(Used for) Operating Activities: |  |                                    |                                   |
| Depreciation  |  | 12,455                             | 12,455                            |
| Federal Food Distribution Program   |  | 166,721                            | 166,721                           |
| Changes in Assets and Liabilities:  |  |                                    |                                   |
| (Increase) in Accounts Receivable   |  | (8,545)                            | (8,545)                           |
| (Increase) in Inventories   |  | (17,781)                           | (17,781)                          |
| (Decrease) in Prepaid Sales   |  | (4,008)                            | (4,008)                           |
| Increase in Unearned Revenue  | 120,810  | 16,160                             | 136,970                           |
| Increase in Accounts Payable  | 6,900  | 95,399                             | 102,299                           |
| Net Cash Provided By/(Used for) Operating Activities  | <u>\$ 156,239</u>                                  | <u>\$ (1,602,621)</u>              | <u>\$ (1,446,382)</u>             |

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received \$182,881 and utilized \$166,721 of USDA Donated Commodities through the Food Distribution Program during the fiscal year ended June 30, 2015.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-7

WEST ORANGE SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2015

|                                     | <u>Agency</u>    | <u>Flexible<br/>Spending<br/>Trust</u> | <u>Unemployment<br/>Compensation<br/>Trust</u> |
|-------------------------------------|------------------|--|--|
| <u>ASSETS:</u>                      |                  |  |  |
| Cash and Cash Equivalents           | \$ 4,283,088     | \$ 15,847                              | \$ 278,064                                     |
| Total Assets                        | <u>4,283,088</u> | <u>15,847</u>                          | <u>278,064</u>                                 |
| <u>LIABILITIES:</u>                 |                  |  |  |
| Interfund Payable - General Fund    | 27,362           |  |  |
| Accrued Salaries and Wages          | 3,023,845        |  |  |
| Payroll Deductions and Withholdings | 738,269          |  |  |
| Due to Student Groups               | 493,612          |  |  |
| Total Liabilities                   | <u>4,283,088</u> |  |  |
| <u>NET POSITION:</u>                |                  |  |  |
| Held in Trust for:                  |                  |  |  |
| Flexible Spending Claims            |                  | 15,847                                 |  |
| Unemployment Claims                 |                  |  | 278,064  |
| Total Net Position                  | <u>\$ - 0 -</u>  | <u>\$ 15,847</u>                       | <u>\$ 278,064</u>                              |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-8

WEST ORANGE SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                                      | Flexible<br>Spending<br>Trust | Unemployment<br>Compensation<br>Trust |
|--------------------------------------|-------------------------------|---------------------------------------|
| ADDITIONS:                           |                               |                                       |
| Contributions:                       |                               |                                       |
| Plan Members (Employees)             | \$ 229,590                    | \$ 186,705                            |
| Total Contributions                  | 229,590                       | 186,705                               |
| Investment Earnings:                 |                               |                                       |
| Interest                             |                               | 414                                   |
| Net Investment Earnings              |                               | 414                                   |
| Total Additions                      | 229,590                       | 187,119                               |
| DEDUCTIONS:                          |                               |                                       |
| Flexible Spending Claims             | 221,157                       |                                       |
| Unemployment Compensation Claims     |                               | 110,929                               |
| Total Deductions                     | 221,157                       | 110,929                               |
| Change in Net Position               | 8,433                         | 76,190                                |
| Net Position - Beginning of the Year | 7,414                         | 201,874                               |
| Net Position - End of the Year       | \$ 15,847                     | \$ 278,064                            |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of West Orange School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include seven elementary schools, three middle schools, a senior high school, an administration building and transportation building located in the Township of West Orange. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all governmental funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the capital outlay sub-fund.

As required by the NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report the financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

Enterprise Fund: The Enterprise Funds account for all revenue and expenses pertaining to the District's Food Service and Community Education programs. The Food Service and Community Education programs are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund, Payroll Agency Fund, Flexible Spending Trust and the Unemployment Compensation Trust Fund.

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budget for the fiscal year ended June 30, 2015 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts 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. All budget Amendments/Transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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 generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of the last two state aid payments for the prior year. Since the State recorded the last two state aid payments in the subsequent fiscal year, the District recognized these payments in the current year GAAP financial statements.

|  | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> |
|--|-------------------------|-------------------------------------|
| Sources/Inflows of Resources:  |                         |                                     |
| Actual Amounts (Budgetary Basis) "Revenue"<br>from the Budgetary Comparison Schedule   | \$ 148,008,594          | \$ 3,387,970                        |
| Difference - Budget to GAAP:   |                         |                                     |
| Grant accounting Budgetary Basis differs from GAAP in that the<br>Budgetary basis recognizes encumbrances as expenditure and<br>revenue whereas the GAAP basis does not. |                         | 385,737                             |
| Prior year State Aid payments recognized for GAAP statements, not<br>recognized for budgetary purposes.  | 649,452                 |                                     |
| Current year State Aid payments recognized for budgetary purposes,<br>not recognized for GAAP statements.  | <u>(663,473)</u>        |                                     |
| Total Revenues as Reported on the Statement of Revenues, Expenditures<br>and Changes in Fund Balances - Governmental Funds   | <u>\$ 147,994,573</u>   | <u>\$ 3,773,707</u>                 |



WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control:

|   | General<br>Fund       | Special<br>Revenue<br>Fund |
|---|-----------------------|----------------------------|
| Uses/Outflows of Resources:   |                       |                            |
| Actual Amounts (Budgetary Basis) "Total Outflows" from the<br>Budgetary Comparison Schedule   | \$ 149,405,693        | \$ 3,387,970               |
| Differences - Budget to GAAP:   |                       |                            |
| Encumbrances for supplies and equipment ordered but not received<br>are reported in the year the order is placed for budgetary purposes,<br>but in the year supplies are received for financial reporting purposes. |                       | 385,737                    |
| Total Expenditures as Reported on the Statement of Revenue,<br>Expenditures, and Changes in Fund Balances - Governmental Funds  | <u>\$ 149,405,693</u> | <u>\$ 3,773,707</u>        |

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that 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.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Government Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenue. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenue/expenses in the enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances:

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 restricted, 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.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenue at fiscal year-end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets (Cont'd):

|                                 | <u>Estimated Useful Life</u> |
|---------------------------------|------------------------------|
| Buildings                       | 50 years                     |
| Site Improvements               | 20 years                     |
| Furniture and Equipment         | 10 to 15 years               |
| Computer and Related Technology | 5 years                      |
| Vehicles                        | 8 years                      |

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental funds upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Long-Term Liabilities

In the District-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements 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.

M. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) in accordance with Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

The Board's policy allows teachers, secretaries and administrators to be paid for accumulated sick days upon retirement after at least 20 years of service or upon leaving the West Orange School District after at least 25 years of service. However, employees must have accumulated at least 50 sick days up to a maximum of 200 days to be eligible for payment.

In the district-wide *Statement of Net Position* the liabilities, whose average maturities are greater than one year, should be reported in two components – the amount due within one year and the amount due beyond one year.

N. Accrued Salaries and Wages:

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2015, the amount earned by these employees but not disbursed was \$3,023,845.

WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

O. Unearned Revenue:

Unearned revenue in the Special Revenue Fund represents cash which has been received but not yet earned. See Note 1(D) regarding the Special Revenue Fund.

P. Fund Balance Appropriated:

General Fund: Of the \$5,499,892 General Fund balance at June 30, 2015, \$2,483,080 is assigned fund balance of which \$344,141 is for year-end encumbrances and \$2,138,939 has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2016; \$648,772 is restricted in the capital reserve account; and \$2,368,040 is unassigned fund balance which is \$663,473 less on the GAAP basis because the last two state aid payments are not recognized on a GAAP basis.

Debt Service Fund: The \$40,415 Debt Service Fund balance at June 30, 2015 is restricted.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Restricted Fund Balance-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 balance 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 District had no excess surplus..

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$663,473 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, Districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school Districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school District cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

Q. Deficit Net Position

The District has a deficit in unrestricted net position of \$37,827,998 in governmental activities, which is primarily due to accrued interest payable \$598,421, \$1,837,331 of compensated absences payable, \$323,713 of worker's compensation claims payable, an unamortized bond premium of \$2,218,268, pension deferral of \$190,203, investment gains in pensions of \$2,510,958 and net pension liability of \$42,510,567 offset by deferred interest of \$4,411,939, changes in pension assumptions of \$1,329,018, changes in proportion in pensions of \$1,769,386 and Governmental Funds assigned fund balances. This deficit does not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. Net Position

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. The District had a deferred outflow of resources for the Deferred Amount on Refunding at June 30, 2015 and changes in assumptions and in proportion in pension.

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows of resources at June 30, 2015 for the net difference between projected and actual investment earnings on pension plan investments.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

S. Fund Balance Restrictions, Commitments and Assignments

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for capital reserve and debt service.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the members of the Board of Education at a public meeting in order to remove or change the commitment of resources. The District had no committed resources at June 30, 2015.

WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

S. Fund Balance Restrictions, Commitments and Assignments (Cont'd)

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources of \$344,141 for year-end encumbrances and \$2,138,939 for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2015.

T. Revenue - Exchange and Nonexchange Transactions

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes, interest and tuition.

U. Operating Revenue and Expenses

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

V. Management Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

W. Pensions

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 State of New Jersey Public Employees' Retirement System (PERS), the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and the Board of Education Employees' Pension Fund of Essex County (the Plan) and additions to/deductions from the PERS's, the TPAF's and the Plan's net position have been determined on the same basis as they are reported by the PERS, the TPAF and the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

Interest Rate Risk – In accordance with its cash management plan, the District ensures that any deposit or investment matures within the period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The District limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed on the following page.

Deposits:

New Jersey statutes require that school Districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School Districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit, and

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) 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 obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in statute; and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2015, cash and cash equivalents and investments of the District consisted of the following:

|                   | Cash and<br>Cash<br>Equivalents | Restricted -<br>Capital<br>Reserve | Total         |
|-------------------|---------------------------------|------------------------------------|---------------|
| Checking Accounts | \$ 10,016,711                   | \$ 648,772                         | \$ 10,665,483 |

During the period ended June 30, 2015, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2015, was \$10,665,483 and the bank balance was \$13,228,289.



WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 4. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2015, the District transferred \$112,842 to the capital outlay accounts for equipment which did not require County Superintendent approval.

NOTE 5. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Board resolution on October 31, 2000 of \$1 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the NJ Department of Education, 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-5.1(d)7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity in the Capital Reserve Account during the fiscal year was as follows:

|   |                          |
|---|--------------------------|
| Beginning Balance, July 1, 2014           | \$ 519,878               |
| Add:                                      |                          |
| Deposit by Board Resolution June 29, 2015 | <u>128,894</u>           |
| Ending Balance, June 30, 2015             | <u><u>\$ 648,772</u></u> |

The balance in the Capital Reserve Account at June 30, 2015 does not exceed the balance of local support costs of uncompleted capital projects in the District's Long Range Facilities Plan ("LRFP").

NOTE 6. CAPITAL ASSETS

Depreciation expense was charged to governmental functions as follows:

|  |                            |
|--|----------------------------|
| Regular Instruction                      | \$ 170,340                 |
| Student and Instruction Related Services | 1,777                      |
| General Administrative Services          | 1,635                      |
| School Administrative Services           | 5,772                      |
| Central Services                         | 104                        |
| Operations and Maintenance of Plant      | 32,505                     |
| Pupil Transportation                     | 82,690                     |
| Unallocated                              | <u>5,121,756</u>           |
|  | <u><u>\$ 5,416,579</u></u> |

WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Capital asset balances and activity for the year ended June 30, 2015 were as follows:

|   | Beginning<br>Balance | Increases      | Adjustments/<br>Decreases | Ending<br>Balance |
|---|----------------------|----------------|---------------------------|-------------------|
| Governmental Activities:  |                      |                |                           |                   |
| Capital Assets not Being Depreciated:                                       |                      |                |                           |                   |
| Sites (Land)  | \$ 1,000,000         |                |                           | \$ 1,000,000      |
| Total Capital Assets Not Being Depreciated                                  | 1,000,000            |                |                           | 1,000,000         |
| Capital Assets Being Depreciated:   |                      |                |                           |                   |
| Buildings and Building Improvements   | 151,494,980          | \$ 1,567,847   |                           | 153,062,827       |
| Machinery and Equipment   | 11,162,776           | 1,637,754      |                           | 12,800,530        |
| Total Capital Assets Being Depreciated                                      | 162,657,756          | 3,205,601      |                           | 165,863,357       |
| Governmental Activities Capital Assets                                      | 163,657,756          | 3,205,601      |                           | 166,863,357       |
| Less Accumulated Depreciation for:  |                      |                |                           |                   |
| Buildings and Building Improvements   | (25,643,723)         | (4,806,648)    |                           | (30,450,371)      |
| Machinery and Equipment   | (8,622,128)          | (609,931)      |                           | (9,232,059)       |
|   | (34,265,851)         | (5,416,579)    |                           | (39,682,430)      |
| Governmental Activities Capital Assets,<br>Net of Accumulated Depreciation  | \$ 129,391,905       | \$ (2,210,978) | \$ - 0 -                  | \$ 127,180,927    |
| Business-Type Activities:   |                      |                |                           |                   |
| Capital Assets Being Depreciated:   |                      |                |                           |                   |
| Furniture and Equipment   | \$ 542,621           |                |                           | \$ 542,621        |
| Less Accumulated Depreciation   | (463,718)            | \$ (12,455)    |                           | (476,173)         |
| Business-Type Activities Capital Assets,<br>Net of Accumulated Depreciation | \$ 78,903            | \$ (12,455)    | \$ - 0 -                  | \$ 66,448         |

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2015, the following changes occurred in liabilities reported in the District-wide financial statements:

|                                       | (Restated)<br>Balance<br>6/30/2014 | Accrued/<br>Issued | Retired      | Balance<br>6/30/2015 |
|---------------------------------------|------------------------------------|--------------------|--------------|----------------------|
| Bonds Payable                         | \$ 34,232,000                      |                    | \$ 1,385,000 | \$ 32,847,000        |
| Certificates of Participation Payable | 35,515,000                         |                    | 1,785,000    | 33,730,000           |
| Net Pension Liability:                |                                    |                    |              |                      |
| PERS                                  | 41,048,410                         | \$ 1,215,951       |              | 42,264,361           |
| Essex County                          | 265,826                            |                    | 19,620       | 246,206              |
| Capital Leases Payable                |                                    | 958,640            | 269,724      | 688,916              |
| PERS Pension Deferral                 | 260,860                            |                    | 70,657       | 190,203              |
| Worker's Compensation Claims Payable  |                                    | 323,713            |              | 323,713              |
| Compensated Absences Payable          | 1,628,260                          | 396,239            | 187,168      | 1,837,331            |
|                                       | \$ 112,950,356                     | \$ 2,894,543       | \$ 3,717,169 | \$ 112,127,730       |

WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable and Certificates of Participation (COP's):

On December 15, 1997, the District issued \$10,968,000 of serial Certificates of Participation in the Lease Purchase Agreement between the Board and AGH Leasing, Inc. (the Lessor). Proceeds from the sale of the Certificates were used for improvements to the Edison and Roosevelt Middle Schools and the West Orange High School. The Lessor assigned its interest to the Bank of New York (NJ) (the Agent), who distributed the proceeds and collects principal and interest payments, or basic rent, from the District.

On November 1, 2004, the District issued \$34,910,000 of Refunding Certificates of Participation with interest rates ranging from 3.00% to 4.50% to advance refund \$30,430,000 of Certificates of Participation with interest rates ranging from 4.60% to 6.00%. The net proceeds from the issuance were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the Certificates of Participation were called on October 1, 2009. The District reduced its total debt service requirements by \$1,479,327, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$942,334.

On July 19, 2006, the District issued \$4,387,000 in school bonds which were authorized by voter referendum on September 27, 2005 for various improvements to the District's buildings. The bonds mature in serial installments due July 15, 2007 through July 15, 2021 at interest rates ranging from 4.25% to 4.375% over the life of the issue.

On September 26, 2006, the District issued \$5,610,000 Refunding Certificates of Participation (COP's) to finance the defeasance and prepayment of all or a portion of callable Certificates of Participation originally issued in the principal amount of \$10,968,000 on December 15, 1997 and maturing on or after October 1, 2019 through and including October 1, 2024. The District advance refunded \$5,218,000 of COP's with interest rates ranging from 5.125% to 5.20% and issued \$5,610,000 of Refunding COP's dated September 26, 2006 with interest rates ranging from 3.90% to 5.0%. The District's net present value savings as a result of the refunding was \$305,616 over the life of the issue. The proceeds of the issue are being held by an escrow agent until the Certificates can be redeemed.

On January 19, 2012, the District issued \$31,535,000 Refunding Bonds to finance the defeasance and prepayment of all or a portion of callable Bonds originally issued in the principal amount of \$38,689,000 on July 29, 2003 and maturing on or after November 1, 2014 through and including November 1, 2027. The District advance refunded \$31,409,000 of bonds with interest rates ranging from 4.25% to 4.375% and issued \$31,535,000 of Refunding Bonds dated January 19, 2012 with interest rates ranging from 3.00% to 5.00%. The District's net present value savings as a result of the refunding was \$1,919,109 over the life of the issue. The proceeds of the issue are being held by an escrow agent until the bonds can be redeemed.

The various refundings met the requirements of an in-substance debt defeasance and the bonds and Certificates of Participation were eliminated from the District's government-wide financial statements.

WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable and Certificates of Participation (COP's): (Cont'd)

The District had School Bonds and Certificates of Participation (COP's) outstanding as of June 30, 2015 as follows:

Serial Bonds Payable

\$4,387,000 School Bonds Dated July 19, 2006

| <u>Maturity<br/>Date</u> | <u>Interest<br/>Rate</u> | <u>Principal<br/>Outstanding</u> |
|--------------------------|--------------------------|----------------------------------|
| 07/15/15                 | 4.250%                   | \$ 300,000                       |
| 07/15/16                 | 4.250%                   | 315,000                          |
| 07/15/17                 | 4.250%                   | 330,000                          |
| 07/15/18                 | 4.250%                   | 345,000                          |
| 07/15/19                 | 4.300%                   | 360,000                          |
| 07/15/20                 | 4.350%                   | 375,000                          |
| 07/15/21                 | 4.375%                   | 387,000                          |
|                          |                          | <u>\$ 2,412,000</u>              |

Serial Bonds Payable

\$31,535,000 School Refunding Bonds Dated January 19, 2012

| <u>Maturity<br/>Date</u> | <u>Interest<br/>Rate</u>          | <u>Principal<br/>Outstanding</u> |
|--------------------------|-----------------------------------|----------------------------------|
| 11/01/15                 | 3.000%                            | \$ 1,300,000                     |
| 11/01/16                 | 3.000%                            | 1,400,000                        |
| 11/01/17                 | 4.000%                            | 1,775,000                        |
| 11/01/18                 | 4.000%                            | 1,935,000                        |
| 11/01/19                 | 5.000%                            | 2,025,000                        |
| 11/01/20                 | 4.000%                            | 2,115,000                        |
| 11/01/21                 | 5.000%                            | 2,220,000                        |
| 11/01/22                 | 4.000%                            | 2,325,000                        |
| 11/01/23                 | 5.000%                            | 2,425,000                        |
| 11/01/24                 | 2.625%                            | 2,515,000                        |
| 11/01/25                 | 2.750%                            | 3,355,000                        |
| 11/01/26                 | 4.000%                            | 3,470,000                        |
| 11/01/27                 | 3.000%                            | 3,575,000                        |
|                          |                                   | <u>\$ 30,435,000</u>             |
|                          | <b>Total Serial Bonds Payable</b> | <u><u>\$ 32,847,000</u></u>      |

WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable and Certificates of Participation (COP's): (Cont'd)

\$10,968,000 Certificates of Participation Dated December 15, 1997

| <u>Maturity<br/>Date</u> | <u>Interest<br/>Rate</u> | <u>Principal<br/>Outstanding</u> |
|--------------------------|--------------------------|----------------------------------|
| 10/01/15                 | 5.125%                   | \$ 470,000                       |
| 10/01/16                 | 5.125%                   | 260,000                          |
|                          |                          | <u>\$ 730,000</u>                |

\$34,910,000 Refunding Certificates of Participation Dated November 1, 2004

| <u>Maturity<br/>Date</u> | <u>Interest<br/>Rate</u> | <u>Principal<br/>Outstanding</u> |
|--------------------------|--------------------------|----------------------------------|
| 10/01/15                 | 3.80%                    | \$ 1,350,000                     |
| 10/01/16                 | 3.80%                    | 1,405,000                        |
| 10/01/17                 | 4.00%                    | 1,465,000                        |
| 10/01/18                 | 4.00%                    | 1,520,000                        |
| 10/01/19                 | 4.10%                    | 1,585,000                        |
| 10/01/20                 | 4.125%                   | 1,650,000                        |
| 10/01/21                 | 4.20%                    | 1,720,000                        |
| 10/01/22                 | 4.25%                    | 1,790,000                        |
| 10/01/23                 | 4.30%                    | 1,875,000                        |
| 10/01/24                 | 4.375%                   | 1,955,000                        |
| 10/01/25                 | 4.40%                    | 2,045,000                        |
| 10/01/26                 | 4.50%                    | 2,135,000                        |
| 10/01/27                 | 4.50%                    | 2,235,000                        |
| 10/01/28                 | 4.50%                    | 2,335,000                        |
| 10/01/29                 | 4.50%                    | 2,445,000                        |
|                          |                          | <u>\$ 27,510,000</u>             |

WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable and Certificates of Participation (COP's): (Cont'd)

\$5,610,000 Refunding Certificates of Participation Dated September 26, 2006

| <u>Maturity<br/>Date</u> | <u>Interest<br/>Rate</u>            | <u>Principal<br/>Outstanding</u> |
|--------------------------|-------------------------------------|----------------------------------|
| 10/01/15                 | 4.00%                               | \$ 40,000                        |
| 10/01/16                 | 4.75%                               | 275,000                          |
| 10/01/17                 | 5.00%                               | 560,000                          |
| 10/01/18                 | 3.90%                               | 585,000                          |
| 10/01/19                 | 4.00%                               | 610,000                          |
| 10/01/20                 | 4.00%                               | 635,000                          |
| 10/01/21                 | 4.00%                               | 655,000                          |
| 10/01/22                 | 4.15%                               | 680,000                          |
| 10/01/23                 | 4.15%                               | 710,000                          |
| 10/01/24                 | 4.15%                               | 740,000                          |
|                          |                                     | <u>\$ 5,490,000</u>              |
|                          | Total Certificates of Participation | <u>\$ 33,730,000</u>             |

Annual serial principal and interest due on Bonds and Certificates of Participation outstanding are as follows:

| <u>Fiscal<br/>Year</u> | <u>Bonds</u>         |                     | <u>Certificates of Participation</u> |                     | <u>Total</u>         |
|------------------------|----------------------|---------------------|--------------------------------------|---------------------|----------------------|
|                        | <u>Principal</u>     | <u>Interest</u>     | <u>Principal</u>                     | <u>Interest</u>     |                      |
| 2016                   | \$ 1,600,000         | \$ 1,222,505        | \$ 1,860,000                         | \$ 1,402,130        | \$ 6,084,635         |
| 2017                   | 1,715,000            | 1,168,936           | 1,940,000                            | 1,323,748           | 6,147,684            |
| 2018                   | 2,105,000            | 1,098,730           | 2,025,000                            | 1,240,559           | 6,469,289            |
| 2019                   | 2,280,000            | 1,010,186           | 2,105,000                            | 1,155,451           | 6,550,637            |
| 2020                   | 2,385,000            | 905,790             | 2,195,000                            | 1,068,951           | 6,554,741            |
| 2021-2025              | 12,362,000           | 2,887,876           | 12,410,000                           | 3,872,179           | 31,532,055           |
| 2026-2030              | 10,400,000           | 522,456             | 11,195,000                           | 1,303,415           | 23,420,871           |
|                        | <u>\$ 32,847,000</u> | <u>\$ 8,816,479</u> | <u>\$33,730,000</u>                  | <u>\$11,366,433</u> | <u>\$ 86,759,912</u> |

The Debt Service Fund will be used to liquidate the serial bonds and certificates of participation payable.

WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

B. Bonds Authorized But Not Issued:

The District had \$-0- of bonds authorized but not issued at June 30, 2015.

C. Capital Leases Payable:

The District has \$958,640 in capital leases payable for district-wide copiers, computers and buses. The capital leases are for terms of five years in length and will be liquidated by the General Fund. The following is a schedule of the future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2015.

| Year  | Amount     |
|---|------------|
| 2016  | \$ 272,379 |
| 2017  | 272,379    |
| 2018  | 87,906     |
| 2019  | 85,614     |
|   | 718,278    |
| Less: Amount representing interest          | (29,362)   |
| Present value of net minimum lease payments | \$ 688,916 |

The current portion of capital leases payable is \$259,066 and the long-term portion of capital leases payable is \$429,850 at June 30, 2015.

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated through the General Fund. The current portion of the compensated absences balance of the governmental funds at June 30, 2015 is \$297,893; the long-term portion of the compensated absences payable liability is \$1,539,438.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2015, no liability existed for compensated absences in the Enterprise Funds.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2015 is \$-0- and the long-term portion is \$42,264,361. See Note 8 for further information on the PERS.

The Board of Education Employees' Pension Fund of Essex County's (the Plan) net pension liability of the governmental fund types are recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2015 is \$-0- and the long-term portion is \$246,206. See Note 8 for further information on the Plan.

WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

F. PERS Payment Deferral:

The liability for PERS payment deferral of the governmental funds at June 30, 2015 is \$190,203. In accordance with P.L. 2009, c19(S-21), regular and county vocational school districts had the option of either paying the full amount of their 2008-09 PERS liability or an amount that reflects a 50 percent reduction (deferral) in the District's 2008-09 regular pension liability. Districts that elected to defer 50 percent of the District's 2009 regular pension liability must begin repaying the deferred amount starting in April of 2012, over 15 years. The amount to be paid will fluctuate based on pension system investment earnings on the unfunded liability. Please note that N.J.S.A. 43:15A-24b requires the use of "regular interest" when the actuary calculates the amortization of the unfunded accrued liability of the pension system, which is set by the State Treasurer (N.J.S.A. 43:15A-6n) and currently is 8.25 percent. An amortization schedule has not been made available from the Division of Pensions and Benefits at this time. Districts may contact the Division of Pensions and Benefits to obtain the amount required to pay off this liability which can be done at any time.

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

Benefits Provided

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

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



WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 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 members 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 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$1,931,610 for fiscal year 2015.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2015, the District reported a liability of \$42,264,361 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.23%, which was a decrease of 0.002% from its proportion measured as of June 30, 2013.

WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

For the fiscal year ended June 30, 2015, the District recognized pension expense of \$2,498,174. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

|  | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--|---|--|
| Changes in Assumptions   | \$ 1,329,018                                  |  |
| Changes in Proportion  | 1,769,386                                     |  |
| Net Difference Between Projected and Actual<br>Investment Earnings on Pension Plan Investments |   | \$ 2,518,726                                 |
|  | <u>\$ 3,098,404</u>                           | <u>\$ 2,518,726</u>                          |

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion) related to pensions will be recognized in pension expense as follows:

| <u>Fiscal Year<br/>Ending June 30,</u> | <u>Total</u>          |
|--|-----------------------|
| 2015                                   | \$ (385,377)          |
| 2016                                   | (385,377)             |
| 2017                                   | (385,377)             |
| 2018                                   | (385,377)             |
| 2019                                   | 244,305               |
| Thereafter                             | 107,495               |
|  | <u>\$ (1,189,708)</u> |

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions (Cont'd)

|                           |                           |
|---------------------------|---------------------------|
| Inflation Rate            | 3.01%                     |
| Salary Increases:         |                           |
| 2012-2021                 | 2.15 – 4.40% based on age |
| Thereafter                | 3.15 – 5.40% based on age |
| Investment Rate of Return | 7.90%                     |

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2014 are summarized in the following table:

| <u>Asset Class</u>          | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------|--------------------------|---|
| Cash                        | 6.00%                    | 0.80%   |
| Core Bonds                  | 1.00%                    | 2.49%   |
| Intermediate-Term Bonds     | 11.20%                   | 2.26%   |
| Mortgages                   | 2.50%                    | 2.17%   |
| High Yield Bonds            | 5.50%                    | 4.82%   |
| Inflation-Indexed Bonds     | 2.50%                    | 3.51%   |
| Broad U.S. Equities         | 25.90%                   | 8.22%   |
| Developed Foreign Equities  | 12.70%                   | 8.12%   |
| Emerging Market Equities    | 6.50%                    | 9.91%   |
| Private Equity              | 8.25%                    | 13.02%  |
| Hedge Funds/Absolute Return | 12.25%                   | 4.92%   |
| Real Estate (Property)      | 3.20%                    | 5.80%   |
| Commodities                 | 2.50%                    | 5.35%   |

WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on 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. 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 made based upon the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2014 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

|  | Fiscal Year Ended June 30, 2014 |                                     |                           |
|--|---------------------------------|-------------------------------------|---------------------------|
|  | 1%<br>Decrease<br>(4.39%)       | Current<br>Discount Rate<br>(5.39%) | 1%<br>Increase<br>(6.39%) |
| District's proportionate share of the<br>Net Pension Liability | \$ 53,170,006                   | \$ 42,264,361                       | \$ 33,106,396             |

Pension plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided

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 represents the membership tiers for TPAF:

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. 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 included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2015, the State of New Jersey contributed \$3,233,836 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$16,970,781.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

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

At June 30, 2015, the State's proportionate share of the net pension liability associated with the District was \$315,386,995. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.590%, which was a decrease of 0.0003% from its proportion measured as of June 30, 2013.

|   |                              |
|---|------------------------------|
| District's Proportionate Share of the Net Pension Liability                           | \$ -0-                       |
| State's Proportionate Share of the Net Pension Liability Associated with the District | <u>315,386,995</u>           |
| Total   | <u><u>\$ 315,386,995</u></u> |

For the fiscal year ended June 30, 2014, the State recognized pension expense on behalf of the District in the amount of \$16,970,781 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2015 financial statements.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Changes in Assumptions  | \$ 2,306,623,861                     |                                     |
| Difference Between Expected and Actual Experience   |                                      | \$ 21,969,019                       |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments |                                      | <u>1,741,236,574</u>                |
|   | <u><u>\$ 2,306,623,861</u></u>       | <u><u>\$ 1,763,205,593</u></u>      |

The \$2,306,623,861 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$21,969,019 reported as reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$1,741,236,574 reported as a deferred inflow of resources resulting from the difference between projected and actual investment earnings on pension plan investments will be amortized over 5 years.

WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

| <u>Fiscal Year</u><br><u>Ending June 30,</u> | <u>Total</u>          |
|--|-----------------------|
| 2016   | \$ (130,688,498)      |
| 2017   | (130,688,498)         |
| 2018   | (130,688,498)         |
| 2019   | (130,688,496)         |
| 2020   | 304,620,646           |
| Thereafter                                   | 761,551,612           |
|  | <u>\$ 543,418,268</u> |

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

|                           |                            |
|---------------------------|----------------------------|
| Inflation Rate            | 2.50%                      |
| Salary Increases:         |                            |
| 2012-2021                 | Varies based on experience |
| Thereafter                | Varies based on experience |
| Investment Rate of Return | 7.90%                      |

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 is summarized in the following table:

WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

| <u>Asset Class</u>          | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------|--------------------------|---|
| Cash                        | 6.00%                    | 0.50%   |
| Core Fixed Income           | 0.00%                    | 2.19%   |
| Core Bonds                  | 1.00%                    | 1.38%   |
| Short-Term Bonds            | 0.00%                    | 1.00%   |
| Intermediate-Term Bonds     | 11.20%                   | 2.60%   |
| Long-Term Bonds             | 0.00%                    | 3.23%   |
| Mortgages                   | 2.50%                    | 2.84%   |
| High Yield Bonds            | 5.50%                    | 4.15%   |
| Non-U.S. Fixed Income       | 0.00%                    | 1.41%   |
| Inflation-Indexed Bonds     | 2.50%                    | 1.30%   |
| Broad U.S. Equities         | 25.90%                   | 5.88%   |
| Large CAP U.S. Equities     | 0.00%                    | 5.62%   |
| Mid CAP U.S. Equities       | 0.00%                    | 6.39%   |
| Small CAP U.S. Equities     | 0.00%                    | 7.39%   |
| Developed Foreign Equities  | 12.70%                   | 6.05%   |
| Emerging Market Equities    | 6.50%                    | 8.90%   |
| Private Equity              | 8.25%                    | 9.15%   |
| Hedge Funds/Absolute Return | 12.25%                   | 3.85%   |
| Real Estate (Property)      | 3.20%                    | 4.43%   |
| Real Estate (REITS)         | 0.00%                    | 5.58%   |
| Commodities                 | 2.50%                    | 3.60%   |
| Long Credit Bonds           | 0.00%                    | 3.74%   |

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on 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. 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 made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.



WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the State as of June 30, 2014 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

|                             | Fiscal Year Ended June 30, 2014 |                                     |                           |
|-----------------------------|---------------------------------|-------------------------------------|---------------------------|
|                             | 1%<br>Decrease<br>(3.68%)       | Current<br>Discount Rate<br>(4.68%) | 1%<br>Increase<br>(5.68%) |
| Total Net Pension Liability | \$ 64,722,984,539               | \$53,813,067,539                    | \$44,738,870,539          |

Pension Plan Fiduciary Net Position - TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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 DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$31,599 for the fiscal year ended June 30, 2015. Employee contributions to DCRP amounted to \$57,931 for the fiscal year ended June 30, 2015

WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

D. Board of Education Employees' Pension Fund of Essex County (the Plan)

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 retired elected Plan members.

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

Benefits Provided

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

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

Contributions

Contributions are made by the members at 3%, the maximum contribution rate required by statute, of their annual compensation. Contributions made by the Boards are determined annually based upon actuarial valuations. The Boards are required to reimburse the Plan for administrative expenses and cost of living increases associated with its retirees. Plan provisions and contribution requirements are established by New Jersey state statute assets. District contributions to the Plan amounted to \$37,410 for fiscal year 2015.

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

At June 30, 2015, the District reported a liability of \$246,206 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the District's proportion was 0.639%, which was a decrease of 0.028% from its proportion measured as of June 30, 2014.

WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

D. Board of Education Employees' Pension Fund of Essex County (the Plan) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

For the fiscal year ended June 30, 2015, the District recognized pension expense of \$10,023. At June 30, 2015, the District reported deferred outflows of resources related to pensions from the following source. There were no deferred inflows of resources.

|  | Deferred<br>Outflows of<br>Resources |
|--|--------------------------------------|
| Net Difference Between Projected and Actual<br>Investment Earnings on Pension Plan Investments | \$ 7,768                             |
|  | \$ 7,768                             |

The amounts reported as a deferred outflows of resource related to pensions will be recognized in pension expense as follows:

| Fiscal Year<br>Ending June 30, | Total    |
|--------------------------------|----------|
| 2016                           | \$ 1,554 |
| 2017                           | 1,553    |
| 2018                           | 1,554    |
| 2019                           | 1,553    |
| 2020                           | 1,554    |
|                                | \$ 7,768 |

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

|  |       |
|--|-------|
| Inflation Rate   | 2.30% |
| Salary Increases   | 4.50% |
| Investment Rate of Return, net of Plan investment expense, including inflation | 7.00% |
| Cost of Living Adjustments ("COLA")  | 3.00% |

WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

D. Board of Education Employees' Pension Fund of Essex County (the Plan) (Cont'd)

Actuarial Assumptions (Cont'd)

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 separate annuitant and non-annuitant tables with static projections using Scale AA through the valuation year plus 7 years for annuitants and the valuation year plus 15 years for no annuitants. For disabled retirees, mortality rates are based on the 1994 Group Annuity Mortality Table set forward 10 years.

Long Term Expected Rate of Return

The long-term 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 plan 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 weighing 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 including in the Plan's target asset allocation as of June 30, 2015 are summarized in the following table:

| <u>Asset Class</u>      | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of<br/>Return *</u> |
|-------------------------|------------------------------|---|
| U.S. Fixed Income       | 40.00%                       | 1.60%   |
| U.S. Large CAP Equities | 50.00%                       | 6.70%   |
| U.S. Small CAP Equities | 10.00%                       | 6.70%   |

\* - Net of 2.6% inflation assumption

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2015. The projection of cash flows used to determine the discount rate assumed that contributions will be made at the actuarially determined amount, including the reimbursement of administrative expenses and COLA payments. 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 periods of projected benefit payments to determine the total pension liability.

WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

D. Board of Education Employees' Pension Fund of Essex County (the Plan) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2015 calculated using the discount rate of 7%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

|   | Fiscal Year Ended June 30, 2015 |                                     |                           |
|---|---------------------------------|-------------------------------------|---------------------------|
|   | 1%<br>Decrease<br>(6.00%)       | Current<br>Discount Rate<br>(7.00%) | 1%<br>Increase<br>(8.00%) |
| District's proportionate share of the Net Pension Liability | \$ 335,058                      | \$ 246,206                          | \$ 169,323                |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

NOTE 9. OPERATING LEASES PAYABLE

The District has commitments to lease copying and mail equipment under operating leases which expire in 2019. Total operating lease payments made during the year ended June 30, 2015 were \$582,878. Future minimum lease payments will be liquidated through the General Fund and are as follows:

| Year | Amount     |
|------|------------|
| 2016 | \$ 189,804 |
| 2017 | 7,381      |
| 2018 | 7,381      |
| 2019 | 6,766      |
|      | \$ 211,332 |

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Law amended the law to eliminate the funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 10. POST-RETIREMENT BENEFITS (Cont'd)

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The State's on behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$5,133,717, \$4,093,071 and \$4,313,578 for 2015, 2014 and 2013 respectively.

NOTE 11. TAX CALENDAR

Property taxes are levied by the District's constituent municipality as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the local school district on a predetermined mutually agreed-upon schedule.

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters.

Property, Liability and Health Benefits Insurance

The District maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found on Exhibit J-20 in the Statistical section of this Comprehensive Annual Financial Report. Health benefits insurance coverage is provided to employees through Horizon Blue Cross/Blue Shield.

The West Orange School District is a member of the New Jersey Schools Insurance Group (the "Group"). This public entity risk management pool provides general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Group is a risk-sharing public entity risk management pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Group are elected.

As a member of this Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group's liabilities. The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

Note 12. RISK MANAGEMENT (Cont'd)

Selected, summarized financial information for the Group as of June 30, 2015 is as follows:

|                        | New Jersey<br>Schools<br>Insurance Group<br>(NJSIG) |
|------------------------|---|
| Total Assets           | \$ 294,626,089                                      |
| Total Net Position     | \$ 69,281,695                                       |
| Total Revenue          | \$ 124,104,560                                      |
| Total Expenses         | \$ 120,992,627                                      |
| Change in Net Position | \$ 3,111,933  |
| Member Dividends       | \$ -0-  |

Financial statements for the Group are available at the Group's Executive Director's Office:

New Jersey Schools Insurance Group  
450 Veterans Drive  
Burlington, NJ 08016  
(609) 386-6060

Workers' Compensation Insurance

The District is self-insured for workers' compensation insurance and retains the risk of claims up to \$500,000 individually or in the aggregate, in any year. The District has purchased excess coverage of \$1,000,000 from a commercial carrier for workers' compensation claims which exceed the \$500,000 (individually and in the aggregate) self-insured risk retention. The self-insurance program is administered by a third party claims administrator.

The District's loss reserves at June 30, 2015 are estimated as follows:

|  |              |
|--|--------------|
| Case Reserves  | \$ 1,266,131 |
| Reserves for Incurred but not Reported Claims (IBNR) | 323,713      |
| Total Reserves (Loss Reserves for Insurance Claims)  | \$ 1,589,844 |

The following represents changes in the aggregate reserves for the self-insured fund:

|   |              |
|---|--------------|
| Total Unpaid Claims and Claims Adjustment Expenses, Beginning of Year | \$ 1,063,260 |
| Incurred Claims and Claims Adjustment Expenses                        | 833,314      |
|   | 1,896,574    |
| Paid Claims and Claims Adjustment Expenses                            | 306,730      |
| Total Unpaid Claims and Claims Adjustment Expenses, End of Year       | \$ 1,589,844 |

WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

Note 12. RISK MANAGEMENT (Cont'd)Workers' Compensation Insurance (Cont'd)

The District's current and long-term liabilities at June 30, 2015 are as follows:

|   |                            |
|---|----------------------------|
| Current Year Liabilities                    | \$ 1,266,131               |
| Long-Term Liabilities - Due Beyond One Year | <u>323,713</u>             |
|   | <u><u>\$ 1,589,844</u></u> |

New Jersey Unemployment Compensation Insurance

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, interest earned, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years.

| <u>Fiscal Year</u> | <u>Employee Contributions</u> | <u>Interest Earned</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|--------------------|-------------------------------|------------------------|--------------------------|-----------------------|
| 2014-2015          | \$ 186,705                    | \$ 414                 | \$ 110,929               | \$ 278,064            |
| 2013-2014          | 161,756                       | 408                    | 193,496                  | 201,874               |
| 2012-2013          |                               | 466                    | 141,078                  | 233,206               |

NOTE 13. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

There were interfund balances remaining on the balance sheets at June 30, 2015:

| <u>Fund</u>       | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|-------------------|-----------------------------|--------------------------|
| General Fund      | \$ 27,362                   | \$ 30,000                |
| Proprietary Funds | 30,000                      |                          |
| Fiduciary Funds   |                             | <u>27,362</u>            |
|                   | <u><u>\$ 57,362</u></u>     | <u><u>\$ 57,362</u></u>  |

The interfund between the General Fund and the Food Service Fund represents a budgeted transfer during a prior year which represented the District's contribution to the Food Service operations and has not been liquidated. The interfund between the Payroll Agency Fund and General Fund represents an advance that will be liquidated during the 2015/16 school year.



WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 15. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

|   |   |
|---|---|
| MetLife                                 | Lincoln National Life Insurance Company |
| Equitable Life Assurance Company        | Prudential Insurance Company            |
| Fidelity Retirement Services            | T. Rowe Price                           |
| Variable Annuity Life Insurance Company |   |

NOTE 16. ACCOUNTS PAYABLE

The following accounts payable existed on the various balance sheets as of June 30, 2015:

|         | Governmental Activities |                    | Business-<br>Type<br>Activities | Total        |
|---------|-------------------------|--------------------|---------------------------------|--------------|
|         | General<br>Fund         | Special<br>Revenue |                                 |              |
| Vendors | \$ 886,253              | \$ 281,828         | \$ 334,241                      | \$ 1,502,322 |

NOTE 17. OTHER COMMITMENTS

The District entered into a shared services agreement with the Township of West Orange, dated July 20, 2009, to make improvements for the acquisition and installation of bleachers, press box, storage area and other related improvements at the West Orange High School athletic complex. The total cost of the improvements was \$1,125,440, which is being repaid to the Township over 15 years at 1.5% interest in installments of \$75,103 per year plus interest. As of June 30, 2015, the District has made four installments and owes the Township 11 more installments.

This commitment is paid by the District's General Fund, and the annual installments are included in the District's annual budgets.

NOTE 18. CONTINGENT LIABILITIESGrant Programs

The School District participates in state and federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The School District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

The District is periodically involved in claims and pending lawsuits. The District estimates that any potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial position of the District.

WEST ORANGE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 18. CONTINGENT LIABILITES (Cont'd)Arbitrage

The District may have a liability for arbitrage payable to the federal government relative to its school bond issues. The amount of liability at June 30, 2015, if any, is unknown and has not been recorded in the financial statements.

Encumbrances

At June 30, 2015, there were encumbrances as detailed below in the governmental funds.

| General<br>Fund | Special<br>Revenue<br>Fund | Total<br>Governmental<br>Funds |
|-----------------|----------------------------|--------------------------------|
| \$ 344,141      | \$ 10,348                  | \$ 354,489                     |

On the District's Governmental Funds Balance Sheet as of June 30, 2015, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$10,348 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as a reduction in grants receivables or an increase in unearned revenue in the Special Revenue Fund.

NOTE 19. PRIOR PERIOD ADJUSTMENTS

The District made a prior year adjustment in the District Wide Financial Statements to record the net pension liability as of June 30, 2014 as a result of implementing Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

|                                 | Balance 6/30/14<br>as Previously<br>Reported | Retroactive<br>Adjustments | Balance 6/30/14<br>as Restated |
|---------------------------------|--|----------------------------|--------------------------------|
| <u>Statement of Net Assets:</u> |  |                            |                                |
| <u>Governmental Activities:</u> |  |                            |                                |
| Statement of Net Position:      |  |                            |                                |
| Liabilities:                    |  |                            |                                |
| Non-Current Liabilities         | \$ 68,466,120                                | \$ 41,314,236              | \$ 109,780,356                 |
| Total Liabilities               | 81,063,074                                   | 41,314,236                 | 122,377,310                    |
| Net Position:                   |  |                            |                                |
| Unrestricted/(Deficit)          | 3,385,432                                    | (41,314,236)               | (37,928,804)                   |
| Total Net Position              | 65,459,921                                   | (41,314,236)               | 24,145,685                     |

SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION

WEST ORANGE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST TWO FISCAL YEARS  
UNAUDITED

|  | <u>Fiscal Year Ending June 30,</u> |               |
|--|------------------------------------|---------------|
|  | <u>2014</u>                        | <u>2015</u>   |
| District's Proportion of the Net Pension Liability   | 0.2257381803%                      | 0.2147783502% |
| District's Proportionate Share of the Net Pension Liability  | \$ 41,048,410                      | \$ 42,264,361 |
| District's Covered Employee Payroll  | \$ 15,849,310                      | \$ 15,149,651 |
| District's Proportionate Share of the Net Pension Liability as a<br>Percentage of its Covered Employee Payroll | 258.99%                            | 278.98%       |
| Plan Fiduciary Net Position as a Percentage of the<br>Total Pension Liability                                  | 52.08%                             | 48.72%        |

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

WEST ORANGE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST TWO FISCAL YEARS  
UNAUDITED

|  | <u>Fiscal Year Ending June 30,</u> |                    |
|--|------------------------------------|--------------------|
|  | <u>2014</u>                        | <u>2015</u>        |
| Contractually Required Contribution                                  | \$ 1,869,930                       | \$ 1,931,610       |
| Contributions in relation to the Contractually Required Contribution | <u>(1,869,930)</u>                 | <u>(1,931,610)</u> |
| Contribution Deficiency (Excess)                                     | <u>\$ -0-</u>                      | <u>\$ -0-</u>      |
| District's Covered Employee Payroll                                  | \$ 15,149,651                      | \$ 15,849,310      |
| Contributions as a percentage of Covered Employee Payroll            | 12.34%                             | 12.19%             |

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

WEST ORANGE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS' PENSION AND ANNUITY FUND  
LAST TWO FISCAL YEARS  
UNAUDITED

|  | <u>Fiscal Year Ending June 30,</u> |                |
|--|------------------------------------|----------------|
|  | <u>2014</u>                        | <u>2015</u>    |
| State's Proportion of the Net Pension Liability<br>attributable to the District                                | 0.5903850807%                      | 0.5900957916%  |
| State's Proportionate Share of the Net Pension Liability<br>attributable to the District                       | \$ 298,375,976                     | \$ 315,386,995 |
| District's Covered Employee Payroll  | \$ 61,049,803                      | \$ 63,901,803  |
| District's Proportionate Share of the Net Pension Liability as a<br>Percentage of its Covered Employee Payroll | 488.74%                            | 493.55%        |
| Plan Fiduciary Net Position as a Percentage of the<br>Total Pension Liability                                  | 33.76%                             | 33.64%         |

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

WEST ORANGE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
BOARD OF EDUCATION EMPLOYEES' PENSION FUND OF ESSEX COUNTY  
LAST TWO FISCAL YEARS  
UNAUDITED

|  | Fiscal Year Ending June 30, |            |
|--|-----------------------------|------------|
|  | 2014                        | 2015       |
| District's Proportion of the Net Pension Liability   | 0.6668536%                  | 0.6391836% |
| District's Proportionate Share of the Net Pension Liability  | \$ 265,826                  | \$ 246,206 |
| District's Covered Employee Payroll  | \$ -0-                      | \$ -0-     |
| District's Proportionate Share of the Net Pension Liability<br>as a Percentage of its Covered Employee Payroll | 0.00%                       | 0.00%      |
| Plan Fiduciary Net Position (*) as a Percentage<br>of the Total Pension Liability                              | 75.92%                      | 76.05%     |

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

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

WEST ORANGE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
BOARD OF EDUCATION EMPLOYEES' PENSION FUND OF ESSEX COUNTY  
LAST TWO FISCAL YEARS  
UNAUDITED

|  | <u>Fiscal Year Ending June 30,</u> |                 |
|--|------------------------------------|-----------------|
|  | <u>2014</u>                        | <u>2015</u>     |
| Contractually Required Contribution                                  | \$ 31,418                          | \$ 37,410       |
| Contributions in Relation to the Contractually Required Contribution | <u>(31,418)</u>                    | <u>(37,410)</u> |
| Contribution Deficiency (Excess)                                     | <u>\$ -0-</u>                      | <u>\$ -0-</u>   |
| District's Covered Employee Payroll                                  | \$ -0-                             | \$ -0-          |
| Contributions as a Percentage of Covered Employee Payroll            | 0.00%                              | 0.00%           |

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



WEST ORANGE SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.95% as of June 30, 2013 to 4.68% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

C. BOARD OF EDUCATION EMPLOYEES' PENSION FUND OF ESSEX COUNTY

Benefit Changes

There were none.

Changes of Assumptions

The inflation rate changed from 2.60% as of June 30, 2014 to 2.30% as of June 30, 2015.

BUDGETARY COMPARISON SCHEDULES  
(UNAUDITED)

WEST ORANGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

| REVENUES:   | Original<br>Budget | Budget<br>Transfers | Final<br>Budget    | Actual             | Variance<br>Final to Actual |
|---|--------------------|---------------------|--------------------|--------------------|-----------------------------|
| <b>Local Sources:</b>   |                    |                     |                    |                    |                             |
| Local Tax Levy  | \$ 125,184,960     |                     | \$ 125,184,960     | \$ 125,184,960     |                             |
| Tuition from Individuals  |                    |                     |                    | 45,675             | \$ 45,675                   |
| Tuition from Other LEAs   | 450,000            |                     | 450,000            | 266,086            | (183,914)                   |
| Rents and Royalties   |                    |                     |                    | 161,646            | 161,646                     |
| Unrestricted Miscellaneous                                      | 205,992            |                     | 205,992            | 100,452            | (105,540)                   |
| <b>Total - Local Sources</b>                                    | <b>125,840,952</b> |                     | <b>125,840,952</b> | <b>125,758,819</b> | <b>(82,133)</b>             |
| <b>State Sources:</b>   |                    |                     |                    |                    |                             |
| Equalization Aid  | 1,793,898          |                     | 1,793,898          | 1,793,898          |                             |
| Transportation Aid  | 438,150            |                     | 438,150            | 438,150            |                             |
| Special Education Aid   | 4,191,194          |                     | 4,191,194          | 4,191,194          |                             |
| Security Aid  | 386,465            |                     | 386,465            | 386,465            |                             |
| Per Pupil Growth Aid  | 70,410             |                     | 70,410             | 70,410             |                             |
| PARCC Readiness Aid   | 70,410             |                     | 70,410             | 70,410             |                             |
| Extraordinary Aid   | 1,389,008          |                     | 1,389,008          | 1,611,894          | 222,886                     |
| Nonpublic Transportation Costs                                  |                    |                     |                    | 103,950            | 103,950                     |
| <b>On-Behalf Contributions (Non-Budgeted):</b>                  |                    |                     |                    |                    |                             |
| TPAF Pension  |                    |                     |                    | 3,233,836          | 3,233,836                   |
| TPAF Post-Retirement Medical Benefits                           |                    |                     |                    | 5,133,717          | 5,133,717                   |
| Reimbursed TPAF Social Security Contributions<br>(Non-Budgeted) |                    |                     |                    | 4,845,638          | 4,845,638                   |
| <b>Total State Sources</b>                                      | <b>8,339,535</b>   |                     | <b>8,339,535</b>   | <b>21,879,562</b>  | <b>13,540,027</b>           |
| <b>Federal Sources:</b>   |                    |                     |                    |                    |                             |
| Medicaid Reimbursement Aid                                      | 150,000            |                     | 150,000            | 331,274            | 181,274                     |
| ARRA - Medicaid Assistance Program - Prior Year Adjustment      |                    |                     |                    | 38,939             | 38,939                      |
| <b>Total Federal Sources</b>                                    | <b>150,000</b>     |                     | <b>150,000</b>     | <b>370,213</b>     | <b>220,213</b>              |
| <b>TOTAL REVENUES</b>   | <b>134,330,487</b> |                     | <b>134,330,487</b> | <b>148,008,594</b> | <b>13,678,107</b>           |

WEST ORANGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|-------------------|-------------------------------------|
| <b>EXPENDITURES:</b>                                 |                            |                             |                         |                   |                                     |
| <b>CURRENT EXPENSE:</b>                              |                            |                             |                         |                   |                                     |
| <b>Regular Programs - Instruction:</b>               |                            |                             |                         |                   |                                     |
| Kindergarten - Salaries of Teachers                  | \$ 2,060,459               | \$ (94,708)                 | \$ 1,965,751            | \$ 1,965,751      |                                     |
| Grades 1-5 - Salaries of Teachers                    | 14,772,406                 | (22,965)                    | 14,749,441              | 14,749,440        | \$ 1                                |
| Grades 6-8 - Salaries of Teachers                    | 9,775,084                  | (175,348)                   | 9,599,736               | 9,599,735         | 1                                   |
| Grades 9-12 - Salaries of Teachers                   | 13,959,238                 | (600,366)                   | 13,358,872              | 13,358,871        | 1                                   |
| <b>Regular Programs - Home Instruction:</b>          |                            |                             |                         |                   |                                     |
| Salaries of Teachers                                 | 575,000                    | (161,766)                   | 413,234                 | 413,233           | 1                                   |
| Other Salaries for Instruction                       | 199,132                    | (199,132)                   |                         |                   |                                     |
| Purchased Professional - Educational Services        | -                          | 135,553                     | 135,553                 | 135,553           |                                     |
| <b>Regular Programs - Undistributed Instruction:</b> |                            |                             |                         |                   |                                     |
| Other Salaries for Instruction                       | 846,272                    | (100,538)                   | 745,734                 | 745,733           | 1                                   |
| Purchased Professional - Educational Services        | 170,000                    | (110,547)                   | 59,453                  | 58,209            | 1,244                               |
| Other Purchased Services                             | 775,352                    | 124,211                     | 899,563                 | 899,505           | 58                                  |
| General Supplies                                     | 1,827,980                  | (235,918)                   | 1,592,062               | 1,589,420         | 2,642                               |
| Textbooks  | 315,408                    | 2,777                       | 318,185                 | 313,843           | 4,342                               |
| Other Objects  | 304,600                    | (35,606)                    | 268,994                 | 252,098           | 16,896                              |
| <b>Total Regular Programs - Instruction</b>          | <u>45,580,931</u>          | <u>(1,474,353)</u>          | <u>44,106,578</u>       | <u>44,081,391</u> | <u>25,187</u>                       |
| <b>Special Education - Instruction:</b>              |                            |                             |                         |                   |                                     |
| <b>Cognitive Mild:</b>                               |                            |                             |                         |                   |                                     |
| Salaries of Teachers                                 | 382,240                    | 210,277                     | 592,517                 | 585,284           | 7,233                               |
| Other Salaries for Instruction                       | 718,537                    | (29,623)                    | 688,914                 | 688,914           |                                     |
| General Supplies                                     | 3,565                      | 830                         | 4,395                   | 4,223             | 172                                 |
| Textbooks  | 1,900                      | (830)                       | 1,070                   | 940               | 130                                 |
| <b>Total Cognitive - Mild</b>                        | <u>1,106,242</u>           | <u>180,654</u>              | <u>1,286,896</u>        | <u>1,279,361</u>  | <u>7,535</u>                        |

WEST ORANGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|------------------|-------------------------------------|
| EXPENDITURES:                               |                            |                             |                         |                  |                                     |
| CURRENT EXPENSE:                            |                            |                             |                         |                  |                                     |
| Special Education - Instruction:            |                            |                             |                         |                  |                                     |
| Cognitive Moderate:                         |                            |                             |                         |                  |                                     |
| Other Salaries for Instruction              | \$ 8                       |                             | \$ 8                    |                  | \$ 8                                |
| Total Cognitive Moderate                    | <u>8</u>                   |                             | <u>8</u>                |                  | <u>8</u>                            |
| Learning and/or Language Disabilities:      |                            |                             |                         |                  |                                     |
| Salaries of Teachers                        | 1,441,024                  | \$ 499,714                  | 1,940,738               | \$ 1,940,738     |                                     |
| Other Salaries for Instruction              | 632,963                    | 106,932                     | 739,895                 | 739,895          |                                     |
| General Supplies                            | 11,000                     | 14,099                      | 25,099                  | 25,017           | 82                                  |
| Textbooks                                   | 7,500                      | (6,070)                     | 1,430                   | 813              | 617                                 |
| Total Learning and/or Language Disabilities | <u>2,092,487</u>           | <u>614,675</u>              | <u>2,707,162</u>        | <u>2,706,463</u> | <u>699</u>                          |
| Behavioral Disabilities:                    |                            |                             |                         |                  |                                     |
| General Supplies                            | 3,000                      | (3,000)                     |                         |                  |                                     |
| Textbooks                                   | 850                        |                             | 850                     |                  | 850                                 |
| Total Behavioral Disabilities               | <u>3,850</u>               | <u>(3,000)</u>              | <u>850</u>              |                  | <u>850</u>                          |
| Multiple Disabled:                          |                            |                             |                         |                  |                                     |
| Salaries of Teachers                        | 361,951                    | (334,082)                   | 27,869                  | 26,454           | 1,415                               |
| Other Salaries for Instruction              |                            | 206,951                     | 206,951                 | 175,400          | 31,551                              |
| Total Multiple Disabled                     | <u>361,951</u>             | <u>(127,131)</u>            | <u>234,820</u>          | <u>201,854</u>   | <u>32,966</u>                       |

WEST ORANGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

| EXPENDITURES:                             | Original<br>Budget | Budget<br>Transfers | Final<br>Budget   | Actual            | Variance<br>Final to Actual |
|---|--------------------|---------------------|-------------------|-------------------|-----------------------------|
| CURRENT EXPENSE:                          |                    |                     |                   |                   |                             |
| Special Education - Instruction:          |                    |                     |                   |                   |                             |
| Resource Room/Resource Center:            |                    |                     |                   |                   |                             |
| Salaries of Teachers                      | \$ 5,289,668       | \$ 703,501          | \$ 5,993,169      | \$ 5,993,169      |                             |
| Other Salaries for Instruction            | 828,547            | 248,511             | 1,077,058         | 1,077,058         |                             |
| General Supplies                          | 6,000              | 1,621               | 7,621             | 1,580             | \$ 6,041                    |
| Textbooks                                 | 3,000              | (530)               | 2,470             | 2,470             |                             |
| Total Resource Room/Resource Center       | <u>6,127,215</u>   | <u>953,103</u>      | <u>7,080,318</u>  | <u>7,074,277</u>  | <u>6,041</u>                |
| Autism:                                   |                    |                     |                   |                   |                             |
| Salaries of Teachers                      | 378,140            | 34,510              | 412,650           | 412,650           |                             |
| Other Salaries for Instruction            | 1,913,244          | (895,000)           | 1,018,244         | 1,014,733         | 3,511                       |
| Other Purchased Services (400-500 Series) |                    | 260                 | 260               |                   | 260                         |
| General Supplies                          | 4,262              | 1,149               | 5,411             | 5,180             | 231                         |
| Total Autism                              | <u>2,295,646</u>   | <u>(859,081)</u>    | <u>1,436,565</u>  | <u>1,432,563</u>  | <u>4,002</u>                |
| Preschool Handicapped - Full-time:        |                    |                     |                   |                   |                             |
| Salaries of Teachers                      | 374,511            | 236,484             | 610,995           | 610,995           |                             |
| Other Salaries for Instruction            | 336,790            | 353,000             | 689,790           | 585,274           | 104,516                     |
| General Supplies                          | 2,000              |                     | 2,000             | 1,543             | 457                         |
| Total Preschool Handicapped - Full-time   | <u>713,301</u>     | <u>589,484</u>      | <u>1,302,785</u>  | <u>1,197,812</u>  | <u>104,973</u>              |
| Total Special Education Instruction       | <u>12,700,700</u>  | <u>1,348,704</u>    | <u>14,049,404</u> | <u>13,892,330</u> | <u>157,074</u>              |
| Basic Skills/Remedial - Instruction:      |                    |                     |                   |                   |                             |
| Salaries of Teachers                      | 2,033,213          | (26,596)            | 2,006,617         | 2,006,617         |                             |
| Other Purchased Services                  | 5,000              | (4,000)             | 1,000             | 355               | 645                         |
| General Supplies                          | 27,088             | 4,000               | 31,088            | 24,272            | 6,816                       |
| Total Basic Skills/Remedial - Instruction | <u>2,065,301</u>   | <u>(26,596)</u>     | <u>2,038,705</u>  | <u>2,031,244</u>  | <u>7,461</u>                |

WEST ORANGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

| EXPENDITURES:  | Original<br>Budget | Budget<br>Transfers | Final<br>Budget   | Actual            | Variance<br>Final to Actual |
|--|--------------------|---------------------|-------------------|-------------------|-----------------------------|
| CURRENT EXPENSE:   |                    |                     |                   |                   |                             |
| Bilingual Education - Instruction:                           |                    |                     |                   |                   |                             |
| Salaries of Teachers   | \$ 1,209,448       | \$ 31,623           | \$ 1,241,071      | \$ 1,241,071      |                             |
| Other Salaries for Instruction                               | 92,313             | (32,861)            | 59,452            | 59,452            |                             |
| General Supplies   | 850                |                     | 850               |                   | \$ 850                      |
| Total Bilingual Education - Instruction                      | <u>1,302,611</u>   | <u>(1,238)</u>      | <u>1,301,373</u>  | <u>1,300,523</u>  | <u>850</u>                  |
| School-Sponsored Cocurricular Activities - Instruction:      |                    |                     |                   |                   |                             |
| Salaries   | 382,118            | 43,433              | 425,551           | 425,551           |                             |
| Purchased Services (300-500 series)                          |                    | 3,220               | 3,220             | 875               | 2,345                       |
| Other Objects  | 63,600             | 16,780              | 80,380            | 48,514            | 31,866                      |
| Total School-Sponsored Cocurricular Activities - Instruction | <u>445,718</u>     | <u>63,433</u>       | <u>509,151</u>    | <u>474,940</u>    | <u>34,211</u>               |
| School-Sponsored Cocurricular Athletics - Instruction:       |                    |                     |                   |                   |                             |
| Salaries   | 816,109            | (32,283)            | 783,826           | 769,664           | 14,162                      |
| Purchased Services (300-500 series)                          | 172,600            | (100,000)           | 72,600            | 56,309            | 16,291                      |
| Supplies and Materials                                       | 108,012            | 10,856              | 118,868           | 115,670           | 3,198                       |
| Other Objects  | 85,256             | (10,857)            | 74,399            | 48,988            | 25,411                      |
| Total School-Sponsored Cocurricular Athletics - Instruction  | <u>1,181,977</u>   | <u>(132,284)</u>    | <u>1,049,693</u>  | <u>990,631</u>    | <u>59,062</u>               |
| Total Instruction  | <u>63,277,238</u>  | <u>(222,334)</u>    | <u>63,054,904</u> | <u>62,771,059</u> | <u>283,845</u>              |
| Undistributed Expenditures:                                  |                    |                     |                   |                   |                             |
| Instruction:   |                    |                     |                   |                   |                             |
| Tuition to Other LEAs Within the State - Regular             |                    | 78,456              | 78,456            | 78,456            |                             |
| Tuition to Other LEAs Within the State - Special             | 1,246,640          | 141,271             | 1,387,911         | 1,332,330         | 55,581                      |
| Tuition to County Vocational School District - Regular       | 129,612            | (42,570)            | 87,042            | 78,765            | 8,277                       |

WEST ORANGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

| EXPENDITURES:  | Original<br>Budget | Budget<br>Transfers | Final<br>Budget  | Actual           | Variance<br>Final to Actual |
|--|--------------------|---------------------|------------------|------------------|-----------------------------|
| CURRENT EXPENSE:                                       |                    |                     |                  |                  |                             |
| Undistributed Expenditures:                            |                    |                     |                  |                  |                             |
| Instruction: (Cont'd)                                  |                    |                     |                  |                  |                             |
| Tuition to County Vocational School District - Special | \$ 61,200          |                     | \$ 61,200        | \$ 52,750        | \$ 8,450                    |
| Tuition to CSSD & Regional Day Schools                 | 174,245            | \$ 4,466            | 178,711          | 178,711          |                             |
| Tuition to Private Schools for the Handicapped:        |                    |                     |                  |                  |                             |
| Within State   | 7,558,776          | (1,979,941)         | 5,578,835        | 5,408,430        | 170,405                     |
| Outside State  | 66,870             | (60,955)            | 5,915            | 4,055            | 1,860                       |
| Tuition - State Facilities                             | 39,965             |                     | 39,965           | 39,965           |                             |
| <b>Total Undistributed Expenditures - Instruction</b>  | <b>9,277,308</b>   | <b>(1,859,273)</b>  | <b>7,418,035</b> | <b>7,173,462</b> | <b>244,573</b>              |
| Attendance & Social Work:                              |                    |                     |                  |                  |                             |
| Salaries   | 132,201            | 78,160              | 210,361          | 210,361          |                             |
| Other Purchased Services                               | 500                | 250                 | 750              | 676              | 74                          |
| <b>Total Attendance &amp; Social Work</b>              | <b>132,701</b>     | <b>78,410</b>       | <b>211,111</b>   | <b>211,037</b>   | <b>74</b>                   |
| Health Services:                                       |                    |                     |                  |                  |                             |
| Salaries   | 1,269,900          | (65,305)            | 1,204,595        | 1,204,595        |                             |
| Salaries of Social Services Coordinators               | 10,000             |                     | 10,000           |                  | 10,000                      |
| Purchased Professional and Technical Services          |                    | 20,000              | 20,000           | 12,858           | 7,142                       |
| Other Purchased Services (400-500 series)              | 97,004             | 6,458               | 103,462          | 103,461          | 1                           |
| Supplies and Materials                                 | 20,532             | (216)               | 20,316           | 19,745           | 571                         |
| Other Objects  | 179,233            | (80,193)            | 99,040           | 91,360           | 7,680                       |
| <b>Total Health Services</b>                           | <b>1,576,669</b>   | <b>(119,256)</b>    | <b>1,457,413</b> | <b>1,432,019</b> | <b>25,394</b>               |
| Speech, OT, PT and Related Services:                   |                    |                     |                  |                  |                             |
| Salaries of Other Professional Staff                   | 1,201,861          | 440,730             | 1,642,591        | 1,642,590        | 1                           |
| Purchased Professional - Educational Services          | 11,420             |                     | 11,420           | 8,720            | 2,700                       |
| <b>Total Speech, OT, PT and Related Services</b>       | <b>1,213,281</b>   | <b>440,730</b>      | <b>1,654,011</b> | <b>1,651,310</b> | <b>2,701</b>                |



WEST ORANGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

| EXPENDITURES:                                       | Original<br>Budget | Budget<br>Transfers | Final<br>Budget  | Actual           | Variance<br>Final to Actual |
|---|--------------------|---------------------|------------------|------------------|-----------------------------|
| CURRENT EXPENSE:                                    |                    |                     |                  |                  |                             |
| Undistributed Expenditures:                         |                    |                     |                  |                  |                             |
| Other Support Services - Students - Extra Services: |                    |                     |                  |                  |                             |
| Salaries of Other Professional Staff                | \$ 562,681         | \$ 683,589          | \$ 1,246,270     | \$ 1,089,664     | \$ 156,606                  |
| Purchased Professional - Educational Services       | 257,821            | 160,000             | 417,821          | 375,158          | 42,663                      |
| Supplies and Materials                              | 5,000              | (1,000)             | 4,000            | 1,923            | 2,077                       |
|   | <u>825,502</u>     | <u>842,589</u>      | <u>1,668,091</u> | <u>1,466,745</u> | <u>201,346</u>              |
| Guidance:   |                    |                     |                  |                  |                             |
| Salaries of Other Professional Staff                | 2,322,927          | 92,967              | 2,415,894        | 2,271,040        | 144,854                     |
| Salaries of Secretarial and Clerical Assistants     | 272,739            | 3,000               | 275,739          | 261,619          | 14,120                      |
| Purchased Professional - Educational Services       | 90,832             | (7,050)             | 83,782           | 73,882           | 9,900                       |
| Supplies and Materials                              |                    | 19,434              | 19,434           | 19,434           |                             |
|   | <u>2,686,498</u>   | <u>108,351</u>      | <u>2,794,849</u> | <u>2,625,975</u> | <u>168,874</u>              |
| Child Study Teams:                                  |                    |                     |                  |                  |                             |
| Salaries of Other Professional Staff                | 2,618,851          | 64,544              | 2,683,395        | 2,683,395        |                             |
| Salaries of Secretarial and Clerical Assistance     | 135,000            | 166,899             | 301,899          | 261,571          | 40,328                      |
| Other Salaries                                      | 1,114,632          | (1,114,632)         |                  |                  |                             |
| Purchased Professional - Educational Services       | 29,063             | 37,214              | 66,277           | 66,277           |                             |
| Miscellaneous Purchased Services                    | 10,853             | (2,500)             | 8,353            | 8,031            | 322                         |
| Residential Costs                                   | 50,000             | (50,000)            |                  |                  |                             |
| Supplies and Materials                              | 51,267             | 26,138              | 77,405           | 77,404           | 1                           |
|   | <u>4,009,666</u>   | <u>(872,337)</u>    | <u>3,137,329</u> | <u>3,096,678</u> | <u>40,651</u>               |
| Improvement of Instructional Services:              |                    |                     |                  |                  |                             |
| Salaries of Supervisors of Instruction              | 150,380            | (150,000)           | 380              |                  | 380                         |
| Salaries of Secretarial and Clerical Assistants     | 355,780            | (145,152)           | 210,628          | 210,625          | 3                           |
|   | <u>506,160</u>     | <u>(295,152)</u>    | <u>211,008</u>   | <u>210,625</u>   | <u>383</u>                  |

WEST ORANGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

| EXPENDITURES:  | Original<br>Budget | Budget<br>Transfers | Final<br>Budget  | Actual           | Variance<br>Final to Actual |
|--|--------------------|---------------------|------------------|------------------|-----------------------------|
| <b>CURRENT EXPENSE:</b>                                |                    |                     |                  |                  |                             |
| Undistributed Expenditures:                            |                    |                     |                  |                  |                             |
| Educational Media Services/School Library:             |                    |                     |                  |                  |                             |
| Salaries   | \$ 1,198,682       | \$ (16,085)         | \$ 1,182,597     | \$ 1,182,597     |                             |
| Supplies and Materials                                 | 145,498            |                     | 145,498          | 124,988          | \$ 20,510                   |
| <b>Total Educational Media Services/School Library</b> | <b>1,344,180</b>   | <b>(16,085)</b>     | <b>1,328,095</b> | <b>1,307,585</b> | <b>20,510</b>               |
| Instructional Staff Training Services:                 |                    |                     |                  |                  |                             |
| Salaries of Other Professional Staff                   | 25,000             | 34,370              | 59,370           | 59,369           | 1                           |
| Purchased Professional - Educational Service           | 50,000             | (5,115)             | 44,885           | 40,995           | 3,890                       |
| Other Purchased Services (400-500 series)              | 22,679             | 27,490              | 50,169           | 48,815           | 1,354                       |
| Supplies and Materials                                 | 8,000              | (2,179)             | 5,821            | 2,677            | 3,144                       |
| <b>Total Instructional Staff Training Services</b>     | <b>105,679</b>     | <b>54,566</b>       | <b>160,245</b>   | <b>151,856</b>   | <b>8,389</b>                |
| Support Services - General Administration:             |                    |                     |                  |                  |                             |
| Salaries   | 549,579            | (231,206)           | 318,373          | 318,373          |                             |
| Salaries of Attorneys                                  | 138,994            | (311)               | 138,683          | 138,683          |                             |
| Legal Services   | 131,978            | 99,895              | 231,873          | 215,056          | 16,817                      |
| Audit Fees   | 60,000             | 35,825              | 95,825           | 95,825           |                             |
| Architectural/Engineering Services                     | 55,000             | (55,000)            |                  |                  |                             |
| Other Purchased Professional Services                  | 212,500            | (14,287)            | 198,213          | 170,681          | 27,532                      |
| Purchased Technical Services                           | 154,300            | (52,105)            | 102,195          | 99,502           | 2,693                       |
| Communications/Telephone                               | 5,000              | 199,793             | 204,793          | 203,931          | 862                         |
| BOE Purchased Services                                 | 135,750            | (132,706)           | 3,044            | 3,044            |                             |
| Miscellaneous Purchased Services (400-500 series)      | 58,983             | 98,540              | 157,523          | 157,522          | 1                           |
| General Supplies                                       | 10,350             | 5,532               | 15,882           | 15,707           | 175                         |
| Judgments  | 50,000             | 309,581             | 359,581          | 359,581          |                             |
| BOE Membership Dues and Fees                           | 42,000             | (2,346)             | 39,654           | 38,409           | 1,245                       |
| Miscellaneous Expenditures                             | 47,205             | 21,207              | 68,412           | 68,412           |                             |
| <b>Total Support Services - General Administration</b> | <b>1,651,639</b>   | <b>282,412</b>      | <b>1,934,051</b> | <b>1,884,726</b> | <b>49,325</b>               |

WEST ORANGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

| EXPENDITURES:  | Original<br>Budget | Budget<br>Transfers | Final<br>Budget  | Actual           | Variance<br>Final to Actual |
|--|--------------------|---------------------|------------------|------------------|-----------------------------|
| <b>CURRENT EXPENSE:</b>                                |                    |                     |                  |                  |                             |
| Undistributed Expenditures:                            |                    |                     |                  |                  |                             |
| Support Services - School Administration:              |                    |                     |                  |                  |                             |
| Salaries of Principals/Assistant Principals            | \$ 2,674,362       | \$ 267,977          | \$ 2,942,339     | \$ 2,941,170     | \$ 1,169                    |
| Salaries of Other Professional Staff                   | 2,079,268          | (87,866)            | 1,991,402        | 1,991,401        | 1                           |
| Salaries of Secretarial and Clerical Assistants        | 1,698,872          | (24,327)            | 1,674,545        | 1,666,001        | 8,544                       |
| Other Salaries   | 1,170,370          | (873,500)           | 296,870          | 292,647          | 4,223                       |
| Purchased Professional and Technical Services          |                    | 1,500               | 1,500            | 1,500            |                             |
| Other Purchased Services (400-500 series)              | 96,693             | (35,416)            | 61,277           | 41,705           | 19,572                      |
| Supplies and Materials                                 | 135,504            | 25,000              | 160,504          | 142,428          | 18,076                      |
| <b>Total Support Services - School Administration</b>  | <b>7,855,069</b>   | <b>(726,632)</b>    | <b>7,128,437</b> | <b>7,076,852</b> | <b>51,585</b>               |
| Central Services:                                      |                    |                     |                  |                  |                             |
| Salaries   | 799,678            | 562,998             | 1,362,676        | 1,359,831        | 2,845                       |
| Purchased Technical Services                           |                    | 39,798              | 39,798           | 39,798           |                             |
| Misc. Purchased Services (400-500 series)              | 8,000              | 1,165               | 9,165            | 9,165            |                             |
| Sale/Lease-back Payments                               | 200,000            | (200,000)           |                  |                  |                             |
| Supplies and Materials                                 | 53,617             | 3,282               | 56,899           | 56,899           |                             |
| Interest on Lease Purchase Agreements                  |                    | 20,100              | 20,100           | 20,058           | 42                          |
| Other Objects  | 42,500             | 16,293              | 58,793           | 56,617           | 2,176                       |
| <b>Total Central Services</b>                          | <b>1,103,795</b>   | <b>443,636</b>      | <b>1,547,431</b> | <b>1,542,368</b> | <b>5,063</b>                |
| Administration Information Technology:                 |                    |                     |                  |                  |                             |
| Salaries   |                    | 346,023             | 346,023          | 346,023          |                             |
| Purchased Professional Services                        |                    | 11,220              | 11,220           | 11,220           |                             |
| <b>Total Administration Information Technology</b>     |                    | <b>357,243</b>      | <b>357,243</b>   | <b>357,243</b>   |                             |
| Required Maintenance of School Facilities:             |                    |                     |                  |                  |                             |
| Salaries   | 1,188,179          | 603,620             | 1,791,799        | 1,791,799        |                             |
| Cleaning, Repair and Maintenance Services              | 331,782            | 492,579             | 824,361          | 781,053          | 43,308                      |
| General Supplies                                       | 348,362            | 245,637             | 593,999          | 592,086          | 1,913                       |
| <b>Total Required Maintenance of School Facilities</b> | <b>1,868,323</b>   | <b>1,341,836</b>    | <b>3,210,159</b> | <b>3,164,938</b> | <b>45,221</b>               |

WEST ORANGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

| EXPENDITURES:                                 | Original<br>Budget | Budget<br>Transfers | Final<br>Budget  | Actual           | Variance<br>Final to Actual |
|---|--------------------|---------------------|------------------|------------------|-----------------------------|
| CURRENT EXPENSE:                              |                    |                     |                  |                  |                             |
| Undistributed Expenditures:                   |                    |                     |                  |                  |                             |
| Custodial Services:                           |                    |                     |                  |                  |                             |
| Salaries                                      | \$ 4,069,033       | \$ (594,108)        | \$ 3,474,925     | \$ 3,474,924     | \$ 1                        |
| Salaries of Non-Instructional Aids            |                    | 651,264             | 651,264          | 651,263          | 1                           |
| Purchased Professional and Technical Services | 110,458            | 31,433              | 141,891          | 86,779           | 55,112                      |
| Cleaning, Repair and Maintenance Services     | 327,000            | 139,252             | 466,252          | 456,439          | 9,813                       |
| Rental of Land & Bldg. Other than Lease       |                    |                     |                  |                  |                             |
| Purchase Agreements                           | 350,000            | (89,066)            | 260,934          | 260,933          | 1                           |
| Other Purchased Property Services             | 125,000            | (3,263)             | 121,737          | 118,889          | 2,848                       |
| Insurance                                     | 470,000            | (11,742)            | 458,258          | 457,800          | 458                         |
| Miscellaneous Purchased Services              |                    | 212                 | 212              | 212              |                             |
| General Supplies                              | 166,525            | (18,558)            | 147,967          | 143,978          | 3,989                       |
| Energy (Natural Gas)                          | 402,057            | (131,595)           | 270,462          | 270,462          |                             |
| Energy (Electricity)                          | 1,851,857          | (239,964)           | 1,611,893        | 1,611,893        |                             |
| Other Objects                                 | 34,670             | 132                 | 34,802           | 34,802           |                             |
| Total Custodial Services                      | <u>7,906,600</u>   | <u>(266,003)</u>    | <u>7,640,597</u> | <u>7,568,374</u> | <u>72,223</u>               |
| Care and Upkeep of Grounds:                   |                    |                     |                  |                  |                             |
| Salaries                                      |                    | 317,980             | 317,980          | 298,788          | 19,192                      |
| Cleaning, Repair and Maintenance Services     |                    | 151,087             | 151,087          | 150,862          | 225                         |
| General Supplies                              |                    | 40,000              | 40,000           | 36,248           | 3,752                       |
| Total Care and Upkeep of Grounds              |                    | <u>509,067</u>      | <u>509,067</u>   | <u>485,898</u>   | <u>23,169</u>               |
| Security:                                     |                    |                     |                  |                  |                             |
| Salaries                                      |                    | 533,924             | 533,924          | 533,924          |                             |
| Total Security                                |                    | <u>533,924</u>      | <u>533,924</u>   | <u>533,924</u>   |                             |

WEST ORANGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

| EXPENDITURES:                                 | Original<br>Budget | Budget<br>Transfers | Final<br>Budget   | Actual            | Variance<br>Final to Actual |
|---|--------------------|---------------------|-------------------|-------------------|-----------------------------|
| CURRENT EXPENSE:                              |                    |                     |                   |                   |                             |
| Undistributed Expenditures:                   |                    |                     |                   |                   |                             |
| Student Transportation Services:              |                    |                     |                   |                   |                             |
| Salaries of Non-Instructional Aids            |                    |                     |                   |                   |                             |
| Salaries for Pupil Transportation:            |                    |                     |                   |                   |                             |
| Between Home and School - Regular             | \$ 1,064,097       | \$ 55,075           | \$ 1,119,172      | \$ 1,119,171      | \$ 1                        |
| Between Home and School - Special Education   | 332,198            | (130,939)           | 201,259           | 201,258           | 1                           |
| Cleaning, Repair and Maintenance Services     | 110,408            | 28,167              | 138,575           | 123,864           | 14,711                      |
| Lease Purchase Payments - School Buses        | 164,000            | (85,588)            | 78,412            | 78,412            |                             |
| Contracted Services:                          |                    |                     |                   |                   |                             |
| Between Home and School - Vendors             | 3,731,590          | (465,902)           | 3,265,688         | 3,213,326         | 52,362                      |
| Other Than Between Home and School - Vendors  |                    | 174,000             | 174,000           | 123,649           | 50,351                      |
| Special Education Students - Vendors          |                    | 17,893              | 17,893            | 13,912            | 3,981                       |
| Special Education Students - Joint Agreements |                    | 5,827               | 5,827             | 5,827             |                             |
| Regular Students - ESC's & CTSA's             | 522,550            | 62,096              | 584,646           | 552,242           | 32,404                      |
| Special Education Students - ESC's & CTSA's   | 1,414,000          | 684,931             | 2,098,931         | 2,098,536         | 395                         |
| Aid in Lieu of Payments - Nonpublic Schools   | 410,574            | (55,850)            | 354,724           | 287,185           | 67,539                      |
| Miscellaneous Purchased Services              | 25,000             | 8,853               | 33,853            | 33,852            | 1                           |
| General Supplies                              | 143,069            | (8,703)             | 134,366           | 78,069            | 56,297                      |
| Other Objects                                 | 39,584             | 3,000               | 42,584            | 39,132            | 3,452                       |
| Total Student Transportation Services         | <u>7,957,070</u>   | <u>292,860</u>      | <u>8,249,930</u>  | <u>7,968,435</u>  | <u>281,495</u>              |
| Unallocated Benefits:                         |                    |                     |                   |                   |                             |
| Social Security Contributions                 | 1,950,000          | 7,640               | 1,957,640         | 1,759,684         | 197,956                     |
| Other Retirement Contributions - PERS         | 1,900,000          | 128,656             | 2,028,656         | 2,028,656         |                             |
| Other Retirement Contributions - ERIP         | 100,000            | 72,764              | 172,764           | 172,763           | 1                           |
| Unemployment Compensation                     | 150,000            | (150,000)           |                   |                   |                             |
| Workmen's Compensation                        | 450,000            | 429,750             | 879,750           | 551,206           | 328,544                     |
| Health Benefits                               | 16,168,466         | (1,005,827)         | 15,162,639        | 15,073,383        | 89,256                      |
| Tuition Reimbursement                         | 371,728            |                     | 371,728           | 220,622           | 151,106                     |
| Other Employee Benefits                       | 250,000            | (250,000)           |                   |                   |                             |
| Total Unallocated Benefits                    | <u>21,340,194</u>  | <u>(767,017)</u>    | <u>20,573,177</u> | <u>19,806,314</u> | <u>766,863</u>              |

WEST ORANGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

| EXPENDITURES:   | Original<br>Budget | Budget<br>Transfers | Final<br>Budget    | Actual             | Variance<br>Final to Actual |
|---|--------------------|---------------------|--------------------|--------------------|-----------------------------|
| CURRENT EXPENSE:  |                    |                     |                    |                    |                             |
| On-Behalf Contributions (Non-Budgeted):                         |                    |                     |                    |                    |                             |
| TPAF Pension Contributions                                      |                    |                     |                    | \$ 3,233,836       | \$ (3,233,836)              |
| TPAF Post-Retirement Medical Benefits                           |                    |                     |                    | 5,133,717          | (5,133,717)                 |
| Reimbursed TPAF Social Security Contributions<br>(Non-Budgeted) |                    |                     |                    | 4,845,638          | (4,845,638)                 |
| Total On-Behalf Contributions                                   |                    |                     |                    | 13,213,191         | (13,213,191)                |
| Total Personal Services - Employee Benefits                     | \$ 21,340,194      | \$ (767,017)        | \$ 20,573,177      | 33,019,505         | (12,446,328)                |
| Total Undistributed Expenses                                    | 71,360,334         | 363,869             | 71,724,203         | 82,929,555         | (11,205,352)                |
| <b>TOTAL CURRENT EXPENSE</b>                                    | <b>134,637,572</b> | <b>141,535</b>      | <b>134,779,107</b> | <b>145,700,614</b> | <b>(10,921,507)</b>         |
| CAPITAL OUTLAY:   |                    |                     |                    |                    |                             |
| Equipment:  |                    |                     |                    |                    |                             |
| Regular Programs - Instruction:                                 |                    |                     |                    |                    |                             |
| Grades 1-5  | 4,006              |                     | 4,006              | 3,793              | 213                         |
| Grades 9-12   | 54,791             | 7,987               | 62,778             | 28,343             | 34,435                      |
| School-Sponsored and Other Instructional Programs               |                    | 36,000              | 36,000             | 35,987             | 13                          |
| Undistributed Expenditures:                                     |                    |                     |                    |                    |                             |
| Instruction   | 300,000            | 59,875              | 359,875            | 359,874            | 1                           |
| Support Services Students Spec.                                 |                    | 8,980               | 8,980              |                    | 8,980                       |
| Custodial Services  | 52,000             |                     | 52,000             | 49,495             | 2,505                       |
| Non-Instructional Equipment                                     | 200,000            |                     | 200,000            | 198,734            | 1,266                       |
| Total Equipment   | 610,797            | 112,842             | 723,639            | 676,226            | 47,413                      |

WEST ORANGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

| EXPENDITURES:   | Original<br>Budget | Budget<br>Transfers | Final<br>Budget    | Actual             | Variance<br>Final to Actual |
|---|--------------------|---------------------|--------------------|--------------------|-----------------------------|
| <b>CAPITAL OUTLAY:</b>  |                    |                     |                    |                    |                             |
| Facilities Acquisition and Construction Services:             |                    |                     |                    |                    |                             |
| Other Purchased Professional and Technical Services           |                    |                     |                    |                    |                             |
| Construction Services   | \$ 1,681,251       |                     | \$ 1,681,251       | \$ 1,676,369       | \$ 4,882                    |
| Buildings - Other than Lease Purchase Agreements              | 23,681             |                     | 23,681             | 23,681             |                             |
| Debt Service Assessment                                       | 114,991            |                     | 114,991            | 114,991            |                             |
| <b>Total Facilities Acquisition and Construction Services</b> | <b>1,819,923</b>   |                     | <b>1,819,923</b>   | <b>1,815,041</b>   | <b>4,882</b>                |
| Assets Acquired Under Capital Leases (Non-budgeted):          |                    |                     |                    |                    |                             |
| Regular Programs - Instruction                                |                    |                     |                    | 553,420            | (553,420)                   |
| Undistributed Expenditures:                                   |                    |                     |                    |                    |                             |
| Student Transportation-School Buses                           |                    |                     |                    | 405,220            | (405,220)                   |
| Assets Acquired Under Capital Leases (Non-budgeted)           |                    |                     |                    |                    |                             |
|   |                    |                     |                    | 958,640            | (958,640)                   |
| <b>TOTAL CAPITAL OUTLAY</b>                                   | <b>2,430,720</b>   | <b>\$ 112,842</b>   | <b>2,543,562</b>   | <b>3,449,907</b>   | <b>(906,345)</b>            |
| Transfer of Funds to Charter School                           | 183,249            | 71,923              | 255,172            | 255,172            |                             |
| <b>TOTAL EXPENDITURES</b>                                     | <b>137,251,541</b> | <b>326,300</b>      | <b>137,577,841</b> | <b>149,405,693</b> | <b>(11,827,852)</b>         |
| Excess (Deficiency) of Revenues Over/(Under) Expenditures     | (2,921,054)        | (326,300)           | (3,247,354)        | (1,397,099)        | 1,850,255                   |
| Other Financing Sources:                                      |                    |                     |                    |                    |                             |
| Capital Leases (non-budgeted)                                 |                    |                     |                    | 958,640            | 958,640                     |
| <b>Total Other Financing Sources</b>                          |                    |                     |                    | <b>958,640</b>     | <b>958,640</b>              |

WEST ORANGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance<br/>Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|---------------------|-------------------------------------|
| Excess (Deficiency) of Revenues and Other Financing Sources<br>Over (Under) Expenditures | \$ (2,921,054)             | \$ (326,300)                | \$ (3,247,354)          | \$ (438,459)        | \$ 2,808,895                        |
| Fund Balance, July 1   | <u>6,601,824</u>           |                             | <u>6,601,824</u>        | <u>6,601,824</u>    |                                     |
| Fund Balance, June 30  | <u>\$ 3,680,770</u>        | <u>\$ (326,300)</u>         | <u>\$ 3,354,470</u>     | <u>\$ 6,163,365</u> | <u>\$ 2,808,895</u>                 |
| <u>Recapitulation:</u>   |                            |                             |                         |                     |                                     |
| Restricted:  |                            |                             |                         |                     |                                     |
| Capital Reserve  |                            |                             |                         | \$ 648,772          |                                     |
| Assigned:  |                            |                             |                         |                     |                                     |
| Year - End Encumbrances  |                            |                             |                         | 344,141             |                                     |
| Designated for Subsequent Year's Expenditures  |                            |                             |                         | 2,100,000           |                                     |
| Designated for Subsequent Year's Expenditures - ARRA/SEMI                                |                            |                             |                         | 38,939              |                                     |
| Unassigned   |                            |                             |                         | <u>3,031,513</u>    |                                     |
|  |                            |                             |                         | 6,163,365           |                                     |
| <u>Reconciliation to Governmental Funds Statements (GAAP):</u>                           |                            |                             |                         |                     |                                     |
| June State Aid Payments not recognized on GAAP Basis                                     |                            |                             |                         | <u>(663,473)</u>    |                                     |
| Fund Balance per Governmental Funds (GAAP)   |                            |                             |                         | <u>\$ 5,499,892</u> |                                     |



WEST ORANGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

|   | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual    | Variance<br>Final to Actual |
|---|--------------------|---------------------|-----------------|-----------|-----------------------------|
| REVENUES:   |                    |                     |                 |           |                             |
| Local Sources   |                    | \$ 58,113           | \$ 58,113       | \$ 52,319 | (5,794)                     |
| State Sources   | \$ 458,019         | 44,772              | 502,791         | 451,412   | \$ (51,379)                 |
| Federal Sources   | 2,917,094          | 124,080             | 3,041,174       | 2,884,239 | (156,935)                   |
| Total Revenues  | 3,375,113          | 226,965             | 3,602,078       | 3,387,970 | (214,108)                   |
| EXPENDITURES:   |                    |                     |                 |           |                             |
| Instruction:  |                    |                     |                 |           |                             |
| Salaries of Teachers                                      | 749,618            | 40,624              | 790,242         | 746,252   | 43,990                      |
| Purchased Professional/Technical Services                 | 27,400             | 26,752              | 54,152          | 28,003    | 26,149                      |
| Other Purchased Services                                  | 1,498,206          |                     | 1,498,206       | 1,498,206 |                             |
| General Supplies  | 175,353            | 81,324              | 256,677         | 157,681   | 98,996                      |
| Textbooks   | 90,681             |                     | 90,681          | 84,768    | 5,913                       |
| Other Objects   | 6,805              | (5,180)             | 1,625           | 1,625     |                             |
| Total Instruction   | 2,548,063          | 143,520             | 2,691,583       | 2,516,535 | 175,048                     |
| Support Services:   |                    |                     |                 |           |                             |
| Salaries of Other Professional Staff                      | 40,126             | 16,000              | 56,126          | 55,926    | 200                         |
| Other Salaries  | 11,440             | (2,430)             | 9,010           | 9,010     |                             |
| Personal Services - Employee Benefits                     | 192,439            | 91,839              | 284,278         | 283,679   | 599                         |
| Tuition   | 173,091            | 21,644              | 194,735         | 164,892   | 29,843                      |
| Purchased Professional/Technical Services                 | 22,500             | (2,969)             | 19,531          | 19,531    |                             |
| Purchased Professional/Educational Services               | 343,897            | (63,697)            | 280,200         | 276,614   | 3,586                       |
| Miscellaneous Purchased Services                          | 35,990             | 15,685              | 51,675          | 50,790    | 885                         |
| Supplies and Materials                                    | 4,000              | (130)               | 3,870           | 3,869     | 1                           |
| Total Support Services                                    | 823,483            | 75,942              | 899,425         | 864,311   | 35,114                      |
| Facilities Acquisition:                                   |                    |                     |                 |           |                             |
| Instructional Equipment                                   | 3,567              | 7,503               | 11,070          | 7,124     | 3,946                       |
| Total Facilities Acquisition                              | 3,567              | 7,503               | 11,070          | 7,124     | 3,946                       |
| Total Expenditures  | 3,375,113          | 226,965             | 3,602,078       | 3,387,970 | 214,108                     |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | \$ - 0 -           | \$ - 0 -            | \$ - 0 -        | \$ - 0 -  | \$ - 0 -                    |

WEST ORANGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

Note A - Explanation of Differences between Budgetary Inflows and Outflows and  
GAAP Revenues and Expenditures

|  | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> |
|--|-------------------------|-------------------------------------|
| Sources/Inflows of Resources   |                         |                                     |
| Actual Amounts (Budgetary Basis) "Revenue"<br>from the Budgetary Comparison Schedule   | \$ 148,008,594          | \$ 3,387,970                        |
| Differences - Budget to GAAP:  |                         |                                     |
| Grant Accounting Budgetary Basis Differs from GAAP in that the<br>Budgetary Basis Recognizes Encumbrances as Expenditures<br>and Revenue, whereas the GAAP Basis does not.   |                         | 385,737                             |
| Prior Year State Aid Payments Recognized for GAAP Statements, not<br>Recognized for Budgetary Purposes   | 649,452                 |                                     |
| Current Year State Aid Payments Recognized for Budgetary Purposes,<br>not Recognized for GAAP Statements   | <u>(663,473)</u>        |                                     |
| Total Revenues as Reported on the Statement of Revenues,<br>Expenditures and Changes in Fund Balances - Governmental Funds   | <u>\$ 147,994,573</u>   | <u>\$ 3,773,707</u>                 |
| Uses/Outflows of Resources:  |                         |                                     |
| Actual Amounts (Budgetary Basis) "Total Outflows" from the<br>Budgetary Comparison Schedule  | \$ 149,405,693          | \$ 3,387,970                        |
| Differences - Budget to GAAP   |                         |                                     |
| Encumbrances for Supplies and Equipment Ordered but<br>Not Received are Reported in the Year the Order is Placed for<br>Budgetary Purposes, but in the Year the Supplies are Received<br>for Financial Reporting Purposes. |                         | <u>385,737</u>                      |
| Total Expenditures as Reported on the Statement of Revenues,<br>Expenditures, and Changes in Fund Balances - Governmental Funds  | <u>\$ 149,405,693</u>   | <u>\$ 3,773,707</u>                 |

WEST ORANGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budget for the fiscal year ended June 30, 2015 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts 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)l. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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 generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the June state aid payments for the current year. Since the State is recording the June state aid payments in the subsequent fiscal year, the District cannot recognize these payments in the GAAP financial statements.

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

WEST ORANGE SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|   | No Child Left Behind |                  |                   |                 |                  |                 |
|---|----------------------|------------------|-------------------|-----------------|------------------|-----------------|
|   | Title I - Part A     |                  | Title IIA         |                 | Title III        |                 |
|   | 2014-15              | 2013-14          | 2014-15           | 2013-14         | 2014-15          | 2013-14         |
| REVENUE:                                    |                      |                  |                   |                 |                  |                 |
| Local Sources                               |                      |                  |                   |                 |                  |                 |
| State Sources                               |                      |                  |                   |                 |                  |                 |
| Federal Sources                             | \$ 878,118           | \$ 29,305        | \$ 131,814        | \$ 3,938        | \$ 67,336        | \$ 9,411        |
| Total Revenue                               | <u>\$ 878,118</u>    | <u>\$ 29,305</u> | <u>\$ 131,814</u> | <u>\$ 3,938</u> | <u>\$ 67,336</u> | <u>\$ 9,411</u> |
| EXPENDITURES:                               |                      |                  |                   |                 |                  |                 |
| Instruction:                                |                      |                  |                   |                 |                  |                 |
| Salaries of Teachers                        | 580,054              |                  | 100,084           |                 | 34,454           |                 |
| Purchased Professional/Technical Services   | 7,975                |                  |                   |                 |                  |                 |
| Other Purchased Services                    |                      |                  |                   |                 |                  |                 |
| General Supplies                            | 29,269               |                  |                   |                 | 21,164           |                 |
| Textbooks                                   |                      |                  |                   |                 |                  |                 |
| Other Objects                               |                      |                  |                   |                 |                  |                 |
| Total Instruction                           | <u>617,298</u>       |                  | <u>100,084</u>    |                 | <u>55,618</u>    |                 |
| Support Services:                           |                      |                  |                   |                 |                  |                 |
| Salaries of Other Professional Staff        | 34,700               | 16,853           |                   |                 | 4,373            |                 |
| Other Salaries                              | 3,270                |                  |                   |                 |                  |                 |
| Personal Services - Employee Benefits       | 197,516              | 12,452           | 26,579            | 3,938           |                  | 2,947           |
| Tuition                                     |                      |                  |                   |                 |                  |                 |
| Purchased Professional/Technical Services   | 16,136               |                  |                   |                 | 3,095            |                 |
| Purchased Professional/Educational Services |                      |                  |                   |                 |                  |                 |
| Miscellaneous Purchased Services            | 5,329                |                  | 5,151             |                 | 4,250            | 6,464           |
| Supplies and Materials                      | 3,869                |                  |                   |                 |                  |                 |
| Total Support Services                      | <u>260,820</u>       | <u>29,305</u>    | <u>31,730</u>     | <u>3,938</u>    | <u>11,718</u>    | <u>9,411</u>    |
| Facilities Acquisition:                     |                      |                  |                   |                 |                  |                 |
| Instructional Equipment                     |                      |                  |                   |                 |                  |                 |
| Total Facilities Acquisition                |                      |                  |                   |                 |                  |                 |
| Total Expenditures                          | <u>\$ 878,118</u>    | <u>\$ 29,305</u> | <u>\$ 131,814</u> | <u>\$ 3,938</u> | <u>\$ 67,336</u> | <u>\$ 9,411</u> |

WEST ORANGE SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| REVENUE:                                    | <u>IDEA Part B, Basic Regular</u> |                  | <u>IDEA Part B, Preschool</u> |                 | <u>Carl D. Perkins<br/>Secondary</u> |
|---|-----------------------------------|------------------|-------------------------------|-----------------|--------------------------------------|
|   | <u>2014-15</u>                    | <u>2013-14</u>   | <u>2014-15</u>                | <u>2013-14</u>  |                                      |
| Local Sources                               |                                   |                  |                               |                 |                                      |
| State Sources                               |                                   |                  |                               |                 |                                      |
| Federal Sources                             | \$ 1,585,487                      | \$ 50,226        | \$ 63,263                     | \$ 2,044        | \$ 54,787                            |
| Total Revenue                               | <u>\$ 1,585,487</u>               | <u>\$ 50,226</u> | <u>\$ 63,263</u>              | <u>\$ 2,044</u> | <u>\$ 54,787</u>                     |
| EXPENDITURES:                               |                                   |                  |                               |                 |                                      |
| Instruction:                                |                                   |                  |                               |                 |                                      |
| Salaries of Teachers                        |                                   |                  |                               |                 |                                      |
| Purchased Professional/Technical Services   |                                   |                  |                               |                 | 8,993                                |
| Other Purchased Services                    | 1,434,943                         |                  | 63,263                        |                 |                                      |
| General Supplies                            | 18,577                            |                  |                               |                 | 28,926                               |
| Textbooks                                   |                                   |                  |                               |                 |                                      |
| Other Objects                               |                                   |                  |                               |                 | 1,625                                |
| Total Instruction                           | <u>1,453,520</u>                  |                  | <u>63,263</u>                 |                 | <u>39,544</u>                        |
| Support Services:                           |                                   |                  |                               |                 |                                      |
| Salaries of Other Professional Staff        |                                   |                  |                               |                 |                                      |
| Other Salaries                              |                                   |                  |                               |                 | 5,740                                |
| Personal Services - Employee Benefits       |                                   | 38,203           |                               | 2,044           |                                      |
| Tuition                                     |                                   |                  |                               |                 |                                      |
| Purchased Professional/Technical Services   |                                   |                  |                               |                 |                                      |
| Purchased Professional/Educational Services | 131,967                           |                  |                               |                 |                                      |
| Miscellaneous Purchased Services            |                                   | 12,023           |                               |                 | 2,379                                |
| Supplies and Materials                      |                                   |                  |                               |                 |                                      |
| Total Support Services                      | <u>131,967</u>                    | <u>50,226</u>    |                               | <u>2,044</u>    | <u>8,119</u>                         |
| Facilities Acquisition:                     |                                   |                  |                               |                 |                                      |
| Instructional Equipment                     |                                   |                  |                               |                 | 7,124                                |
| Total Facilities Acquisition                |                                   |                  |                               |                 | <u>7,124</u>                         |
| Total Expenditures                          | <u>\$ 1,585,487</u>               | <u>\$ 50,226</u> | <u>\$ 63,263</u>              | <u>\$ 2,044</u> | <u>\$ 54,787</u>                     |

WEST ORANGE SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|   | English Language<br>Arts and<br>Mathematics | Textbook         | Nonpublic Aid<br>Nursing | Technology       | Nonpublic<br>Auxiliary Aid<br>Home<br>Instruction |
|---|---|------------------|--------------------------|------------------|---|
| <b>REVENUE:</b>                             |   |                  |                          |                  |   |
| Local Sources                               |   |                  |                          |                  |   |
| State Sources                               |   | \$ 84,768        | \$ 144,647               | \$ 46,070        | \$ 11,035   |
| Federal Sources                             | \$ 8,510                                    |                  |                          |                  |   |
| <b>Total Revenue</b>                        | <u>\$ 8,510</u>                             | <u>\$ 84,768</u> | <u>\$ 144,647</u>        | <u>\$ 46,070</u> | <u>\$ 11,035</u>                                  |
| <b>EXPENDITURES:</b>                        |   |                  |                          |                  |   |
| Instruction:                                |   |                  |                          |                  |   |
| Salaries of Teachers                        | 2,963                                       |                  |                          |                  |   |
| Purchased Professional/Technical Services   |   |                  |                          |                  | 11,035  |
| Other Purchased Services                    |   |                  |                          |                  |   |
| General Supplies                            | 672   |                  |                          | 46,070           |   |
| Textbooks                                   |   | 84,768           |                          |                  |   |
| Other Objects                               |   |                  |                          |                  |   |
| <b>Total Instruction</b>                    | <u>3,635</u>                                | <u>84,768</u>    |                          | <u>46,070</u>    | <u>11,035</u>                                     |
| Support Services:                           |   |                  |                          |                  |   |
| Salaries of Other Professional Staff        |   |                  |                          |                  |   |
| Other Salaries                              |   |                  |                          |                  |   |
| Personal Services - Employee Benefits       |   |                  |                          |                  |   |
| Tuition                                     |   |                  |                          |                  |   |
| Purchased Professional/Technical Services   | 300   |                  |                          |                  |   |
| Purchased Professional/Educational Services |   |                  | 144,647                  |                  |   |
| Miscellaneous Purchased Services            | 4,575                                       |                  |                          |                  |   |
| Supplies and Materials                      |   |                  |                          |                  |   |
| <b>Total Support Services</b>               | <u>4,875</u>                                |                  | <u>144,647</u>           |                  |   |
| Facilities Acquisition:                     |   |                  |                          |                  |   |
| Instructional Equipment                     |   |                  |                          |                  |   |
| <b>Total Facilities Acquisition</b>         |   |                  |                          |                  |   |
| <b>Total Expenditures</b>                   | <u>\$ 8,510</u>                             | <u>\$ 84,768</u> | <u>\$ 144,647</u>        | <u>\$ 46,070</u> | <u>\$ 11,035</u>                                  |



WEST ORANGE SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|   | Nonpublic Handicapped Aid |                   |                          | Local Grant      | Totals              |
|---|---------------------------|-------------------|--------------------------|------------------|---------------------|
|   | Exam & Classification     | Corrective Speech | Supplemental Instruction |                  |                     |
| REVENUE:                                    |                           |                   |                          |                  |                     |
| Local Sources                               |                           |                   |                          | \$ 52,319        | \$ 52,319           |
| State Sources                               | \$ 123,907                | \$ 17,052         | \$ 23,933                |                  | 451,412             |
| Federal Sources                             |                           |                   |                          |                  | 2,884,239           |
| Total Revenue                               | <u>\$ 123,907</u>         | <u>\$ 17,052</u>  | <u>23,933</u>            | <u>\$ 52,319</u> | <u>\$ 3,387,970</u> |
| EXPENDITURES:                               |                           |                   |                          |                  |                     |
| Instruction:                                |                           |                   |                          |                  |                     |
| Salaries of Teachers                        |                           |                   |                          | 28,697           | 746,252             |
| Purchased Professional/Technical Services   |                           |                   |                          |                  | 28,003              |
| Other Purchased Services                    |                           |                   |                          |                  | 1,498,206           |
| General Supplies                            |                           |                   |                          | 13,003           | 157,681             |
| Textbooks                                   |                           |                   |                          |                  | 84,768              |
| Other Objects                               |                           |                   |                          |                  | 1,625               |
| Total Instruction                           |                           |                   |                          | <u>41,700</u>    | <u>2,516,535</u>    |
| Support Services:                           |                           |                   |                          |                  |                     |
| Salaries of Other Professional Staff        |                           |                   |                          |                  | 55,926              |
| Other Salaries                              |                           |                   |                          |                  | 9,010               |
| Personal Services - Employee Benefits       |                           |                   |                          |                  | 283,679             |
| Tuition                                     | 123,907                   | 17,052            | 23,933                   |                  | 164,892             |
| Purchased Professional/Technical Services   |                           |                   |                          |                  | 19,531              |
| Purchased Professional/Educational Services |                           |                   |                          |                  | 276,614             |
| Miscellaneous Purchased Services            |                           |                   |                          | 10,619           | 50,790              |
| Supplies and Materials                      |                           |                   |                          |                  | 3,869               |
| Total Support Services                      | <u>123,907</u>            | <u>17,052</u>     | <u>23,933</u>            | <u>10,619</u>    | <u>864,311</u>      |
| Facilities Acquisition:                     |                           |                   |                          |                  |                     |
| Instructional Equipment                     |                           |                   |                          |                  | 7,124               |
| Total Facilities Acquisition                |                           |                   |                          |                  | <u>7,124</u>        |
| Total Expenditures                          | <u>\$ 123,907</u>         | <u>\$ 17,052</u>  | <u>\$ 23,933</u>         | <u>\$ 52,319</u> | <u>\$ 3,387,970</u> |

CAPITAL PROJECTS FUND  
(NOT APPLICABLE)

PROPRIETARY FUNDS

Exhibit G-1

WEST ORANGE SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2015

|                                     | <u>Major Fund</u>          | <u>Non-Major Fund</u>             |                   |
|-------------------------------------|----------------------------|-----------------------------------|-------------------|
|                                     | Food<br>Service<br>Program | Community<br>Education<br>Program | <u>Totals</u>     |
| <u>ASSETS:</u>                      |                            |                                   |                   |
| Current Assets:                     |                            |                                   |                   |
| Cash and Cash Equivalents           | \$ 244,156                 | \$ 156,239                        | \$ 400,395        |
| Accounts Receivable:                |                            |                                   |                   |
| State                               | 7,608                      |                                   | 7,608             |
| Federal                             | 318,548                    |                                   | 318,548           |
| Other - Special Functions           | 22,623                     |                                   | 22,623            |
| Interfund Receivable - General Fund | 30,000                     |                                   | 30,000            |
| Inventories                         | 42,966                     |                                   | 42,966            |
| Total Current Assets                | <u>665,901</u>             | <u>156,239</u>                    | <u>822,140</u>    |
| Non-Current Assets:                 |                            |                                   |                   |
| Equipment                           | 542,621                    |                                   | 542,621           |
| Accumulated Depreciation            | (476,173)                  |                                   | (476,173)         |
| Total Non-Current Assets            | <u>66,448</u>              |                                   | <u>66,448</u>     |
| Total Assets                        | <u>732,349</u>             | <u>156,239</u>                    | <u>888,588</u>    |
| <u>LIABILITIES:</u>                 |                            |                                   |                   |
| Current Liabilities:                |                            |                                   |                   |
| Accounts Payable                    | 327,341                    | 6,900                             | 334,241           |
| Prepaid Sales                       | 2,320                      |                                   | 2,320             |
| Unearned Revenue                    | 22,830                     | 120,810                           | 143,640           |
| Total Current Liabilities           | <u>352,491</u>             | <u>127,710</u>                    | <u>480,201</u>    |
| <u>NET POSITION:</u>                |                            |                                   |                   |
| Net Investment in Capital Assets    | 66,448                     |                                   | 66,448            |
| Unrestricted                        | 313,410                    | 28,529                            | 341,939           |
| Total Net Position                  | <u>\$ 379,858</u>          | <u>\$ 28,529</u>                  | <u>\$ 408,387</u> |

Exhibit G-2

WEST ORANGE SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|   | <u>Major Fund</u>          | <u>Non-Major Fund</u>             |                    |
|---|----------------------------|-----------------------------------|--------------------|
|   | Food<br>Service<br>Program | Community<br>Education<br>Program | <u>Totals</u>      |
| Operating Revenue:                      |                            |                                   |                    |
| Local Sources:                          |                            |                                   |                    |
| Daily Sales - Reimbursable Programs     | \$ 970,586                 |                                   | \$ 970,586         |
| Daily Sales - Non-Reimbursable Programs | 490,488                    |                                   | 490,488            |
| Special Events                          | 124,102                    |                                   | 124,102            |
| Summer Enrichment Program               |                            | \$ 162,283                        | 162,283            |
| Total Operating Revenue                 | <u>1,585,176</u>           | <u>162,283</u>                    | <u>1,747,459</u>   |
| Operating Expenses:                     |                            |                                   |                    |
| Cost of Sales                           | 1,394,253                  |                                   | 1,394,253          |
| Salaries, Benefits & Payroll Taxes      | 1,384,387                  | 117,600                           | 1,501,987          |
| Purchased Services                      | 191,533                    |                                   | 191,533            |
| Management Fee                          | 270,000                    |                                   | 270,000            |
| Supplies & Other Costs                  | 195,570                    | 16,154                            | 211,724            |
| Depreciation                            | 12,455                     |                                   | 12,455             |
| Total Operating Expenses                | <u>3,448,198</u>           | <u>133,754</u>                    | <u>3,581,952</u>   |
| Operating Income/(Loss)                 | <u>(1,863,022)</u>         | <u>28,529</u>                     | <u>(1,834,493)</u> |
| Non-Operating Revenue:                  |                            |                                   |                    |
| Local Sources:                          |                            |                                   |                    |
| Interest Income                         | 15                         |                                   | 15                 |
| State Sources:                          |                            |                                   |                    |
| State School Lunch Program              | 38,244                     |                                   | 38,244             |
| Federal Sources:                        |                            |                                   |                    |
| National School Lunch Program           | 1,380,627                  |                                   | 1,380,627          |
| School Breakfast Program                | 284,881                    |                                   | 284,881            |
| Fresh Fruit and Vegetable Program       | 16,043                     |                                   | 16,043             |
| Food Distribution Program               | 166,721                    |                                   | 166,721            |
| Total Non-Operating Revenue             | <u>1,886,531</u>           |                                   | <u>1,886,531</u>   |
| Change in Net Position                  | 23,509                     | 28,529                            | 52,038             |
| Net Position - Beginning of Year        | <u>356,349</u>             |                                   | <u>356,349</u>     |
| Net Position - End of Year              | <u>\$ 379,858</u>          | <u>\$ 28,529</u>                  | <u>\$ 408,387</u>  |

WEST ORANGE SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|   | <u>Major Fund</u>          | <u>Non-Major Fund</u>             |                       |
|---|----------------------------|-----------------------------------|-----------------------|
|   | Food<br>Service<br>Program | Community<br>Education<br>Program | Totals                |
| Cash Flows from Operating Activities:   |                            |                                   |                       |
| Receipts from Customers   | \$ 1,588,783               | \$ 283,093                        | \$ 1,871,876          |
| Payments to Employees   | (1,384,387)                | (117,600)                         | (1,501,987)           |
| Payments to Food Service Vendor   | (174,601)                  |                                   | (174,601)             |
| Payments to Suppliers   | (1,632,416)                | (9,254)                           | (1,641,670)           |
| Net Cash Provided by/(Used for) Operating Activities  | <u>(1,602,621)</u>         | <u>156,239</u>                    | <u>(1,446,382)</u>    |
| Cash Flows from Noncapital Financing Activities:  |                            |                                   |                       |
| Cash Received from State Subsidy Reimbursements   | 36,950                     |                                   | 36,950                |
| Cash Received from Federal Subsidy Reimbursements   | 1,651,135                  |                                   | 1,651,135             |
| Cash Received from Fresh Fruit and Vegetable Program  | 14,484                     |                                   | 14,484                |
| Net Cash Provided by Noncapital Financing Activities  | <u>1,702,569</u>           |                                   | <u>1,702,569</u>      |
| Cash Flows from Investing Activities:   |                            |                                   |                       |
| Investment Income   | 15                         |                                   | 15                    |
| Net Cash Flows Provided by Investing Activities   | <u>15</u>                  |                                   | <u>15</u>             |
| Net Increase in Cash and Cash Equivalents   | 99,963                     | 156,239                           | 256,202               |
| Cash and Cash Equivalents, July 1   | 144,193                    |                                   | 144,193               |
| Cash and Cash Equivalents, June 30  | <u>\$ 244,156</u>          | <u>\$ 156,239</u>                 | <u>\$ 400,395</u>     |
| Reconciliation of Operating Income/(Loss) to Net Cash<br>Provided by/(Used for) Operating Activities:       |                            |                                   |                       |
| Operating Income/(Loss)   | \$ (1,863,022)             | \$ 28,529                         | \$ (1,834,493)        |
| Adjustment to Reconcile Operating Income/(Loss)<br>to Net Cash Provided by/(Used for) Operating Activities: |                            |                                   |                       |
| Depreciation  | 12,455                     |                                   | 12,455                |
| USDA Commodities  | 166,721                    |                                   | 166,721               |
| Changes in Assets and Liabilities:  |                            |                                   |                       |
| (Increase) in Accounts Receivable   | (8,545)                    |                                   | (8,545)               |
| (Increase) in Inventories   | (17,781)                   |                                   | (17,781)              |
| (Decrease) in Prepaid Sales   | (4,008)                    |                                   | (4,008)               |
| Increase in Unearned Revenue  | 16,160                     | 120,810                           | 136,970               |
| Increase in Accounts Payable  | 95,399                     | 6,900                             | 102,299               |
| Net Cash Provided by/(Used for) Operating Activities  | <u>\$ (1,602,621)</u>      | <u>\$ 156,239</u>                 | <u>\$ (1,446,382)</u> |

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received \$182,881 and utilized \$166,721 of USDA Donated Commodities through the Food Distribution Program during the fiscal year ended June 30, 2015.

FIDUCIARY FUNDS

WEST ORANGE SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2015

|                                     | Student<br>Activities | Payroll      | Total<br>Agency | Flexible<br>Spending<br>Trust | Unemployment<br>Compensation<br>Trust |
|-------------------------------------|-----------------------|--------------|-----------------|-------------------------------|---------------------------------------|
| <u>ASSETS:</u>                      |                       |              |                 |                               |                                       |
| Cash and Cash Equivalents           | \$ 493,612            | \$ 3,789,476 | \$ 4,283,088    | \$ 15,847                     | \$ 278,064                            |
| Total Assets                        | \$ 493,612            | \$ 3,789,476 | \$ 4,283,088    | \$ 15,847                     | \$ 278,064                            |
| <u>LIABILITIES:</u>                 |                       |              |                 |                               |                                       |
| Interfund Payable - General Fund    |                       | \$ 27,362    | \$ 27,362       |                               |                                       |
| Accrued Salaries and Wages          |                       | 3,023,845    | 3,023,845       |                               |                                       |
| Payroll Deductions and Withholdings |                       | 738,269      | 738,269         |                               |                                       |
| Due to Student Groups               | \$ 493,612            |              | 493,612         |                               |                                       |
| Total Liabilities                   | 493,612               | 3,789,476    | 4,283,088       |                               |                                       |
| <u>NET POSITION:</u>                |                       |              |                 |                               |                                       |
| Held in Trust for:                  |                       |              |                 |                               |                                       |
| Flexible Spending Claims            |                       |              |                 | \$ 15,847                     |                                       |
| Unemployment Claims                 |                       |              |                 |                               | \$ 278,064                            |
| Total Net Position                  | \$ - 0 -              | \$ - 0 -     | \$ - 0 -        | \$ 15,847                     | \$ 278,064                            |



Exhibit H-2

WEST ORANGE SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                                      | Flexible<br>Spending<br>Trust | Unemployment<br>Compensation<br>Trust |
|--------------------------------------|-------------------------------|---------------------------------------|
|                                      | <hr/>                         | <hr/>                                 |
| ADDITIONS:                           |                               |                                       |
| Contributions:                       |                               |                                       |
| Plan Members (Employees)             | \$ 229,590                    | \$ 186,705                            |
|                                      | <hr/>                         | <hr/>                                 |
| Total Contributions                  | 229,590                       | 186,705                               |
|                                      | <hr/>                         | <hr/>                                 |
| Investment Earnings:                 |                               |                                       |
| Interest                             |                               | 414                                   |
|                                      | <hr/>                         | <hr/>                                 |
| Net Investment Earnings              |                               | 414                                   |
|                                      | <hr/>                         | <hr/>                                 |
| Total Additions                      | 229,590                       | 187,119                               |
|                                      | <hr/>                         | <hr/>                                 |
| DEDUCTIONS:                          |                               |                                       |
| Unemployment Compensation Claims     |                               | 110,929                               |
| Flexible Spending Claims             | 221,157                       |                                       |
|                                      | <hr/>                         | <hr/>                                 |
| Total Deductions                     | 221,157                       | 110,929                               |
|                                      | <hr/>                         | <hr/>                                 |
| Change in Net Position               | 8,433                         | 76,190                                |
|                                      | <hr/>                         | <hr/>                                 |
| Net Position - Beginning of the Year | 7,414                         | 201,874                               |
|                                      | <hr/>                         | <hr/>                                 |
| Net Position - End of the Year       | \$ 15,847                     | \$ 278,064                            |
|                                      | <hr/> <hr/>                   | <hr/> <hr/>                           |

Exhibit H-3

WEST ORANGE SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                                     | <u>Balance</u><br><u>July 1, 2014</u> | <u>Additions</u>            | <u>Deletions</u>    | <u>Balance</u><br><u>June 30, 2015</u> |
|-------------------------------------|---------------------------------------|-----------------------------|---------------------|--|
| <u>ASSETS:</u>                      |                                       |                             |                     |  |
| Cash and Cash Equivalents           | \$ 540,991                            | \$ 1,071,039                | \$ 1,118,418        | \$ 493,612                             |
| Total Assets                        | <u>\$ 540,991</u>                     | <u>\$ 1,071,039</u>         | <u>\$ 1,118,418</u> | <u>\$ 493,612</u>                      |
| <br><u>LIABILITIES:</u>             |                                       |                             |                     |  |
| Liabilities:                        |                                       |                             |                     |  |
| Due to Student Groups               | \$ 512,883                            | \$ 1,071,039                | \$ 1,090,310        | \$ 493,612                             |
| Interfund Payable -<br>General Fund | <u>28,108</u>                         | <u>                    </u> | <u>28,108</u>       | <u>                    </u>            |
| Total Liabilities                   | <u>\$ 540,991</u>                     | <u>\$ 1,071,039</u>         | <u>\$ 1,118,418</u> | <u>\$ 493,612</u>                      |

Exhibit H-4

WEST ORANGE SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                                 | Balance<br>July 1, 2014 | Cash<br>Receipts    | Cash<br>Disbursements | Balance<br>June 30, 2015 |
|---------------------------------|-------------------------|---------------------|-----------------------|--------------------------|
| <b>Elementary Schools:</b>      |                         |                     |                       |                          |
| Gregory                         | \$ 2,815                | \$ 9,516            | \$ 9,396              | \$ 2,935                 |
| Saint Cloud                     | 6,266                   | 30,133              | 27,638                | 8,761                    |
| Hazel Avenue                    | 2,212                   | 3,486               | 2,890                 | 2,808                    |
| Pleasantdale                    | 10,530                  | 4,255               | 2,278                 | 12,507                   |
| Washington                      | 7,552                   | 7,937               | 8,875                 | 6,614                    |
| Mount Pleasant                  | 2,909                   | 6,127               | 5,659                 | 3,377                    |
| Redwood                         | 45                      | 13,229              | 12,137                | 1,137                    |
| <b>Total Elementary Schools</b> | <b>32,329</b>           | <b>74,683</b>       | <b>68,873</b>         | <b>38,139</b>            |
| <b>Middle Schools:</b>          |                         |                     |                       |                          |
| Roosevelt                       | 31,835                  | 193,869             | 199,775               | 25,929                   |
| Edison                          | 7,490                   | 143,346             | 138,582               | 12,254                   |
| Liberty                         | 56,785                  | 141,005             | 146,807               | 50,983                   |
| <b>Total Middle Schools</b>     | <b>96,110</b>           | <b>478,220</b>      | <b>485,164</b>        | <b>89,166</b>            |
| <b>High School:</b>             |                         |                     |                       |                          |
| West Orange H. S.               | 375,911                 | 412,034             | 432,073               | 355,872                  |
| Athletic                        | 8,533                   | 101,611             | 99,709                | 10,435                   |
| Ticket Sales                    |                         | 4,491               | 4,491                 |                          |
| <b>Total All Schools</b>        | <b>\$ 512,883</b>       | <b>\$ 1,071,039</b> | <b>\$ 1,090,310</b>   | <b>\$ 493,612</b>        |

Exhibit H-5

WEST ORANGE SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|  | <u>Balance</u><br><u>July 1, 2014</u> | <u>Additions</u>     | <u>Deletions</u>     | <u>Balance</u><br><u>June 30, 2015</u> |
|--|---------------------------------------|----------------------|----------------------|--|
| <u>ASSETS:</u>                         |                                       |                      |                      |  |
| Cash and Cash Equivalents              | \$ 1,006,417                          | \$ 65,366,880        | \$ 62,583,821        | \$ 3,789,476                           |
| Interfund Receivable                   | 4,032,900                             |                      | 4,032,900            |  |
| Total Assets                           | <u>\$ 5,039,317</u>                   | <u>\$ 65,366,880</u> | <u>\$ 66,616,721</u> | <u>\$ 3,789,476</u>                    |
| <u>LIABILITIES:</u>                    |                                       |                      |                      |  |
| Payroll Deductions<br>and Withholdings | \$ 1,006,417                          | \$ 62,315,673        | \$ 62,583,821        | \$ 738,269                             |
| Interfund Payable                      |                                       | 27,362               |                      | 27,362                                 |
| Accrued Salaries and Wages             | 4,032,900                             | 3,023,845            | 4,032,900            | 3,023,845                              |
| Total Liabilities                      | <u>\$ 5,039,317</u>                   | <u>\$ 65,366,880</u> | <u>\$ 66,616,721</u> | <u>\$ 3,789,476</u>                    |

LONG-TERM DEBT

WEST ORANGE SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF BONDS PAYABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| Purpose                                    | Date of Issue | Original Issue | Maturities of Bonds Outstanding June 30, 2015 |            | Interest Rate | Balance June 30, 2014 | Matured       | Balance June 30, 2015 |
|--|---------------|----------------|---|------------|---------------|-----------------------|---------------|-----------------------|
|  |               |                | Date  | Amount     |               |                       |               |                       |
| Various Improvements to District Buildings | 07/19/06      | \$ 4,387,000   | 07/15/15                                      | \$ 300,000 | 4.250%        |                       |               |                       |
|  |               |                | 07/15/16                                      | 315,000    | 4.250%        |                       |               |                       |
|  |               |                | 07/15/17                                      | 330,000    | 4.250%        |                       |               |                       |
|  |               |                | 07/15/18                                      | 345,000    | 4.250%        |                       |               |                       |
|  |               |                | 07/15/19                                      | 360,000    | 4.300%        |                       |               |                       |
|  |               |                | 07/15/20                                      | 375,000    | 4.350%        |                       |               |                       |
|  |               |                | 07/15/21                                      | 387,000    | 4.375%        |                       |               |                       |
|  |               |                |   |            | \$ 2,697,000  | \$ 285,000            | \$ 2,412,000  |                       |
| School Refunding Bonds                     | 01/19/12      | 31,535,000     | 11/01/15                                      | 1,300,000  | 3.000%        |                       |               |                       |
|  |               |                | 11/01/16                                      | 1,400,000  | 3.000%        |                       |               |                       |
|  |               |                | 11/01/17                                      | 1,775,000  | 4.000%        |                       |               |                       |
|  |               |                | 11/01/18                                      | 1,935,000  | 4.000%        |                       |               |                       |
|  |               |                | 11/01/19                                      | 2,025,000  | 5.000%        |                       |               |                       |
|  |               |                | 11/01/20                                      | 2,115,000  | 4.000%        |                       |               |                       |
|  |               |                | 11/01/21                                      | 2,220,000  | 5.000%        |                       |               |                       |
|  |               |                | 11/01/22                                      | 2,325,000  | 4.000%        |                       |               |                       |
|  |               |                | 11/01/23                                      | 2,425,000  | 5.000%        |                       |               |                       |
|  |               |                | 11/01/24                                      | 2,515,000  | 2.625%        |                       |               |                       |
|  |               |                | 11/01/25                                      | 3,355,000  | 2.750%        |                       |               |                       |
|  |               |                | 11/01/26                                      | 3,470,000  | 4.000%        |                       |               |                       |
|  |               |                | 11/01/27                                      | 3,575,000  | 3.000%        |                       |               |                       |
|  |               |                |   |            |               |                       |               |                       |
|  |               |                |   |            | \$ 34,232,000 | \$ 1,385,000          | \$ 32,847,000 |                       |

WEST ORANGE SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES - CERTIFICATES OF PARTICIPATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| Purpose  | Date of Issue | Original Issue | Maturities of Certificates Outstanding |            | Interest Rate | Balance June 30, 2014 | Matured    | Balance June 30, 2015 |
|--|---------------|----------------|--|------------|---------------|-----------------------|------------|-----------------------|
|  |               |                | Date                                   | Amount     |               |                       |            |                       |
| Construct Improvements - Roosevelt Middle School & West Orange High School | 12/15/97      | \$ 10,968,000  | 10/01/15                               | \$ 470,000 | 5.125%        | \$ 1,175,000          | \$ 445,000 | \$ 730,000            |
|  |               |                | 10/01/16                               | 260,000    | 5.125%        |                       |            |                       |
| Refunding Certificates   | 11/01/04      | 34,910,000     | 10/01/15                               | 1,350,000  | 3.80%         | 28,815,000            | 1,305,000  | 27,510,000            |
|  |               |                | 10/01/16                               | 1,405,000  | 3.80%         |                       |            |                       |
|  |               |                | 10/01/17                               | 1,465,000  | 4.00%         |                       |            |                       |
|  |               |                | 10/01/18                               | 1,520,000  | 4.00%         |                       |            |                       |
|  |               |                | 10/01/19                               | 1,585,000  | 4.10%         |                       |            |                       |
|  |               |                | 10/01/20                               | 1,650,000  | 4.125%        |                       |            |                       |
|  |               |                | 10/01/21                               | 1,720,000  | 4.20%         |                       |            |                       |
|  |               |                | 10/01/22                               | 1,790,000  | 4.25%         |                       |            |                       |
|  |               |                | 10/01/23                               | 1,875,000  | 4.30%         |                       |            |                       |
|  |               |                | 10/01/24                               | 1,955,000  | 4.375%        |                       |            |                       |
|  |               |                | 10/01/25                               | 2,045,000  | 4.40%         |                       |            |                       |
|  |               |                | 10/01/26                               | 2,135,000  | 4.50%         |                       |            |                       |
|  |               |                | 10/01/27                               | 2,235,000  | 4.50%         |                       |            |                       |
|  |               |                | 10/01/28                               | 2,335,000  | 4.50%         |                       |            |                       |
| 10/01/29   | 2,445,000     | 4.50%          |  |            |               |                       |            |                       |

WEST ORANGE SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES - CERTIFICATES OF PARTICIPATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| Purpose                | Date of Issue | Original Issue | Maturities of Certificates Outstanding |           | Interest Rate | Balance June 30, 2014 | Matured   | Balance June 30, 2015 |
|------------------------|---------------|----------------|--|-----------|---------------|-----------------------|-----------|-----------------------|
|                        |               |                | Date                                   | Amount    |               |                       |           |                       |
| Refunding Certificates | 09/26/06      | \$ 5,610,000   | 10/01/15                               | \$ 40,000 | 4.00%         |                       |           |                       |
|                        |               |                | 10/01/16                               | 275,000   | 4.75%         |                       |           |                       |
|                        |               |                | 10/01/17                               | 560,000   | 5.00%         |                       |           |                       |
|                        |               |                | 10/01/18                               | 585,000   | 3.90%         |                       |           |                       |
|                        |               |                | 10/01/19                               | 610,000   | 4.00%         |                       |           |                       |
|                        |               |                | 10/01/20                               | 635,000   | 4.00%         |                       |           |                       |
|                        |               |                | 10/01/21                               | 655,000   | 4.00%         |                       |           |                       |
|                        |               |                | 10/01/22                               | 680,000   | 4.15%         |                       |           |                       |
|                        |               |                | 10/01/23                               | 710,000   | 4.15%         |                       |           |                       |
|                        |               |                | 10/01/24                               | 740,000   | 4.15%         | \$ 5,525,000          | \$ 35,000 | \$ 5,490,000          |
|                        |               |                |  |           |               |                       |           | \$ 35,515,000         |



WEST ORANGE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|------------------|-------------------------------------|
| REVENUES:  |                            |                             |                         |                  |                                     |
| Local Sources:   |                            |                             |                         |                  |                                     |
| Local Tax Levy   | \$ 4,952,981               |                             | \$ 4,952,981            | \$ 4,952,981     |                                     |
| State Sources:   |                            |                             |                         |                  |                                     |
| Debt Service State Aid                                       | 963,608                    |                             | 963,608                 | 963,608          |                                     |
| Total Revenues   | <u>5,916,589</u>           |                             | <u>5,916,589</u>        | <u>5,916,589</u> |                                     |
| EXPENDITURES:  |                            |                             |                         |                  |                                     |
| Regular Debt Service:  |                            |                             |                         |                  |                                     |
| Redemption of Principal                                      | 3,170,000                  |                             | 3,170,000               | 3,170,000        |                                     |
| Interest and Other Charges                                   | 2,747,806                  |                             | 2,747,806               | 2,742,653        | \$ 5,153                            |
| Total Regular Debt Service                                   | <u>5,917,806</u>           |                             | <u>5,917,806</u>        | <u>5,912,653</u> | <u>5,153</u>                        |
| Total Expenditures   | <u>5,917,806</u>           |                             | <u>5,917,806</u>        | <u>5,912,653</u> | <u>5,153</u>                        |
| Excess/(Deficiency) of Revenues<br>Over (Under) Expenditures | (1,217)                    |                             | (1,217)                 | 3,936            | 5,153                               |
| Fund Balance, July 1   | <u>36,479</u>              |                             | <u>36,479</u>           | <u>36,479</u>    |                                     |
| Fund Balance, June 30  | <u>\$ 35,262</u>           | <u>\$ - 0 -</u>             | <u>\$ 35,262</u>        | <u>\$ 40,415</u> | <u>\$ 5,153</u>                     |
| Recapitulation:  |                            |                             |                         |                  |                                     |
| Restricted for Subsequent Year's Expenditures                |                            |                             |                         | \$ 35,262        |                                     |
| Restricted   |                            |                             |                         | 5,153            |                                     |
|  |                            |                             |                         | <u>\$ 40,415</u> |                                     |

Exhibit I-4

WEST ORANGE SCHOOL DISTRICT  
LONG-TERM DEBT  
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| <u>Purpose</u> | <u>Original<br/>Issue</u> | <u>Interest<br/>Rate</u> | <u>Issued</u>     | <u>Matured</u>    | <u>Balance<br/>June 30, 2015</u> |
|----------------|---------------------------|--------------------------|-------------------|-------------------|----------------------------------|
| Copier         | \$ 12,520                 | 6.18%                    | \$ 12,520         | \$ 1,929          | \$ 10,591                        |
| Bus Lease #1   | 247,493                   | 2.77%                    | 247,493           | 52,271            | 195,222                          |
| Bus Lease #2   | 157,727                   | 2.81%                    | 157,727           | 33,343            | 124,384                          |
| Computer Lease | 540,900                   | 1.05%                    | 540,900           | 182,181           | 358,719                          |
|                |                           |                          | <u>\$ 958,640</u> | <u>\$ 269,724</u> | <u>\$ 688,916</u>                |

STATISTICAL SECTION  
(UNAUDITED)

**STATISTICAL SECTION**  
**(UNAUDITED)**

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

**Contents**

**Exhibit**

**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 thru J-5

**Revenue Capacity**

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru 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 thru 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 and to help make comparisons over time and with other governments.

J-14 thru J-15

**Operating Information**

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

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

WEST ORANGE SCHOOL DISTRICT  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
UNAUDITED

June 30,

|   | 2006                 | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 | (Restated)<br>2014   | 2015                 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Governmental Activities:</b>         |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net Investment in                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Capital Assets                          | \$ 31,592,396        | \$ 33,204,821        | \$ 41,953,320        | \$ 47,151,986        | \$ 50,892,444        | \$ 50,380,283        | \$ 52,834,155        | \$ 56,057,197        | \$ 59,644,905        | \$ 59,915,011        |
| Restricted                              | 4,981,696            | 5,546,951            | 1,627,374            | 2,338,655            | 2,839,791            | 233,986              | 1,793,274            | 3,758,926            | 2,429,584            | 689,187              |
| Unrestricted (Deficit)                  | (1,208,688)          | 421,876              | 392,974              | 439,125              | 281,211              | 6,023,672            | 6,092,157            | 3,891,653            | (37,928,804)         | (37,827,998)         |
| <b>Total Governmental Activities</b>    | <b>\$ 35,365,404</b> | <b>\$ 39,173,648</b> | <b>\$ 43,973,668</b> | <b>\$ 49,929,766</b> | <b>\$ 54,013,446</b> | <b>\$ 56,637,941</b> | <b>\$ 60,719,586</b> | <b>\$ 63,707,776</b> | <b>\$ 24,145,685</b> | <b>\$ 22,776,200</b> |
| <b>Business-Type Activities:</b>        |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net Investment in                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Capital Assets                          | \$ 161,494           | \$ 140,584           | \$ 119,811           | \$ 99,185            | \$ 92,092            | \$ 92,083            | \$ 108,294           | \$ 96,465            | \$ 78,903            | \$ 66,448            |
| Unrestricted                            | 64,054               | 127,790              | 176,879              | 194,534              | 301,066              | 328,461              | 273,341              | 177,115              | 277,446              | 341,939              |
| <b>Total Business-Type Activities</b>   | <b>\$ 225,548</b>    | <b>\$ 268,374</b>    | <b>\$ 296,690</b>    | <b>\$ 293,719</b>    | <b>\$ 393,158</b>    | <b>\$ 420,544</b>    | <b>\$ 381,635</b>    | <b>\$ 273,580</b>    | <b>\$ 356,349</b>    | <b>\$ 408,387</b>    |
| <b>District-Wide:</b>                   |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net Investment in                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Capital Assets                          | \$ 31,753,890        | \$ 33,345,405        | \$ 42,073,131        | \$ 47,251,171        | \$ 50,984,536        | \$ 50,472,366        | \$ 52,942,449        | \$ 56,153,662        | \$ 59,723,808        | \$ 59,981,459        |
| Restricted                              | 4,981,696            | 5,546,951            | 1,627,374            | 2,338,655            | 2,839,791            | 233,986              | 1,793,274            | 3,758,926            | 2,429,584            | 689,187              |
| Unrestricted (Deficit)                  | (1,144,634)          | 549,666              | 569,853              | 633,659              | 582,277              | 6,352,133            | 6,365,498            | 4,068,768            | (37,651,358)         | (37,486,059)         |
| <b>Total District-Wide Net Position</b> | <b>\$ 35,590,952</b> | <b>\$ 39,442,022</b> | <b>\$ 44,270,358</b> | <b>\$ 50,223,485</b> | <b>\$ 54,406,604</b> | <b>\$ 57,058,485</b> | <b>\$ 61,101,221</b> | <b>\$ 63,981,356</b> | <b>\$ 24,502,034</b> | <b>\$ 23,184,587</b> |

Source: West Orange School District Financial Reports.

WEST ORANGE SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Accrual Basis of Accounting)*

| Expenses:                              | Fiscal Year Ending June 30, |                    |                    |                    |                    |                    |                    |                    |                    |                    |
|--|-----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|  | 2006                        | 2007               | 2008               | 2009               | 2010               | 2011               | 2012               | 2013               | 2014               | 2015               |
| Governmental Activities:               |                             |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Instruction:                           |                             |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Regular                                | \$ 50,662,252               | \$ 55,964,073      | \$ 57,013,784      | \$ 58,023,770      | \$ 61,320,997      | \$ 62,779,576      | \$ 63,124,740      | \$ 67,921,457      | \$ 70,270,423      | \$ 77,479,168      |
| Special Education                      | 7,853,207                   | 9,556,897          | 10,675,424         | 11,453,222         | 11,761,960         | 12,705,738         | 13,859,402         | 13,473,571         | 13,731,125         | 15,851,405         |
| Other Special Education                | 1,610,323                   | 2,027,170          | 2,081,762          | 2,614,997          | 2,719,469          | 2,728,498          | 2,713,054          | 3,090,471          | 2,991,100          | 3,331,767          |
| Other Instruction                      | 1,177,208                   | 1,191,701          | 1,171,820          | 1,327,468          | 1,401,680          | 1,467,081          | 1,366,657          | 1,522,544          | 1,509,617          | 1,465,571          |
| Support Services:                      |                             |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Tuition                                | 4,904,548                   | 5,403,180          | 6,177,732          | 6,823,201          | 7,727,502          | 6,723,081          | 7,653,063          | 8,120,169          | 8,966,563          | 7,361,760          |
| Student & Instruction-Related Services | 12,758,975                  | 13,996,458         | 15,232,245         | 15,013,419         | 15,889,197         | 16,232,826         | 15,687,467         | 16,959,236         | 14,233,945         | 18,851,833         |
| General Administration Services        | 1,583,328                   | 1,530,328          | 1,384,844          | 1,249,755          | 1,233,674          | 1,559,078          | 1,554,498          | 1,643,528          | 1,542,055          | 2,135,783          |
| School Administration Services         | 7,737,402                   | 8,286,708          | 8,987,524          | 8,621,105          | 8,793,394          | 8,112,122          | 8,015,389          | 9,077,291          | 9,679,931          | 10,968,183         |
| Central Services                       |                             | 1,027,254          | 1,066,602          | 1,143,869          | 1,137,355          | 1,361,413          | 1,245,356          | 1,189,487          | 1,221,056          | 2,243,400          |
| Administration Information Technology  |                             | 58,982             |                    | 53,861             |                    |                    |                    |                    |                    | 546,073            |
| Plant Operations and Maintenance       | 9,519,192                   | 8,341,489          | 9,914,204          | 10,225,594         | 10,459,024         | 11,044,828         | 11,074,567         | 10,877,947         | 11,250,987         | 15,505,138         |
| Pupil Transportation                   | 8,010,754                   | 8,440,917          | 8,601,742          | 8,382,024          | 8,607,090          | 7,789,494          | 8,086,301          | 7,869,401          | 8,120,910          | 8,696,611          |
| Business and Other Support Services    | 1,031,154                   |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Capital Outlay                         | 28,648                      | 853,095            | 857,848            | 56,547             |                    |                    |                    |                    |                    |                    |
| Interest on Long-Term Debt             | 4,613,533                   | 3,873,067          | 4,680,497          | 4,606,425          | 4,227,907          | 3,742,912          | 3,140,282          | 3,287,639          | 3,108,497          | 2,977,679          |
| Transfer of Funds to Charter Schools   |                             |                    |                    |                    |                    |                    |                    |                    |                    | 255,172            |
| Unallocated Depreciation               | 441,077                     | 522,506            | 724,138            | 877,802            | 1,052,340          | 2,366,214          | 2,507,544          | 2,675,170          | 2,874,763          | 5,121,756          |
| Total Governmental Activities          | <u>111,931,601</u>          | <u>121,073,825</u> | <u>128,570,166</u> | <u>130,473,059</u> | <u>136,331,589</u> | <u>138,612,861</u> | <u>140,028,320</u> | <u>147,707,911</u> | <u>149,500,972</u> | <u>172,791,299</u> |
| Business-Type Activities:              |                             |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Food Service                           | 2,187,991                   | 2,344,684          | 2,511,852          | 2,666,765          | 2,740,607          | 2,995,896          | 3,187,324          | 3,392,440          | 3,178,570          | 3,448,198          |
| Community Education                    |                             |                    |                    |                    |                    |                    |                    |                    |                    | 133,754            |
| Total Business-Type Activities         | <u>2,187,991</u>            | <u>2,344,684</u>   | <u>2,511,852</u>   | <u>2,666,765</u>   | <u>2,740,607</u>   | <u>2,995,896</u>   | <u>3,187,324</u>   | <u>3,392,440</u>   | <u>3,178,570</u>   | <u>3,581,952</u>   |
| Total District-Wide Expenses           | <u>114,119,592</u>          | <u>123,418,509</u> | <u>131,082,018</u> | <u>133,139,824</u> | <u>139,072,196</u> | <u>141,608,757</u> | <u>143,215,644</u> | <u>151,100,351</u> | <u>152,679,542</u> | <u>176,373,251</u> |

WEST ORANGE SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Accrual Basis of Accounting)*

|  | Fiscal Year Ending June 30, |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|--|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 2006                        | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 |
| Program Revenues:                                      |                             |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental Activities:                               |                             |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Charges for Services                                   | \$ 124,995                  | \$ 125,765           | \$ 167,371           | \$ 132,478           | \$ 333,680           | \$ 194,732           | \$ 445,612           | \$ 440,999           | \$ 578,707           | \$ 311,761           |
| Operating Grants and Contributions                     | 15,893,758                  | 19,752,679           | 20,609,502           | 16,727,234           | 17,783,181           | 13,605,856           | 17,292,453           | 21,211,385           | 19,047,102           | 35,456,743           |
| Capital Grants and Contributions                       | 2,225,434                   | 1,041,747            | 1,039,023            | 741,147              | 147,336              | 43,124               |                      |                      |                      |                      |
| Total Governmental Activities Program Revenues         | <u>18,244,187</u>           | <u>20,920,191</u>    | <u>21,815,896</u>    | <u>17,600,859</u>    | <u>18,264,197</u>    | <u>13,843,712</u>    | <u>17,738,065</u>    | <u>21,652,384</u>    | <u>19,625,809</u>    | <u>35,768,504</u>    |
| Business-Type Activities:                              |                             |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Charges for Services:                                  |                             |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Food Service   | 1,407,046                   | 1,485,796            | 1,493,696            | 1,455,770            | 1,481,571            | 1,498,628            | 1,516,275            | 1,444,524            | 1,496,008            | 1,585,176            |
| Community Education                                    |                             |                      |                      |                      |                      |                      |                      |                      |                      | 162,283              |
| Operating Grants and Contributions                     | 753,375                     | 901,555              | 1,046,276            | 1,207,738            | 1,358,286            | 1,524,590            | 1,632,067            | 1,839,844            | 1,765,304            | 1,886,516            |
| Total Business-Type Activities Program Revenues        | <u>2,160,421</u>            | <u>2,387,351</u>     | <u>2,539,972</u>     | <u>2,663,508</u>     | <u>2,839,857</u>     | <u>3,023,218</u>     | <u>3,148,342</u>     | <u>3,284,368</u>     | <u>3,261,312</u>     | <u>3,633,975</u>     |
| Total District-Wide Program Revenues                   | <u>20,404,608</u>           | <u>23,307,542</u>    | <u>24,355,868</u>    | <u>20,264,367</u>    | <u>21,104,054</u>    | <u>16,866,930</u>    | <u>20,886,407</u>    | <u>24,936,752</u>    | <u>22,887,121</u>    | <u>39,402,479</u>    |
| Net (Expense)/Revenue:                                 |                             |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental Activities                                | (93,687,414)                | (100,153,634)        | (106,754,270)        | (112,872,200)        | (118,067,392)        | (124,769,149)        | (122,290,255)        | (126,055,527)        | (129,875,163)        | (137,022,795)        |
| Business-Type Activities                               | (27,570)                    | 42,667               | 28,120               | (3,257)              | 99,250               | 27,322               | (38,982)             | (108,072)            | 82,742               | 52,023               |
| Total District-Wide Net (Expense)/Revenue              | <u>(93,714,984)</u>         | <u>(100,110,967)</u> | <u>(106,726,150)</u> | <u>(112,875,457)</u> | <u>(117,968,142)</u> | <u>(124,741,827)</u> | <u>(122,329,237)</u> | <u>(126,163,599)</u> | <u>(129,792,421)</u> | <u>(136,970,772)</u> |
| General Revenues and Other Changes<br>in Net Position: |                             |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental Activities:                               |                             |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Property Taxes - General Purposes, Net                 | 89,221,478                  | 95,139,489           | 101,917,933          | 107,215,360          | 109,933,212          | 115,506,733          | 114,498,112          | 119,000,131          | 120,538,165          | 125,184,960          |
| Property Taxes - Debt Service                          | 4,672,209                   | 5,024,209            | 5,411,172            | 5,269,175            | 5,420,427            | 5,242,559            | 5,328,071            | 4,931,874            | 5,322,238            | 4,952,981            |
| Federal and State Aid Not Restricted                   | 2,868,130                   | 2,788,890            | 3,388,443            | 5,729,273            | 6,068,467            | 6,105,727            | 4,846,412            | 5,016,044            | 4,851,117            | 5,253,271            |
| Investment Earnings                                    | 871,593                     | 929,244              | 550,146              | 261,723              | 77,776               | 50,169               | 21,484               | 11,368               | 7,977                | 5,139                |

WEST ORANGE SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Accrual Basis of Accounting)*

|   | Fiscal Year Ending June 30, |                     |                     |                     |                     |                     |                     |                     |                     |                       |
|---|-----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|
|   | 2006                        | 2007                | 2008                | 2009                | 2010                | 2011                | 2012                | 2013                | 2014                | 2015                  |
| General Revenues and Other Changes<br>in Net Position:                    |                             |                     |                     |                     |                     |                     |                     |                     |                     |                       |
| Governmental Activities:  |                             |                     |                     |                     |                     |                     |                     |                     |                     |                       |
| Miscellaneous Income  | \$ 80,497                   | \$ 80,046           | \$ 286,596          | \$ 352,767          | \$ 651,190          | \$ 488,456          | \$ 542,729          | \$ 741,945          | \$ 907,811          | \$ 256,959            |
| Transfers   | (30,000)                    |                     |                     |                     |                     |                     | 500,000             |                     |                     |                       |
| Total Governmental Activities General<br>Revenues and Other Changes       | <u>97,685,913</u>           | <u>103,963,885</u>  | <u>111,556,298</u>  | <u>118,830,307</u>  | <u>122,151,072</u>  | <u>127,393,644</u>  | <u>125,736,808</u>  | <u>129,701,362</u>  | <u>131,627,308</u>  | <u>135,653,310</u>    |
| Business-Type Activities:   |                             |                     |                     |                     |                     |                     |                     |                     |                     |                       |
| Investment Earnings   | 52                          | 159                 | 196                 | 286                 | 189                 | 64                  | 73                  | 17                  | 27                  | 15                    |
| Transfers   | 30,000                      |                     |                     |                     |                     |                     |                     |                     |                     |                       |
| Total Business-Type Activities General<br>Revenues and Other Changes      | <u>30,052</u>               | <u>159</u>          | <u>196</u>          | <u>286</u>          | <u>189</u>          | <u>64</u>           | <u>73</u>           | <u>17</u>           | <u>27</u>           | <u>15</u>             |
| Total District-Wide General Revenues and<br>Other Changes in Net Position | <u>97,715,965</u>           | <u>103,964,044</u>  | <u>111,556,494</u>  | <u>118,830,593</u>  | <u>122,151,261</u>  | <u>127,393,708</u>  | <u>125,736,881</u>  | <u>129,701,379</u>  | <u>131,627,335</u>  | <u>135,653,325</u>    |
| Change in Net Position:   |                             |                     |                     |                     |                     |                     |                     |                     |                     |                       |
| Governmental Activities   | 3,998,499                   | 3,810,251           | 4,802,028           | 5,958,107           | 4,083,680           | 2,624,495           | 3,446,553           | 3,645,835           | 1,752,145           | (1,369,485)           |
| Business-Type Activities  | 2,482                       | 42,826              | 28,316              | (2,971)             | 99,439              | 27,386              | (38,909)            | (108,055)           | 82,769              | 52,038                |
| Total District-Wide Change in Net Position                                | <u>\$ 4,000,981</u>         | <u>\$ 3,853,077</u> | <u>\$ 4,830,344</u> | <u>\$ 5,955,136</u> | <u>\$ 4,183,119</u> | <u>\$ 2,651,881</u> | <u>\$ 3,407,644</u> | <u>\$ 3,537,780</u> | <u>\$ 1,834,914</u> | <u>\$ (1,317,447)</u> |

Source: West Orange School District Financial Reports.



WEST ORANGE SCHOOL DISTRICT  
FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

|                                       | June 30,            |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                       | 2006                | 2007                | 2008                | 2009                | 2010                | 2011                | 2012                | 2013                | 2014                | 2015                |
| General Fund:                         |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Reserved                              | \$ 1,778,011        | \$ 209,438          | \$ 90,918           | \$ 1,537,579        | \$ 2,086,766        |                     |                     |                     |                     |                     |
| Unreserved                            | 1,942,265           | 2,959,135           | 2,749,413           | 3,278,928           | 2,835,041           |                     |                     |                     |                     |                     |
| Restricted                            |                     |                     |                     |                     |                     | \$ 1                | \$ 1,349,220        | \$ 3,860,212        | \$ 2,393,105        | \$ 648,772          |
| Assigned                              |                     |                     |                     |                     |                     | 1,898,887           | 2,651,226           | 1,267,417           | 1,047,827           | 2,483,080           |
| Unassigned                            |                     |                     |                     |                     |                     | 3,417,328           | 2,827,610           | 2,513,648           | 2,511,440           | 2,368,040           |
| <b>Total General Fund</b>             | <b>\$ 3,720,276</b> | <b>\$ 3,168,573</b> | <b>\$ 2,840,331</b> | <b>\$ 4,816,507</b> | <b>\$ 4,921,807</b> | <b>\$ 5,316,216</b> | <b>\$ 6,828,056</b> | <b>\$ 7,641,277</b> | <b>\$ 5,952,372</b> | <b>\$ 5,499,892</b> |
| Other Governmental Funds:             |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Unreserved (Deficit):                 |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Special Revenue Fund                  |                     | \$ (23,362)         | \$ (8,369)          |                     |                     |                     |                     |                     |                     |                     |
| Capital Projects Fund                 | \$ 2,354,691        | 4,084,123           | 617,429             | \$ 150,532          | \$ 30,872           |                     |                     |                     |                     |                     |
| Debt Service Fund                     | 109,293             | 155,537             | 281,510             | 128,726             | 693,188             |                     |                     |                     |                     |                     |
| Restricted/Reserved for:              |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Capital Projects Fund                 | 739,701             | 1,121,215           | 645,886             | 521,818             | 28,965              | \$ 59,864           | \$ 54,864           | \$ 42,364           |                     |                     |
| Debt Service Fund                     |                     |                     |                     |                     |                     | 174,121             | 389,190             | 1,217               | \$ 36,479           | \$ 40,415           |
| <b>Total Other Governmental Funds</b> | <b>\$ 3,203,685</b> | <b>\$ 5,337,513</b> | <b>\$ 1,536,456</b> | <b>\$ 801,076</b>   | <b>\$ 753,025</b>   | <b>\$ 233,985</b>   | <b>\$ 444,054</b>   | <b>\$ 43,581</b>    | <b>\$ 36,479</b>    | <b>\$ 40,415</b>    |
| <b>Total Governmental Funds</b>       | <b>\$ 6,923,961</b> | <b>\$ 8,506,086</b> | <b>\$ 4,376,787</b> | <b>\$ 5,617,583</b> | <b>\$ 5,674,832</b> | <b>\$ 5,550,201</b> | <b>\$ 7,272,110</b> | <b>\$ 7,684,858</b> | <b>\$ 5,988,851</b> | <b>\$ 5,540,307</b> |

Source: West Orange School District Financial Reports.

WEST ORANGE SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

|                                       | Fiscal Year Ending June 30, |                    |                    |                    |                    |                    |                    |                    |                    |                    |
|---------------------------------------|-----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                       | 2006                        | 2007               | 2008               | 2009               | 2010               | 2011               | 2012               | 2013               | 2014               | 2015               |
| <b>Revenues:</b>                      |                             |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Tax Levy                              | \$ 93,893,687               | \$ 100,163,698     | \$ 107,329,105     | \$ 112,484,535     | \$ 115,353,639     | \$ 120,749,292     | \$ 119,826,183     | \$ 123,932,005     | \$ 125,860,403     | \$ 130,137,941     |
| Tuition Charges                       | 124,995                     | 125,765            | 167,371            | 132,478            | 333,680            | 194,732            | 445,612            | 440,999            | 578,707            | 311,761            |
| Miscellaneous                         | 952,090                     | 1,009,290          | 836,742            | 614,490            | 728,966            | 593,460            | 608,908            | 762,784            | 919,499            | 313,392            |
| State Sources                         | 18,949,418                  | 21,329,658         | 22,634,632         | 20,304,479         | 19,265,542         | 15,194,466         | 18,329,001         | 22,578,466         | 20,873,116         | 23,304,644         |
| Federal Sources                       | 2,037,904                   | 2,253,658          | 2,402,336          | 2,893,175          | 4,733,442          | 4,505,406          | 3,765,169          | 3,639,492          | 3,021,392          | 3,617,131          |
| <b>Total Revenue</b>                  | <b>115,958,094</b>          | <b>124,882,069</b> | <b>133,370,186</b> | <b>136,429,157</b> | <b>140,415,269</b> | <b>141,237,356</b> | <b>142,974,873</b> | <b>151,353,746</b> | <b>151,253,117</b> | <b>157,684,869</b> |
| <b>Expenditures:</b>                  |                             |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| <b>Instruction:</b>                   |                             |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Regular Instruction                   | 35,674,606                  | 36,997,307         | 38,500,275         | 39,655,392         | 40,940,145         | 42,147,377         | 41,803,213         | 43,619,297         | 48,532,741         | 45,078,017         |
| Special Education Instruction         | 7,926,710                   | 9,571,277          | 10,714,241         | 11,494,205         | 11,753,353         | 12,778,869         | 13,778,274         | 13,454,793         | 13,713,576         | 15,822,868         |
| Other Special Instruction             | 1,621,978                   | 2,027,170          | 2,081,762          | 2,614,997          | 2,719,469          | 2,696,569          | 2,744,983          | 3,090,471          | 2,991,100          | 3,331,767          |
| Other Instruction                     | 1,177,208                   | 1,191,701          | 1,171,820          | 1,327,468          | 1,401,680          | 1,467,081          | 1,366,657          | 1,522,544          | 1,509,617          | 1,465,571          |
| <b>Support Services:</b>              |                             |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Tuition                               | 4,904,548                   | 5,403,180          | 6,177,732          | 6,823,201          | 7,727,502          | 6,723,081          | 7,653,063          | 8,120,169          | 8,966,563          | 7,361,760          |
| Student and Instruction Related Serv  | 9,866,421                   | 10,503,218         | 11,642,261         | 11,756,542         | 12,146,085         | 12,670,108         | 11,957,991         | 12,584,070         | 10,886,244         | 12,804,951         |
| General Administration Services       | 1,434,312                   | 1,368,280          | 1,209,042          | 1,101,202          | 1,111,438          | 1,391,407          | 1,415,161          | 1,450,618          | 1,417,716          | 1,884,726          |
| School Administration Services        | 5,856,994                   | 6,029,150          | 6,718,414          | 6,472,092          | 6,377,200          | 6,003,281          | 5,744,918          | 6,470,856          | 7,201,449          | 7,076,852          |
| Central Services                      |                             | 730,986            | 808,376            | 889,697            | 813,468            | 1,060,212          | 917,106            | 891,714            | 934,706            | 1,542,368          |
| Administration Information Technology |                             | 58,982             |                    | 53,861             |                    |                    |                    |                    |                    | 357,243            |
| Plant Operations and Maintenance      | 8,260,925                   | 7,259,551          | 8,862,663          | 9,263,785          | 9,305,398          | 9,946,807          | 9,142,144          | 9,604,090          | 9,440,998          | 11,753,134         |
| Pupil Transportation                  | 7,494,545                   | 8,049,338          | 8,156,051          | 8,011,092          | 8,194,067          | 7,422,233          | 7,541,259          | 7,442,420          | 7,647,525          | 7,968,435          |
| Business and Other Support Services   | 788,278                     |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Unallocated Benefits                  | 21,628,129                  | 26,561,418         | 26,499,471         | 25,121,638         | 28,368,669         | 28,271,199         | 29,259,331         | 32,981,309         | 29,595,409         | 33,019,505         |
| Transfer of Funds to Charter Schools  |                             |                    |                    |                    |                    |                    |                    |                    |                    | 255,172            |
| Capital Outlay                        | 29,068,446                  | 6,125,658          | 8,392,561          | 4,213,805          | 3,496,627          | 2,068,073          | 2,354,224          | 3,426,715          | 3,679,806          | 3,457,031          |

WEST ORANGE SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

|  | Fiscal Year Ending June 30, |                     |                       |                     |                    |                     |                     |                    |                       |                     |
|--|-----------------------------|---------------------|-----------------------|---------------------|--------------------|---------------------|---------------------|--------------------|-----------------------|---------------------|
|  | 2006                        | 2007                | 2008                  | 2009                | 2010               | 2011                | 2012                | 2013               | 2014                  | 2015                |
| Expenditures:  |                             |                     |                       |                     |                    |                     |                     |                    |                       |                     |
| Debt Service:  |                             |                     |                       |                     |                    |                     |                     |                    |                       |                     |
| Principal  | \$ 1,765,900                | \$ 1,804,030        | \$ 2,059,590          | \$ 2,140,150        | \$ 2,213,140       | \$ 3,270,000        | \$ 3,140,000        | \$ 3,270,000       | \$ 3,410,000          | \$ 3,170,000        |
| Interest and Other Charges                                 | 4,293,350                   | 4,151,668           | 4,505,226             | 4,355,484           | 4,292,121          | 3,445,690           | 2,934,640           | 3,011,932          | 2,876,807             | 2,742,653           |
| <b>Total Expenditures</b>                                  | <b>141,764,356</b>          | <b>127,834,921</b>  | <b>137,501,493</b>    | <b>135,296,620</b>  | <b>140,860,362</b> | <b>141,361,987</b>  | <b>141,752,964</b>  | <b>150,940,998</b> | <b>152,804,257</b>    | <b>159,092,053</b>  |
| Excess (Deficiency) of Revenues Over/(Under)               |                             |                     |                       |                     |                    |                     |                     |                    |                       |                     |
| Expenditures   | (25,806,262)                | (2,952,852)         | (4,131,307)           | 1,132,537           | (445,093)          | (124,631)           | 1,221,909           | 412,748            | (1,551,140)           | (1,407,184)         |
| Other Financing Sources/(Uses):                            |                             |                     |                       |                     |                    |                     |                     |                    |                       |                     |
| School Bonds Issued  |                             | 4,387,000           |                       |                     |                    |                     | 31,535,000          |                    |                       |                     |
| School Bonds Defeased                                      |                             |                     |                       |                     |                    |                     | (31,409,000)        |                    |                       |                     |
| Bond Issuance Costs  |                             |                     |                       |                     |                    |                     | (262,639)           |                    |                       |                     |
| Bond Premiums  |                             |                     |                       |                     |                    |                     | 2,730,173           |                    |                       |                     |
| Deferred Interest on Refunding                             |                             |                     |                       |                     |                    |                     | (2,593,534)         |                    |                       |                     |
| Refunding Certificates of Participation                    |                             | 5,610,000           |                       |                     |                    |                     |                     |                    |                       |                     |
| Payment to Escrow Agent                                    |                             | (5,610,000)         |                       |                     |                    |                     |                     |                    |                       |                     |
| Capital Leases (Non-budgeted)                              | 1,000,000                   | 145,970             |                       | 106,250             | 502,342            |                     |                     |                    |                       | 958,640             |
| Transfers In   | 378,742                     | 371,520             | 162,984               | 23,472              | 8,223              | 6,525               | 502,892             | 2,591              | 35,273                |                     |
| Transfers Out  | (408,742)                   | (371,520)           | (162,984)             | (23,472)            | (8,223)            | (6,525)             | (2,892)             | (2,591)            | (35,273)              |                     |
| <b>Total Other Financing Sources/(Uses)</b>                | <b>970,000</b>              | <b>4,532,970</b>    |                       | <b>106,250</b>      | <b>502,342</b>     |                     | <b>500,000</b>      |                    |                       | <b>958,640</b>      |
| <b>Net Change in Fund Balances</b>                         | <b>\$(24,836,262)</b>       | <b>\$ 1,580,118</b> | <b>\$ (4,131,307)</b> | <b>\$ 1,238,787</b> | <b>\$ 57,249</b>   | <b>\$ (124,631)</b> | <b>\$ 1,721,909</b> | <b>\$ 412,748</b>  | <b>\$ (1,551,140)</b> | <b>\$ (448,544)</b> |
| Debt Service as a Percentage<br>of Noncapital Expenditures | 5.38%                       | 4.89%               | 5.08%                 | 4.96%               | 4.74%              | 4.82%               | 4.36%               | 4.26%              | 4.22%                 | 3.80%               |

Source: West Orange School District Financial Reports.

WEST ORANGE SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

| Fiscal<br>Year Ended<br>June 30, | Interest on<br>Investments | Tuition    | Rentals -<br>Use of<br>Facilities | Athletic<br>Fees | Prior Year<br>Refunds/<br>Accounts Payable<br>Void Checks | Sale of<br>Capital<br>Assets | Miscellaneous | Total      |
|----------------------------------|----------------------------|------------|-----------------------------------|------------------|---|------------------------------|---------------|------------|
| 2006                             | \$ 303,980                 | \$ 124,995 | \$ 35,729                         | \$ 6,374         |   |                              | \$ 14,955     | \$ 486,033 |
| 2007                             | 493,170                    | 125,765    | 34,851                            | 6,957            |   |                              | 38,238        | 698,981    |
| 2008                             | 352,496                    | 167,371    | 28,135                            | 7,251            |   |                              | 251,210       | 806,463    |
| 2009                             | 228,616                    | 132,478    | 38,352                            | 6,075            | \$ 143,334  |                              | 165,006       | 713,861    |
| 2010                             | 67,853                     | 333,680    | 53,731                            | 10,710           | 239,100   | \$ 135,000                   | 212,649       | 1,052,723  |
| 2011                             | 43,795                     | 194,732    | 75,405                            | 12,700           | 84,825  | 6,078                        | 309,270       | 726,805    |
| 2012                             | 18,592                     | 445,612    | 92,831                            | 6,925            | 92,276  | 13,147                       | 337,550       | 1,006,933  |
| 2013                             | 8,777                      | 440,999    | 124,996                           | 8,960            | 193,530   | 3,985                        | 410,474       | 1,191,721  |
| 2014                             | 7,977                      | 578,707    | 105,518                           |                  | 532,536   |                              | 269,746       | 1,494,484  |
| 2015                             | 5,139                      | 311,761    | 161,646                           |                  |   |                              | 95,313        | 573,859    |

Source: West Orange School District Financial Reports.

WEST ORANGE SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS  
UNAUDITED

| Year End<br>Dec. 31, | Vacant<br>Land | Residential     | Farm<br>Regular | Farm<br>Qualified | Commercial     | Industrial    | Apartment     | Total<br>Assessed<br>Value | Public<br>Utilities <sup>a</sup> | Net<br>Valuation<br>Taxable | Tax-Exempt<br>Property | Total<br>Direct<br>School<br>Tax<br>Rate <sup>b</sup> | Estimated<br>Actual<br>(County<br>Equalized<br>Value) |
|----------------------|----------------|-----------------|-----------------|-------------------|----------------|---------------|---------------|----------------------------|----------------------------------|-----------------------------|------------------------|---|---|
| 2005                 | \$ 16,135,600  | \$1,222,444,700 | \$ 150,800      | \$ 18,900         | \$ 239,621,000 | \$ 10,072,000 | \$ 41,394,500 | \$1,529,837,500            | \$ 3,384,211                     | \$1,533,221,711             | \$ 179,608,200         | \$ 5.85   | \$5,216,719,265                                       |
| 2006                 | 19,697,700     | 1,215,749,100   | -0-             | -0-               | 243,478,900    | 9,647,100     | 41,394,500    | 1,529,967,300              | 2,759,720                        | 1,532,727,020               | 179,843,800            | 6.33  | 5,854,853,479   |
| 2007                 | 24,025,500     | 1,217,999,700   | -0-             | -0-               | 245,536,500    | 9,457,200     | 41,488,800    | 1,538,507,700              | 2,546,866                        | 1,541,054,566               | 180,446,600            | 6.73  | 6,551,845,860   |
| 2008                 | 24,871,000     | 1,230,142,100   | -0-             | -0-               | 239,154,000    | 9,370,900     | 40,855,100    | 1,544,393,100              | 2,787,494                        | 1,547,180,594               | 182,451,400            | 7.10  | 6,966,319,666   |
| 2009                 | 19,897,900     | 1,236,319,100   | -0-             | -0-               | 237,670,000    | 10,341,500    | 40,060,100    | 1,544,288,600              | 2,967,605                        | 1,547,256,205               | 182,680,400            | 7.36  | 7,105,797,328   |
| 2010                 | 21,092,800     | 1,207,344,100   | -0-             | -0-               | 230,213,100    | 10,178,200    | 37,684,000    | 1,506,512,200              | 2,736,764                        | 1,509,248,964               | 182,918,900            | 7.82  | 6,632,422,059   |
| 2011*                | 112,768,400    | 4,450,975,000   | -0-             | -0-               | 948,378,803    | 45,003,200    | 157,243,000   | 5,714,368,403              | 13,076,396                       | 5,727,444,799               | 574,844,780            | 2.10  | 6,398,985,817   |
| 2012                 | 52,031,300     | 4,513,256,300   | -0-             | -0-               | 922,143,603    | 43,432,800    | 155,305,100   | 5,686,169,103              | 11,842,900                       | 5,698,012,003               | 579,773,180            | 2.14  | 6,245,876,593   |
| 2013                 | 49,426,500     | 4,500,872,300   | -0-             | -0-               | 897,291,003    | 41,999,700    | 145,776,100   | 5,635,365,603              | 11,110,972                       | 5,646,476,575               | 582,552,380            | 2.14  | 5,935,653,162   |
| 2014                 | 51,230,700     | 4,483,432,200   | -0-             | -0-               | 872,286,400    | 41,029,600    | 144,226,900   | 5,592,205,800              | 9,940,597                        | 5,602,146,397               | 586,706,455            | 2.32  | 5,772,315,442   |

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when ordered by the County Board of Taxation.

\* A revaluation of real property became effective in 2011.

<sup>a</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

<sup>b</sup> Tax rates are per \$100 of assessed value.

WEST ORANGE SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN YEARS  
UNAUDITED  
*(Rate per \$100 of Assessed Value)*

| Year Ended<br>Dec. 31, | West Orange School District Direct Rate |  |                 | Overlapping Rates          |                 | Total Direct<br>and Overlapping<br>Tax Rate |
|------------------------|---|--|-----------------|----------------------------|-----------------|---|
|                        | Basic Rate <sup>a</sup>                 | General<br>Obligation<br>Debt <sup>b</sup> | Total<br>Direct | West<br>Orange<br>Township | Essex<br>County |   |
| 2005                   | \$ 5.560                                | \$ 0.290                                   | \$ 5.85         | \$ 2.37                    | \$ 1.63         | \$ 9.85                                     |
| 2006                   | 6.015                                   | 0.315                                      | 6.33            | 2.60                       | 1.67            | 10.60                                       |
| 2007                   | 6.393                                   | 0.339                                      | 6.73            | 2.99                       | 1.67            | 11.39                                       |
| 2008                   | 6.767                                   | 0.333                                      | 7.10            | 3.26                       | 1.76            | 12.12                                       |
| 2009                   | 7.014                                   | 0.346                                      | 7.36            | 3.39                       | 1.79            | 12.54                                       |
| 2010                   | 7.480                                   | 0.340                                      | 7.82            | 3.39                       | 1.76            | 12.97                                       |
| 2011                   | * 2.007 *                               | 0.093 *                                    | 2.10 *          | 0.89 *                     | 0.49 *          | 3.48  |
| 2012                   | 2.054                                   | 0.085                                      | 2.14            | 0.90                       | 0.51            | 3.54  |
| 2013                   | 2.049                                   | 0.090                                      | 2.14            | 0.92                       | 0.52            | 3.57  |
| 2014                   | 2.235                                   | 0.088                                      | 2.32            | 0.89                       | 0.53            | 3.74  |

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a General Fund tax levy. The levy when added to other components of the District's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

<sup>a</sup> - The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

<sup>b</sup> - Rates for debt service are based on each year's requirements.

\* - Revaluation of real property became effective in this year.

Exhibit J-8

WEST ORANGE SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

| <u>Taxpayer</u>                 | <u>2014</u>                           |             |   |
|---------------------------------|---------------------------------------|-------------|---|
|                                 | <u>Taxable<br/>Assessed<br/>Value</u> | <u>Rank</u> | <u>% of Total<br/>District Net<br/>Assessed Value</u> |
| RREEF America REIT III CORP JJ  | \$ 75,357,104                         | 1           | 1.35%   |
| Kessler Institute               | 50,139,500                            | 2           | 0.90%   |
| West Orange Plaza               | 50,000,000                            | 3           | 0.89%   |
| Bow & Arrow Manor, Inc.         | 47,347,800                            | 4           | 0.85%   |
| Blackburn Development Co. Inc.  | 43,000,000                            | 5           | 0.77%   |
| RA 100 Executive Dr, LLC        | 40,446,400                            | 6           | 0.72%   |
| Prism Green Associates          | 30,339,000                            | 7           | 0.54%   |
| Atkins & Kent Limited           | 29,828,600                            | 8           | 0.53%   |
| Montclair Golf and Country Club | 21,250,000                            | 9           | 0.38%   |
| Crestmont Country Club          | 18,500,000                            | 10          | 0.33%   |
| Total                           | <u>\$ 406,208,404</u>                 |             | <u>7.26%</u>  |

| <u>Taxpayer</u> | <u>2005</u>                           |             |   |
|-----------------|---------------------------------------|-------------|---|
|                 | <u>Taxable<br/>Assessed<br/>Value</u> | <u>Rank</u> | <u>% of Total<br/>District Net<br/>Assessed Value</u> |

INFORMATION IS NOT AVAILABLE

Exhibit J-9

WEST ORANGE SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
UNAUDITED

| Fiscal<br>Year Ended<br>June 30, | Taxes Levied<br>for the<br>Fiscal Year | Collected within the Fiscal Year of the Levy <sup>a</sup> |                       | Collections in<br>Subsequent<br>Years |
|----------------------------------|--|---|-----------------------|---------------------------------------|
|                                  |  | Amount  | Percentage<br>of Levy |                                       |
| 2006                             | \$ 93,893,687                          | \$ 93,893,687   | 100.00%               | \$ - 0 -                              |
| 2007                             | 100,163,698                            | 100,163,698   | 100.00%               | - 0 -                                 |
| 2008                             | 107,329,105                            | 107,329,105   | 100.00%               | - 0 -                                 |
| 2009                             | 112,484,535                            | 112,484,535   | 100.00%               | - 0 -                                 |
| 2010                             | 115,353,639                            | 115,353,639   | 100.00%               | - 0 -                                 |
| 2011                             | 120,749,292                            | 120,749,292   | 100.00%               | - 0 -                                 |
| 2012                             | 119,826,183                            | 119,826,183   | 100.00%               | - 0 -                                 |
| 2013                             | 123,932,005                            | 123,932,005   | 100.00%               | - 0 -                                 |
| 2014                             | 125,860,403                            | 125,860,403   | 100.00%               | - 0 -                                 |
| 2015                             | 130,137,941                            | 130,137,941   | 100.00%               | - 0 -                                 |

<sup>a</sup> - School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the School District the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

Source: West Orange School District records including the Certificate and Report of School Taxes (A4F form).



WEST ORANGE SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
UNAUDITED

| Fiscal<br>Year Ended<br>June 30, | Governmental Activities        |                                     |                   | Total<br>District | Percentage<br>of Personal<br>Income <sup>a</sup> | Per<br>Capita <sup>a</sup> |
|----------------------------------|--------------------------------|-------------------------------------|-------------------|-------------------|--|----------------------------|
|                                  | General<br>Obligation<br>Bonds | Certificates<br>of<br>Participation | Capital<br>Leases |                   |  |                            |
| 2006                             | \$ 38,029,000                  | \$48,119,910                        | \$1,000,000       | \$ 87,148,910     | 4.10%  | \$ 2,049                   |
| 2007                             | 42,281,000                     | 46,842,880                          | 958,155           | 90,082,035        | 4.16%  | 2,124                      |
| 2008                             | 41,811,000                     | 45,253,290                          | 728,717           | 87,793,007        | 4.06%  | 2,070                      |
| 2009                             | 41,301,000                     | 43,623,140                          | 564,674           | 85,488,814        | 4.04%  | 2,009                      |
| 2010                             | 40,766,000                     | 41,945,000                          | 707,821           | 83,418,821        | 3.50%  | 1,802                      |
| 2011                             | 38,991,000                     | 40,450,000                          | 357,555           | 79,798,555        | 3.19%  | 1,710                      |
| 2012                             | 37,557,000                     | 38,870,000                          | 208,626           | 76,635,626        | 3.02%  | 1,640                      |
| 2013                             | 35,927,000                     | 37,230,000                          | 107,097           | 73,264,097        | 2.86%  | 1,564                      |
| 2014                             | 34,232,000                     | 35,515,000                          |                   | 69,747,000        | 2.72%  | 1,484                      |
| 2015                             | 32,847,000                     | 33,730,000                          | 688,916           | 67,265,916        | 2.62%  | 1,431                      |

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

<sup>a</sup> - See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Exhibit J-11

WEST ORANGE SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
UNAUDITED

| Fiscal<br>Year Ended<br>June 30, | General Bonded Debt Outstanding |            |   | Percentage of<br>Actual<br>Taxable<br>Value <sup>a</sup><br>of Property | Per<br>Capita <sup>b</sup> |
|----------------------------------|---------------------------------|------------|---|---|----------------------------|
|                                  | General<br>Obligation<br>Bonds  | Deductions | Net General<br>Bonded Debt<br>Outstanding |   |                            |
| 2006                             | \$ 38,029,000                   | \$ - 0 -   | \$ 38,029,000                             | 2.48%   | \$ 890                     |
| 2007                             | 42,281,000                      | - 0 -      | 42,281,000                                | 2.76%   | 994                        |
| 2008                             | 41,811,000                      | - 0 -      | 41,811,000                                | 2.71%   | 986                        |
| 2009                             | 41,301,000                      | - 0 -      | 41,301,000                                | 2.67%   | 970                        |
| 2010                             | 40,766,000                      | - 0 -      | 40,766,000                                | 2.63%   | 881                        |
| 2011                             | 38,991,000                      | - 0 -      | 38,991,000                                | 2.58%   | 836                        |
| 2012                             | 37,557,000                      | - 0 -      | 37,557,000                                | 0.66%   | 804                        |
| 2013                             | 35,927,000                      | - 0 -      | 35,927,000                                | 0.63%   | 767                        |
| 2014                             | 34,232,000                      | - 0 -      | 34,232,000                                | 0.61%   | 728                        |
| 2015                             | 32,847,000                      | - 0 -      | 32,847,000                                | 0.59%   | 699                        |

Note - Details regarding the District's outstanding debt can be found in the notes to the financial statements.

<sup>a</sup> - See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

<sup>b</sup> - See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

WEST ORANGE SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2015  
UNAUDITED

| <u>Governmental Unit</u>                | <u>Debt<br/>Outstanding</u> | <u>Estimated<br/>Percentage<br/>Applicable <sup>a</sup></u> | <u>Estimated<br/>Share of Over-<br/>lapping Debt</u> |
|---|-----------------------------|---|--|
| Debt repaid with Property Taxes:        |                             |   |  |
| Township of West Orange                 | \$ 67,918,924               | 100.00%   | \$ 67,918,924  |
| Essex County General Obligation Debt    | 329,424,039                 | 7.06%   | <u>23,253,487</u>                                    |
| Subtotal, Overlapping Debt              |                             |   | 91,172,411   |
| West Orange School District Direct Debt |                             |   | <u>66,577,000</u>                                    |
| Total Direct and Overlapping Debt       |                             |   | <u><u>\$ 157,749,411</u></u>                         |

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of West Orange. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying debt, of each overlapping unit.

<sup>a</sup> For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of another governmental unit's equalized property value that is within the District's boundaries and dividing it by each unit's total equalized property value.

Sources: Assessed value data used to estimate applicable percentages provided by the Essex County Board of Taxation; debt outstanding data provided by each governmental unit.

WEST ORANGE SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

|   | Fiscal Year           |                       |                       |                       |                       |                       |                       |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 2006                  | 2007                  | 2008                  | 2009                  | 2010                  | 2011                  | 2012                  | 2013                  | 2014                  | 2015                  |
| Debt Limit  | \$ 208,685,721        | \$ 233,654,590        | \$ 256,371,978        | \$ 273,037,660        | \$ 276,795,197        | \$ 268,757,098        | \$ 257,636,672        | \$ 251,482,689        | \$ 239,820,163        | \$ 233,263,736        |
| Total Net Debt<br>Applicable to Limit                         | 38,029,000            | 42,281,000            | 41,811,000            | 41,301,000            | 40,766,000            | 38,991,000            | 37,557,000            | 35,927,000            | 34,232,000            | 32,847,000            |
| Legal Debt Margin   | <u>\$ 170,656,721</u> | <u>\$ 191,373,590</u> | <u>\$ 214,560,978</u> | <u>\$ 214,560,978</u> | <u>\$ 236,029,197</u> | <u>\$ 229,766,098</u> | <u>\$ 220,079,672</u> | <u>\$ 215,555,689</u> | <u>\$ 215,555,689</u> | <u>\$ 200,416,736</u> |
| Total Net Debt<br>Applicable to Limit<br>as a % of Debt Limit | 18.22%                | 18.10%                | 16.31%                | 15.13%                | 14.73%                | 14.51%                | 14.58%                | 14.29%                | 14.29%                | 14.08%                |

Legal Debt Margin Calculation for Fiscal Year 2015

|  |                          |
|--|--------------------------|
| Equalized Valuation Basis                                  |                          |
| 2012   | \$ 5,955,681,021         |
| 2013   | 5,786,984,600            |
| 2014   | <u>5,752,114,585</u>     |
|  | <u>\$ 17,494,780,206</u> |
| Average Equalized Valuation of Taxable Property            | <u>\$ 5,831,593,402</u>  |
| Debt Limit (4% of Average Equalization Value) <sup>a</sup> | \$ 233,263,736           |
| Net Bonded School Debt - June 30, 2015                     | <u>32,847,000</u>        |
| Legal Debt Margin  | <u>\$ 200,416,736</u>    |

<sup>a</sup> Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts.

WEST ORANGE SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

| Year | Township<br>Population <sup>a</sup> | Essex County<br>Per Capita<br>Personal<br>Income <sup>b</sup> | Township<br>Personal<br>Income <sup>c</sup> | Township<br>Unemployment<br>Rate <sup>d</sup> |
|------|-------------------------------------|---|---|---|
| 2006 | 42,750                              | \$ 47,603   | \$ 2,035,028,250                            | 4.00%   |
| 2007 | 42,524                              | 49,962  | 2,124,584,088                               | 3.50%   |
| 2008 | 42,415                              | 51,038  | 2,164,776,770                               | 4.70%   |
| 2009 | 42,561                              | 49,750  | 2,117,409,750                               | 7.90%   |
| 2010 | 46,288                              | 51,422  | 2,380,221,536                               | 8.20%   |
| 2011 | 46,653                              | 53,597  | 2,500,460,841                               | 7.70%   |
| 2012 | 46,726                              | 54,318  | 2,538,062,868                               | 8.00%   |
| 2013 | 46,847                              | 54,606  | 2,558,127,282                               | 6.90%   |
| 2014 | 46,995                              | 54,606 **   | 2,566,208,970 ***                           | 6.00%   |
| 2015 | 46,995 *                            | 54,606 **   | 2,566,208,970 ***                           | N/A   |

\* - Latest population data available (2014) was used for calculation purposes.

\*\* - Latest Essex County per capita personal income available (2013) was used for calculation purposes.

\*\*\* - Latest population data available (2014) and latest Essex County per capita personal income available (2013) was used for calculation purposes.

N/A - Information Unavailable

Sources:

- <sup>a</sup> Population information provided by the NJ Department of Labor and Workforce Development.
- <sup>b</sup> Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
- <sup>c</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented.
- <sup>d</sup> Unemployment data provided by the NJ Department of Labor and Workforce Development.

WEST ORANGE SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS, ESSEX COUNTY  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

| <u>2014</u>                      |                  |   | <u>2005</u>                  |                  |   |
|----------------------------------|------------------|---|------------------------------|------------------|---|
| <u>Employer</u>                  | <u>Employees</u> | <u>Percentage of<br/>Total<br/>Employment</u> | <u>Employer</u>              | <u>Employees</u> | <u>Percentage of<br/>Total<br/>Employment</u> |
| St. Barnabas Health Care System  | 23,000           | 6.64%   | INFORMATION IS NOT AVAILABLE |                  |   |
| Verizon                          | 17,100           | 4.94%   |                              |                  |   |
| Prudential Ins. Co. of America   | 16,850           | 4.87%   |                              |                  |   |
| Rutgers University-Newark Campus | 15,500           | 4.48%   |                              |                  |   |
| Continental Airlines             | 11,000           | 3.18%   |                              |                  |   |
| Newark Board of Education        | 7,050            | 2.04%   |                              |                  |   |
| Automatic Data Processing        | 5,649            | 1.63%   |                              |                  |   |
| New Jersey Transit               | 4,000            | 1.16%   |                              |                  |   |
| City of Newark                   | 4,000            | 1.16%   |                              |                  |   |
| Essex County                     | 3,500            | 1.01%   |                              |                  |   |
|                                  | <u>107,649</u>   | <u>31.09%</u>                                 |                              |                  |   |
| Total Employment                 | <u>346,237</u>   |   |                              |                  |   |

Note - Principal employers are that of Essex County.

Source: Essex County Economic Development Corporation.

WEST ORANGE SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
UNAUDITED

| <u>Function/Program</u>         | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u>  | <u>2014</u>  | <u>2015</u>  |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|
| Instruction:                    |             |             |             |             |             |             |             |              |              |              |
| Regular                         | 662         | 682         | 657         | 646         | 632         | 605         | 603         | 622          | 492          | 497          |
| Special Education               | 31          | 33          | 36          | 46          | 52          | 109         | 120         | 120          | 306          | 311          |
| Support Services:               |             |             |             |             |             |             |             |              |              |              |
| Student & Instruction-Related   |             |             |             |             |             |             |             |              |              |              |
| Services                        | 71          | 77          | 78          | 79          | 76          | 75          | 90          | 103          | 100          | 101          |
| School Administration           | 45          | 50          | 51          | 53          | 50          | 50          | 55          | 48           | 75           | 68           |
| General Administration          | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 6            | 7            | 7            |
| Plant Operations/Maintenance    | 69          | 75          | 73          | 75          | 72          | 71          | 75          | 72           | 140          | 141          |
| Pupil Transportation            | 12          | 9           | 12          | 14          | 14          | 14          | 16          | 16           | 27           | 27           |
| Central Services/Administrative |             |             |             |             |             |             |             |              |              |              |
| Information Technology          | 11          | 12          | 12          | 12          | 13          | 13          | 14          | 15           | 15           | 15           |
| Total                           | <u>904</u>  | <u>941</u>  | <u>922</u>  | <u>928</u>  | <u>912</u>  | <u>940</u>  | <u>976</u>  | <u>1,002</u> | <u>1,162</u> | <u>1,167</u> |

Note: Figures prior to 2014 did not include full-time aides and employees, which were reclassified among functions in 2014.

Source: West Orange School District Personnel records.

WEST ORANGE SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

| Fiscal Year | Enrollment | Operating Expenditures <sup>a</sup> | Cost Per Pupil <sup>b</sup> | Percentage Change | Teaching Staff <sup>c</sup> | Pupil/Teacher Ratio |               |             | Average Daily Enrollment (ADE) <sup>d</sup> | Average Daily Attendance (ADA) <sup>d</sup> | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|------------|-------------------------------------|-----------------------------|-------------------|-----------------------------|---------------------|---------------|-------------|---|---|--------------------------------------|-------------------------------|
|             |            |                                     |                             |                   |                             | Elementary          | Middle School | High School |   |   |                                      |                               |
| 2006        | 6,339      | \$ 106,634,654                      | \$ 16,822                   | 13.99%            | 718                         | 11.0                | 10.0          | 10.0        | 6,339                                       | 5,985                                       | -1.43%                               | 94.42%                        |
| 2007        | 6,430      | 115,753,565                         | 18,002                      | 7.02%             | 715                         | 11.0                | 10.0          | 10.0        | 6,430                                       | 6,108                                       | 1.44%                                | 94.99%                        |
| 2008        | 6,415      | 122,544,116                         | 19,103                      | 6.11%             | 693                         | 11.0                | 10.0          | 10.0        | 6,415                                       | 6,030                                       | -0.23%                               | 94.00%                        |
| 2009        | 6,537      | 124,587,181                         | 19,059                      | -0.23%            | 666                         | 13.0                | 17.3          | 11.5        | 6,537                                       | 6,210                                       | 1.90%                                | 95.00%                        |
| 2010        | 6,630      | 130,858,474                         | 19,737                      | 3.56%             | 684                         | 12.9                | 16.4          | 11.7        | 6,630                                       | 6,325                                       | 1.42%                                | 95.40%                        |
| 2011        | 6,717      | 132,578,224                         | 19,738                      | 0.00%             | 714                         | 11.1                | 10.3          | 11.5        | 6,870                                       | 6,526                                       | 3.62%                                | 94.99%                        |
| 2012        | 6,801      | 133,324,100                         | 19,604                      | -0.68%            | 723                         | 10.8                | 9.6           | 10.7        | 6,908                                       | 6,552                                       | 0.55%                                | 94.85%                        |
| 2013        | 6,839      | 141,232,351                         | 20,651                      | 5.34%             | 742                         | 11.1                | 9.8           | 10.9        | 6,866                                       | 6,522                                       | -0.61%                               | 94.99%                        |
| 2014        | 6,876      | 142,837,644                         | 20,773                      | 0.59%             | 622                         | 11.2                | 11.3          | 11.1        | 6,947                                       | 6,561                                       | 1.18%                                | 94.44%                        |
| 2015        | 6,732      | 149,722,369                         | 22,240                      | 7.06%             | 617                         | 11.4                | 9.7           | 11.3        | 6,725                                       | 6,414                                       | -3.20%                               | 95.38%                        |

Note: Enrollment based on annual October District count.

<sup>a</sup> Operating expenditures equal total expenditures less debt service and capital outlay.

<sup>b</sup> Cost per pupil is calculated based upon enrollment and operating expenditures as presented and may be different from other (State) cost per pupil calculations.

<sup>c</sup> Teaching staff includes only full-time equivalents of certificated staff.

<sup>d</sup> Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Sources: West Orange School District records.



WEST ORANGE SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
(UNAUDITED)

| District Building      | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   |
|------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Gregory School:        |        |        |        |        |        |        |        |        |        |        |
| Square Feet            | 67,666 | 67,666 | 67,666 | 67,666 | 67,666 | 67,666 | 67,666 | 67,666 | 67,666 | 67,666 |
| Capacity (Students)    | 502    | 502    | 502    | 502    | 502    | 502    | 502    | 502    | 502    | 502    |
| Enrollment             | 471    | 505    | 510    | 522    | 563    | 590    | 575    | 571    | 571    | 546    |
| 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             | 328    | 339    | 330    | 329    | 336    | 368    | 380    | 376    | 376    | 381    |
| 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             | 358    | 380    | 372    | 391    | 412    | 416    | 424    | 414    | 414    | 394    |
| Pleasantdale 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             | 478    | 464    | 468    | 430    | 439    | 447    | 370    | 491    | 492    | 442    |
| 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             | 492    | 484    | 520    | 529    | 506    | 574    | 569    | 591    | 591    | 566    |

WEST ORANGE SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
(UNAUDITED)

| <u>District Building</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 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               | 359         | 356         | 348         | 358         | 367         | 386         | 377         | 394         | 394         | 401         |
| 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               | 405         | 401         | 422         | 430         | 406         | 403         | 415         | 445         | 445         | 438         |
| Edison Middle School:    |             |             |             |             |             |             |             |             |             |             |
| 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               | 477         | 503         | 490         | 458         | 503         | 475         | 493         | 449         | 466         | 545         |
| Roosevelt Middle School: |             |             |             |             |             |             |             |             |             |             |
| Square Feet              | 111,738     | 111,738     | 111,738     | 11,738      | 17,738      | 17,738      | 17,738      | 17,738      | 17,738      | 17,738      |
| Capacity (Students)      | 625         | 625         | 625         | 625         | 625         | 625         | 625         | 625         | 625         | 625         |
| Enrollment               | 429         | 428         | 455         | 470         | 484         | 485         | 489         | 515         | 515         | 522         |
| Liberty Middle School:   |             |             |             |             |             |             |             |             |             |             |
| 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               | 539         | 528         | 517         | 543         | 546         | 551         | 421         | 503         | 501         | 449         |

WEST ORANGE SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS

| <u>District Building</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| West Orange High School: |             |             |             |             |             |             |             |             |             |             |
| Square Feet              | 381,668     | 381,668     | 381,668     | 381,668     | 381,668     | 381,668     | 381,668     | 381,668     | 381,668     | 381,668     |
| Capacity (Students)      | 2,728       | 2,728       | 2,728       | 2,728       | 2,728       | 2,728       | 2,728       | 2,728       | 2,728       | 2,728       |
| Enrollment               | 1,992       | 1,969       | 1,983       | 2,077       | 2,040       | 2,175       | 2,190       | 2,117       | 2,111       | 2,048       |

Number of Schools at June 30, 2015:

- Elementary = 7
- Middle School = 3
- High School = 1

Note: Enrollment is based on the annual October District count.

Source: West Orange School District Facilities Office.

WEST ORANGE SCHOOL DISTRICT  
GENERAL FUND  
SCHEDULE OF ALLOWABLE MAINTENANCE EXPENDITURES BY SCHOOL FACILITIES  
LAST TEN FISCAL YEARS  
UNAUDITED

Undistributed Expenditures - Allowable Maintenance Expenditures by School Facilities\* (Account #11-000-261-XXX)

| School Facilities* | 2006                | 2007                | 2008                | 2009                | 2010                | 2011                | 2012                | 2013                | 2014                | 2015                |
|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Gregory            | \$ 78,270           | \$ 70,719           | \$ 74,136           | \$ 91,460           | \$ 112,079          | \$ 128,453          | \$ 115,729          | \$ 120,493          | \$ 118,843          | \$ 165,423          |
| Hazel              | 48,066              | 51,514              | 54,004              | 49,554              | 60,726              | 69,598              | 62,704              | 65,285              | 79,026              | 101,587             |
| Mount Pleasant     | 57,111              | 48,157              | 50,489              | 58,879              | 72,154              | 82,695              | 74,504              | 77,570              | 86,435              | 120,704             |
| Pleasantdale       | 97,862              | 87,238              | 91,459              | 100,892             | 123,638             | 141,701             | 127,665             | 132,919             | 150,015             | 206,831             |
| Redwood            | 70,728              | 60,982              | 63,929              | 72,918              | 89,357              | 102,412             | 92,268              | 96,065              | 96,514              | 149,484             |
| Saint Cloud        | 66,835              | 48,379              | 50,717              | 68,905              | 84,439              | 96,775              | 87,190              | 90,778              | 87,177              | 141,256             |
| Washington         | 67,237              | 66,042              | 69,224              | 69,319              | 84,947              | 97,357              | 87,714              | 91,324              | 121,003             | 142,106             |
| Edison Middle      | 124,015             | 94,623              | 99,196              | 127,855             | 156,679             | 179,569             | 161,783             | 168,441             | 157,164             | 262,105             |
| Roosevelt Middle   | 117,230             | 128,141             | 134,334             | 120,860             | 148,107             | 169,745             | 152,931             | 159,226             | 200,531             | 247,765             |
| Liberty Middle     | 176,274             | 132,732             | 139,147             | 170,966             | 209,509             | 240,117             | 216,334             | 216,333             | 263,779             | 372,553             |
| West Orange High   | 593,862             | 437,698             | 458,852             | 612,253             | 750,279             | 859,892             | 773,970             | 827,684             | 840,747             | 1,255,124           |
| Grand Total        | <u>\$ 1,497,490</u> | <u>\$ 1,226,225</u> | <u>\$ 1,285,487</u> | <u>\$ 1,543,861</u> | <u>\$ 1,891,914</u> | <u>\$ 2,168,314</u> | <u>\$ 1,952,792</u> | <u>\$ 2,046,118</u> | <u>\$ 2,201,234</u> | <u>\$ 3,164,938</u> |

\* - School facilities as defined under EFCFA (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3).

Source: West Orange School District records.

WEST ORANGE SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2015  
UNAUDITED

|   | <u>Coverage</u> | <u>Deductible</u> |
|---|-----------------|-------------------|
| School Package Policy - New Jersey Schools    |                 |                   |
| Insurance Group (NJSIG):                      |                 |                   |
| Property - Blanket Real and Personal Property | \$ 173,150,636  | \$ 5,000          |
| Extra Expense                                 | 50,000,000      | 5,000             |
| Valuable Papers & Records                     | 10,000,000      | 5,000             |
| Demolition and Increased Cost of Construction | 10,000,000      |                   |
| Flood Zones A & V                             | 3,000,000       | 500,000           |
| Flood Zone B                                  | 25,000,000      | 10,000            |
| Earthquake                                    | 5,000,000       | 5,000             |
| Boiler & Machinery                            | 100,000,000     | 5,000             |
| Crime:  |                 |                   |
| Public Employee Dishonesty                    | 100,000         | 1,000             |
| Loss of Money & Securities                    | 100,000         | 1,000             |
| Money Orders & Counterfeit                    | 10,000          | 500               |
| Forgery or Alteration                         | 25,000          | 500               |
| Computer Fraud                                | 50,000          | 500               |
| General Liability:                            |                 |                   |
| Each Occurrence                               | 16,000,000      |                   |
| Products/Completed Operations                 | 16,000,000      |                   |
| Sexual Abuse                                  | 16,000,000      |                   |
| Personal & Advertising Policy                 | 16,000,000      |                   |
| Employee Benefits                             | 16,000,000      | 1,000             |
| Medical Payments                              | 10,000          | 100               |
| Auto Liability:                               |                 |                   |
| Limit for Liability                           | 16,000,000      | 1,000             |
| Uninsured/Underinsured                        | 1,000,000       |                   |
| Personal Injury Protection                    | 250,000         |                   |
| Medical Payments                              | 10,000          |                   |
| Hired Car Physical Damage                     | 75,000          |                   |
| Hired Car & Non-owned Auto Liability          | 1,000,000       |                   |
| Garagekeepers                                 | (Included)      |                   |

WEST ORANGE SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2015  
UNAUDITED

|   |         | <u>Coverage</u> | <u>Deductible</u>           |
|---|---------|-----------------|-----------------------------|
| ACE Insurance Company:                                      |         |                 |                             |
| School Board Legal Liability                                |         | \$ 5,000,000    | \$10000/25000<br>Coverage C |
| Bollinger Insurance Company:                                |         |                 |                             |
| Student Accident  |         | 5,000,000       | -0-                         |
| Excess Workers' Compensation - Safety National Ins. Co.     | Part I  | Statutory       |                             |
| (In excess of Self Insured retention of \$500,000)          | Part II | 1,000,000       | -0-                         |
| Public Officials Bonds - Selective Insurance Company:       |         |                 |                             |
| John Calavano, Business Administrator/Board Secretary       |         | 500,000         | -0-                         |
| Joseph Antonucci, Treasurer                                 |         | 500,000         | -0-                         |
| Excess Umbrella - NJ Unshared Excess Program (Markel/Torus) |         | 29,000,000      | -0-                         |
| Excess of Primary - NJSIG                                   |         | 11,000,000      | -0-                         |

SINGLE AUDIT SECTION



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

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 Auditors' Report

The Honorable President and Members  
 of the Board of Education  
 West Orange School District  
 County of Essex, 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 the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the West Orange School District, in the County of Essex (the "District") as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 20, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District'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 the 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.



The Honorable President and Members  
of the Board of Education  
West Orange School District  
Page 2

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

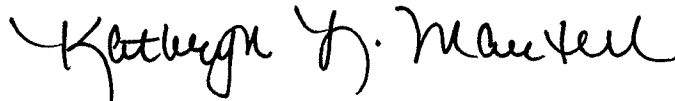
### Purpose of this Report

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



NISIVOCCIA, LLP

November 20, 2015  
Mount Arlington, New Jersey



Kathryn L. Mantell  
Licensed Public School Accountant #884  
Certified Public Accountant



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Report on Compliance For Each Major Federal and State Program:  
Report on Internal Control Over Compliance Required by OMB Circular A-133  
and New Jersey's OMB Circulars 04-04 and 15-08

Independent Auditors' Report

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

**Report on Compliance for Each Major Federal and State Program**

We have audited the Board of Education of the West Orange School District's (the "District's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2015. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on Each Major Federal and State Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2015.

The Honorable President and Members  
of the Board of Education  
West Orange School District  
Page 2

### Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJOMB 04-04 and 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 or NJOMB 04-04 and 15-08. Accordingly, this report is not suitable for any other purpose.

*Nisivoccia, LLP*

November 20, 2015  
Mount Arlington, New Jersey

NISIVOCIA, LLP

*Kathryn L. Mantell*

Kathryn L. Mantell  
Licensed Public School Accountant #884  
Certified Public Accountant

WEST ORANGE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| Federal Grantor/Pass Through Grantor/<br>Program Title/Cluster Title              | Federal<br>CFDA<br>Number | Grant or State<br>Project Number | Grant<br>Period  | Award<br>Amount | Unearned<br>Revenue/<br>(Accounts<br>Receivable)<br>June 30, 2014 | Carryover<br>Amount | Cash<br>Received | Budgetary<br>Expenditures | Balance June 30, 2015 |                        |                   |
|---|---------------------------|----------------------------------|------------------|-----------------|---|---------------------|------------------|---------------------------|-----------------------|------------------------|-------------------|
|   |                           |                                  |                  |                 |   |                     |                  |                           | Unearned<br>Revenue   | Accounts<br>Receivable | Due to<br>Grantor |
| <b>Enterprise Fund:</b>   |                           |                                  |                  |                 |   |                     |                  |                           |                       |                        |                   |
| U.S. Department of Agriculture:   |                           |                                  |                  |                 |   |                     |                  |                           |                       |                        |                   |
| Child Nutrition Program Cluster:  |                           |                                  |                  |                 |   |                     |                  |                           |                       |                        |                   |
| Food Distribution Program   | 10.555                    | N/A                              | 7/1/14-6/30/15   | \$ 182,881      |   |                     | \$ 182,881       | \$ (160,051)              | \$ 22,830             |                        |                   |
| Food Distribution Program   | 10.555                    | N/A                              | 7/1/13-6/30/14   | 136,923         | \$ 6,670  |                     |                  | (6,670)                   |                       |                        |                   |
| School Breakfast Program  | 10.553                    | N/A                              | 7/1/14-6/30/15   | 284,881         |   |                     | 226,984          | (284,881)                 |                       | \$ (57,897)            |                   |
| School Breakfast Program  | 10.553                    | N/A                              | 7/1/13-6/30/14   | 261,247         | (53,282)  |                     | 53,282           |                           |                       |                        |                   |
| National School Lunch Program   | 10.555                    | N/A                              | 7/1/14-6/30/15   | 1,380,627       |   |                     | 1,125,574        | (1,380,627)               |                       | (255,053)              |                   |
| National School Lunch Program   | 10.555                    | N/A                              | 7/1/13-6/30/14   | 1,315,188       | (245,295)   |                     | 245,295          |                           |                       |                        |                   |
| Total Child Nutrition Cluster   |                           |                                  |                  |                 | (291,907)   |                     | 1,834,016        | (1,832,229)               | 22,830                | (312,950)              |                   |
| Fresh Fruit and Vegetable Program   | 10.582                    | N/A                              | 7/1/14-6/30/15   | 16,043          |   |                     | 10,445           | (16,043)                  |                       | (5,598)                |                   |
| Fresh Fruit and Vegetable Program   | 10.582                    | N/A                              | 7/1/13-6/30/14   | 22,300          | (4,039)   |                     | 4,039            |                           |                       |                        |                   |
| Total Enterprise Fund   |                           |                                  |                  |                 | (295,946)   |                     | 1,848,500        | (1,848,272)               | 22,830                | (318,548)              |                   |
| <b>General Fund:</b>  |                           |                                  |                  |                 |   |                     |                  |                           |                       |                        |                   |
| U.S. Department of Health and Human Services:                                     |                           |                                  |                  |                 |   |                     |                  |                           |                       |                        |                   |
| ARRA - Medicaid Assistance Program  | 93.778                    | N/A                              | 10/1/08-12/31/10 | 38,939          |   |                     | 38,939           | (38,939)                  |                       |                        |                   |
| Medical Assistance Program  | 93.778                    | N/A                              | 7/1/11-6/30/12   | 78,198          |   |                     | 78,198           | (78,198)                  |                       |                        |                   |
| Medical Assistance Program  | 93.778                    | N/A                              | 7/1/12-6/30/13   | 64,910          |   |                     | 64,910           | (64,910)                  |                       |                        |                   |
| Medical Assistance Program  | 93.778                    | N/A                              | 7/1/13-6/30/14   | 21,320          |   |                     | 21,320           | (21,320)                  |                       |                        |                   |
| Medical Assistance Program  | 93.778                    | N/A                              | 7/1/14-6/30/15   | 166,846         |   |                     | 101,614          | (166,846)                 |                       | (65,232)               |                   |
| Total General Fund  |                           |                                  |                  |                 |   |                     | 304,981          | (370,213)                 |                       | (65,232)               |                   |
| <b>Special Revenue Fund:</b>  |                           |                                  |                  |                 |   |                     |                  |                           |                       |                        |                   |
| U.S. Department of Education - Passed -<br>through State Department of Education: |                           |                                  |                  |                 |   |                     |                  |                           |                       |                        |                   |
| No Child Left Behind:   |                           |                                  |                  |                 |   |                     |                  |                           |                       |                        |                   |
| Title I - Part A - Carryover  | 84.010                    | NCLB-5680-14                     | 7/1/13-6/30/14   | 817,115         | (477,365)   |                     | 506,670          | (29,305)                  |                       |                        |                   |
| Title I - Part A  | 84.010                    | NCLB-5680-15                     | 7/1/14-6/30/15   | 878,118         |   |                     | 774,057          | (878,118)                 |                       | (104,061)              |                   |

WEST ORANGE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| Federal Grantor/Pass Through Grantor/<br>Program Title/Cluster Title              | Federal<br>CFDA<br>Number | Grant or State<br>Project Number | Grant<br>Period | Award<br>Amount | Unearned<br>Revenue/<br>(Accounts<br>Receivable)<br>June 30, 2014 | Carryover<br>Amount | Cash<br>Received | Budgetary<br>Expenditures | Balance June 30, 2015 |                        |                   |
|---|---------------------------|----------------------------------|-----------------|-----------------|---|---------------------|------------------|---------------------------|-----------------------|------------------------|-------------------|
|   |                           |                                  |                 |                 |   |                     |                  |                           | Unearned<br>Revenue   | Accounts<br>Receivable | Due to<br>Grantor |
| U.S. Department of Education - Passed -<br>through State Department of Education: |                           |                                  |                 |                 |   |                     |                  |                           |                       |                        |                   |
| No Child Left Behind:   |                           |                                  |                 |                 |   |                     |                  |                           |                       |                        |                   |
| Title II - Part A - Carryover   | 84.367A                   | NCLB-5680-14                     | 7/1/13-6/30/14  | \$ 128,331      | \$ (34,852)   |                     | \$ 38,790        | \$ (3,938)                |                       |                        |                   |
| Title II - Part A   | 84.367A                   | NCLB-5680-15                     | 7/1/14-6/30/15  | 131,814         |   |                     | 125,719          | (131,814)                 |                       | \$ (6,095)             |                   |
| Title III - Carryover   | 84.365A                   | NCLB-5680-14                     | 7/1/13-6/30/14  | 74,945          | (53,472)  |                     | 62,883           | (9,411)                   |                       |                        |                   |
| Title III   | 84.365A                   | NCLB-5680-15                     | 7/1/14-6/30/15  | 76,608          |   |                     | 58,976           | (67,336)                  |                       | (8,360)                |                   |
| Carl D. Perkins Secondary Education   | 84.048A                   | PERK5680-14                      | 7/1/13-6/30/14  | 54,704          | (19,978)  |                     | 19,978           |                           |                       |                        |                   |
| Carl D. Perkins Secondary Education   | 84.048A                   | PERK5680-15                      | 7/1/14-6/30/15  | 56,210          |   |                     | 53,787           | (54,787)                  |                       | (1,000)                |                   |
| English Language Arts & Mathematics   | 94.004                    | ELAM5680-13                      | 7/1/13-8/31/14  | 52,500          | (43,990)  |                     | 52,500           | (8,510)                   |                       |                        |                   |
| Race to the Top   | 84.395                    | N/A                              | 9/1/12-8/31/13  | 68,430          | (8,304)   |                     | 8,304            |                           |                       |                        |                   |
| Special Education Cluster:  |                           |                                  |                 |                 |   |                     |                  |                           |                       |                        |                   |
| I.D.E.A. - Part B, Basic Regular  | 84.027                    | IDEA-5680-12                     | 9/1/11-8/31/12  | 1,718,279       | 3,984   |                     |                  |                           |                       |                        | \$ 3,984          |
| I.D.E.A. - Part B, Basic Regular  | 84.027                    | IDEA-5680-14                     | 7/1/13-6/30/14  | 1,631,911       | (773,984)   |                     | 824,210          | (50,226)                  |                       |                        |                   |
| I.D.E.A. - Part B, Basic Regular  | 84.027                    | IDEA-5680-15                     | 7/1/14-6/30/15  | 1,773,766       |   |                     | 1,506,235        | (1,585,487)               |                       | (79,252)               |                   |
| I.D.E.A. - Part B, Preschool  | 84.173                    | IDEA-5680-14                     | 7/1/13-6/30/14  | 63,816          | (61,772)  |                     | 63,816           | (2,044)                   |                       |                        |                   |
| I.D.E.A. - Part B, Preschool  | 84.173                    | IDEA-5680-15                     | 7/1/14-6/30/15  | 63,263          |   |                     | 63,263           | (63,263)                  |                       |                        |                   |
| Total Special Education Cluster   |                           |                                  |                 |                 | (831,772)   |                     | 2,457,524        | (1,701,020)               |                       | (79,252)               | 3,984             |
| Total U.S. Department of Education  |                           |                                  |                 |                 | (1,469,733)   |                     | 4,159,188        | (2,884,239)               |                       | (198,768)              | 3,984             |
| Total Special Revenue Fund  |                           |                                  |                 |                 | (1,469,733)   |                     | 4,159,188        | (2,884,239)               |                       | (198,768)              |                   |
| Total Federal Awards  |                           |                                  |                 |                 | \$ (1,765,679)  | \$ - 0 -            | \$ 6,312,669     | \$ (5,102,724)            | \$ 22,830             | \$ (582,548)           | \$ 3,984          |

N/A - Not Available

SEE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

WEST ORANGE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| State Grantor/Program Title                   | Grant or State Project Number | Grant Period   | Award Amount | Balance                             | Cash Received | Budgetary Expenditures | Repayment of Prior Years' Balances | Balance June 30, 2015      |                | MEMO                          |                               |
|---|-------------------------------|----------------|--------------|-------------------------------------|---------------|------------------------|------------------------------------|----------------------------|----------------|-------------------------------|-------------------------------|
|   |                               |                |              | (Accounts Receivable) June 30, 2014 |               |                        |                                    | GAAP (Accounts Receivable) | Due to Grantor | Budgetary Accounts Receivable | Cumulative Total Expenditures |
| State Department of Education:                |                               |                |              |                                     |               |                        |                                    |                            |                |                               |                               |
| General Fund:                                 |                               |                |              |                                     |               |                        |                                    |                            |                |                               |                               |
| Equalization Aid                              | 15-495-034-5120-078           | 7/1/14-6/30/15 | \$ 1,793,898 |                                     | \$ 1,622,659  | \$ (1,793,898)         |                                    |                            |                | \$ (171,239)                  | \$ (1,793,898)                |
| Equalization Aid                              | 14-495-034-5120-078           | 7/1/13-6/30/14 | 1,793,898    | \$ (171,087)                        | 171,087       |                        |                                    |                            |                |                               | (1,793,898)                   |
| Transportation Aid                            | 15-495-034-5120-014           | 7/1/14-6/30/15 | 438,150      |                                     | 396,326       | (438,150)              |                                    |                            |                | (41,824)                      | (438,150)                     |
| Transportation Aid                            | 14-495-034-5120-014           | 7/1/13-6/30/14 | 438,350      | (41,787)                            | 41,787        |                        |                                    |                            |                |                               | (438,350)                     |
| Special Education Aid                         | 15-495-034-5120-089           | 7/1/14-6/30/15 | 4,191,194    |                                     | 3,791,117     | (4,191,194)            |                                    |                            |                | (400,077)                     | (4,191,194)                   |
| Special Education Aid                         | 14-495-034-5120-089           | 7/1/13-6/30/14 | 4,191,194    | (399,720)                           | 399,720       |                        |                                    |                            |                |                               | (4,191,194)                   |
| Security Aid                                  | 15-495-034-5120-084           | 7/1/14-6/30/15 | 386,465      |                                     | 349,574       | (386,465)              |                                    |                            |                | (36,891)                      | (386,465)                     |
| Security Aid                                  | 14-495-034-5120-084           | 7/1/13-6/30/14 | 386,465      | (36,858)                            | 36,858        |                        |                                    |                            |                |                               | (386,465)                     |
| Per Pupil Growth Aid                          | 15-495-034-5120-097           | 7/1/14-6/30/15 | 70,410       |                                     | 63,689        | (70,410)               |                                    |                            |                | (6,721)                       | (70,410)                      |
| PARCC Readiness Aid                           | 15-495-034-5120-098           | 7/1/14-6/30/15 | 70,410       |                                     | 63,689        | (70,410)               |                                    |                            |                | (6,721)                       | (70,410)                      |
| Extraordinary Special Education Costs         | 15-100-034-5120-473           | 7/1/14-6/30/15 | 1,611,894    |                                     |               | (1,611,894)            |                                    | \$ (1,611,894)             |                | (1,611,894)                   | (1,611,894)                   |
| Extraordinary Special Education Costs         | 14-100-034-5120-473           | 7/1/13-6/30/14 | 1,530,925    | (1,530,925)                         | 1,530,925     |                        |                                    |                            |                |                               | (1,530,925)                   |
| Nonpublic Transportation Costs                | 15-495-034-5120-014           | 7/1/14-6/30/15 | 103,950      |                                     |               | (103,950)              |                                    | (103,950)                  |                | (103,950)                     | (103,950)                     |
| Nonpublic Transportation Costs                | 14-495-034-5120-014           | 7/1/13-6/30/14 | 184,383      | (184,383)                           | 184,383       |                        |                                    |                            |                |                               | (184,383)                     |
| Reimbursed TPAF Social Security Contributions | 15-495-034-5095-002           | 7/1/14-6/30/15 | 4,845,638    |                                     | 4,613,543     | (4,845,638)            |                                    | (232,095)                  |                | (232,095)                     | (4,845,638)                   |
| Reimbursed TPAF Social Security Contributions | 14-495-034-5095-002           | 7/1/13-6/30/14 | 4,382,379    | (208,801)                           | 208,801       |                        |                                    |                            |                |                               | (4,382,379)                   |
| Total General Fund State Aid                  |                               |                |              | (2,573,561)                         | 13,474,158    | (13,512,009)           |                                    | (1,947,939)                |                | (2,611,412)                   | (26,419,603)                  |
| Special Revenue Fund:                         |                               |                |              |                                     |               |                        |                                    |                            |                |                               |                               |
| NJ Nonpublic Aid:                             |                               |                |              |                                     |               |                        |                                    |                            |                |                               |                               |
| Auxiliary Services (Chapter 192):             |                               |                |              |                                     |               |                        |                                    |                            |                |                               |                               |
| Compensatory Education                        | 15-100-034-5120-067           | 7/1/14-6/30/15 | 12,989       |                                     | 12,989        |                        |                                    |                            |                | \$ 12,989                     |                               |
| Compensatory Education                        | 14-100-034-5120-067           | 7/1/13-6/30/14 | 43,655       | 11,470                              |               |                        | \$ 11,470                          |                            |                |                               | (32,185)                      |
| Transportation                                | 14-100-034-5120-067           | 7/1/13-6/30/14 | 23,361       | 21,025                              |               |                        | 21,025                             |                            |                |                               | (2,336)                       |
| Home Instruction                              | 15-100-034-5120-067           | 7/1/14-6/30/15 | 11,035       |                                     |               | (11,035)               |                                    | (11,035)                   |                | (11,035)                      | (11,035)                      |
| Home Instruction                              | 14-100-034-5120-067           | 7/1/13-6/30/14 | 2,353        | (2,353)                             | 2,353         |                        |                                    |                            |                |                               | (2,353)                       |
| Handicapped Services (Chapter 193):           |                               |                |              |                                     |               |                        |                                    |                            |                |                               |                               |
| Supplemental Instruction                      | 15-100-034-5120-067           | 7/1/14-6/30/15 | 26,209       |                                     | 26,209        | (23,933)               |                                    |                            |                | 2,276                         | (23,933)                      |
| Supplemental Instruction                      | 14-100-034-5120-067           | 7/1/13-6/30/14 | 18,734       | 3,331                               |               |                        | 3,331                              |                            |                |                               | (15,403)                      |
| Examination & Classification                  | 15-100-034-5120-067           | 7/1/14-6/30/15 | 146,592      |                                     | 146,592       | (123,907)              |                                    |                            |                | 22,685                        | (123,907)                     |
| Examination & Classification                  | 14-100-034-5120-067           | 7/1/13-6/30/14 | 136,152      | 14,657                              |               |                        | 14,657                             |                            |                |                               | (121,495)                     |
| Corrective Speech                             | 15-100-034-5120-067           | 7/1/14-6/30/15 | 19,437       |                                     | 19,437        | (17,052)               |                                    |                            |                | 2,385                         | (17,052)                      |
| Corrective Speech                             | 14-100-034-5120-067           | 7/1/13-6/30/14 | 25,780       | 3,750                               |               |                        | 3,750                              |                            |                |                               | (22,030)                      |

WEST ORANGE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| State Grantor/Program Title       | Grant or State Project Number | Grant Period   | Award Amount | Balance                             | Cash Received       | Budgetary Expenditures | Repayment of Prior Years' Balances | Balance June 30, 2015      |                  | MEMO                          |                               |
|-----------------------------------|-------------------------------|----------------|--------------|-------------------------------------|---------------------|------------------------|------------------------------------|----------------------------|------------------|-------------------------------|-------------------------------|
|                                   |                               |                |              | (Accounts Receivable) June 30, 2014 |                     |                        |                                    | GAAP (Accounts Receivable) | Due to Grantor   | Budgetary Accounts Receivable | Cumulative Total Expenditures |
| <b>Special Revenue Fund:</b>      |                               |                |              |                                     |                     |                        |                                    |                            |                  |                               |                               |
| NJ Nonpublic Aid:                 |                               |                |              |                                     |                     |                        |                                    |                            |                  |                               |                               |
| Textbook Aid (Chapter 194)        | 15-100-034-5120-064           | 7/1/14-6/30/15 | \$ 90,681    |                                     | \$ 90,681           | \$ (84,768)            |                                    |                            | \$ 5,913         |                               | \$ (84,768)                   |
| Textbook Aid (Chapter 194)        | 14-100-034-5120-064           | 7/1/13-6/30/14 | 92,202       | \$ 9,286                            |                     |                        | \$ 9,286                           |                            |                  |                               | (82,916)                      |
| Nursing Services (Chapter 226)    | 15-100-034-5120-070           | 7/1/14-6/30/15 | 144,647      |                                     | 144,647             | (144,647)              |                                    |                            |                  |                               | (144,647)                     |
| Technology Initiative             | 15-100-034-5120-373           | 7/1/14-6/30/15 | 48,704       |                                     | 48,704              | (46,070)               |                                    |                            | 2,634            |                               | (46,070)                      |
| Technology Initiative             | 14-100-034-5120-373           | 7/1/13-6/30/14 | 33,620       | 2,172                               |                     |                        | 2,172                              |                            |                  |                               | (31,448)                      |
| <b>Total Special Revenue Fund</b> |                               |                |              | <u>63,338</u>                       | <u>491,612</u>      | <u>(451,412)</u>       | <u>65,691</u>                      | <u>\$ (11,035)</u>         | <u>48,882</u>    | <u>\$ (11,035)</u>            | <u>(761,578)</u>              |
| <b>Debt Service Fund:</b>         |                               |                |              |                                     |                     |                        |                                    |                            |                  |                               |                               |
| Debt Service Aid - State Support  | 15-495-034-5120-017           | 7/1/14-6/30/15 | 963,608      |                                     | 963,608             | (963,608)              |                                    |                            |                  |                               | (963,608)                     |
| <b>Enterprise Fund:</b>           |                               |                |              |                                     |                     |                        |                                    |                            |                  |                               |                               |
| State School Lunch Program        | 15-100-010-3350-023           | 7/1/14-6/30/15 | 38,244       |                                     | 30,636              | (38,244)               |                                    | (7,608)                    |                  | \$ (7,608)                    | (38,244)                      |
| State School Lunch Program        | 14-100-010-3350-023           | 7/1/13-6/30/14 | 36,316       | (6,314)                             | 6,314               |                        |                                    |                            |                  |                               | (36,316)                      |
| <b>Total Enterprise Fund</b>      |                               |                |              | <u>(6,314)</u>                      | <u>36,950</u>       | <u>(38,244)</u>        |                                    | <u>(7,608)</u>             |                  | <u>(7,608)</u>                | <u>(74,560)</u>               |
| <b>Total State Awards</b>         |                               |                |              | <u>\$ (2,516,537)</u>               | <u>\$14,966,328</u> | <u>\$ (14,965,273)</u> | <u>\$ 65,691</u>                   | <u>\$(1,966,582)</u>       | <u>\$ 48,882</u> | <u>\$ (2,630,055)</u>         | <u>\$ (28,219,349)</u>        |

N/A - Not Available

SEE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

WEST ORANGE SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, West Orange School District under programs of the federal and state governments for the fiscal year ended June 30, 2015. The information in these schedules is presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net assets or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on 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 bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic 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 the modified accrual basis with the exception of the revenue recognition of the June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A.-18A:22-44.2. For GAAP purposes, these payments are not recognized until the subsequent budget year due to the state deferral and recording of the June 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 revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$14,021) for the General Fund and \$385,737 for the Special Revenue Fund (of which \$1,025 is for local awards and is not included in the table below). See Exhibits C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Additionally, the schedule of expenditures of state awards does not include the On-behalf TPAF Pension Contributions and Post Retirement Contributions revenue of \$3,233,836 and \$5,133,717, respectively.



WEST ORANGE SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

Revenue from federal and state awards is reported on the Board's basic financial statements on a GAAP basis as presented below:

|                      | <u>Federal</u>      | <u>State</u>         | <u>Total</u>         |
|----------------------|---------------------|----------------------|----------------------|
| General Fund         | \$ 370,213          | \$ 21,865,541        | \$ 22,235,754        |
| Special Revenue Fund | 3,246,918           | 475,495              | 3,722,413            |
| Debt Service Fund    |                     | 963,608              | 963,608              |
| Enterprise Fund      | <u>1,848,272</u>    | <u>38,244</u>        | <u>1,886,516</u>     |
| Total Awards         | <u>\$ 5,465,403</u> | <u>\$ 23,342,888</u> | <u>\$ 28,808,291</u> |

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. OTHER

TPAF Social Security contributions represent the amounts reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2015. Revenue and expenditures reported under the Federal Food Distribution Program represent current year value received and current year distributions, respectively.

WEST ORANGE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circulars 04-04 and 15-08 or Section 510(a) of Federal OMB Circular A-133.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following state aid:

|                                    | <u>CFDA Number/<br/>State Grant Number</u> | <u>Grant Period</u> | <u>Award<br/>Amount</u> | <u>Budgetary<br/>Expenditures</u> |
|------------------------------------|--|---------------------|-------------------------|-----------------------------------|
| <u>Federal Programs:</u>           |  |                     |                         |                                   |
| Special Education Cluster:         |  |                     |                         |                                   |
| IDEA Basic                         | 84.027                                     | 7/1/14-6/30/15      | \$ 1,773,766            | \$ 1,585,487                      |
| IDEA Basic - Carryover             | 84.027                                     | 7/1/13-6/30/14      | 1,631,911               | 50,226                            |
| IDEA Preschool                     | 84.173                                     | 7/1/14-6/30/15      | 63,263                  | 63,263                            |
| IDEA Preschool - Carryover         | 84.173                                     | 7/1/13-6/30/14      | 63,816                  | 2,044                             |
| ARRA - Medicaid Assistance Program |  |                     |                         |                                   |
| Program                            | 93.778                                     | 10/1/08-12/31/10    | 38,939                  | 38,939                            |
| Medical Assistance Program         | 93.778                                     | 7/1/11-6/30/12      | 78,198                  | 78,198                            |
| Medical Assistance Program         | 93.778                                     | 7/1/12-6/30/13      | 64,910                  | 64,910                            |
| Medical Assistance Program         | 93.778                                     | 7/1/13-6/30/14      | 21,320                  | 21,320                            |
| Medical Assistance Program         | 93.778                                     | 7/1/14-6/30/15      | 166,846                 | 166,846                           |
| <u>State Programs:</u>             |  |                     |                         |                                   |
| Special Education Aid              | 15-495-034-5120-089                        | 7/1/14-6/30/15      | 4,191,194               | 4,191,194                         |
| Security Aid                       | 15-495-034-5120-084                        | 7/1/14-6/30/15      | 386,465                 | 386,465                           |
| Equalization Aid                   | 15-495-034-5120-078                        | 7/1/14-6/30/15      | 1,793,898               | 1,793,898                         |
| Per Pupil Growth Aid               | 15-495-034-5120-097                        | 7/1/14-6/30/15      | 70,410                  | 70,410                            |
| PARCC Readiness Aid                | 15-495-034-5120-098                        | 7/1/14-6/30/15      | 70,410                  | 70,410                            |

WEST ORANGE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

Summary of Auditors' Results: (Cont'd)

- The threshold for distinguishing Type A and Type B programs was \$300,000 for federal programs and \$448,958 for state programs.
- The single audit thresholds identified in Federal OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08 were \$500,000.
- The District was determined to be a "low-risk" auditee for both state and federal programs under the provisions of section 530 of the federal Circular for both its federal and state programs.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in section 510(a) of the federal Circular.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular and New Jersey's OMB Circulars 04-04 and 15-08.

WEST ORANGE SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Status of Prior Year Findings:

The District had no prior year audit findings.