

WEST ORANGE SCHOOL DISTRICT

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012**

**Comprehensive Annual
Financial Report**

of the

West Orange School District

West Orange, New Jersey

For the Fiscal Year Ended June 30, 2012

Prepared by

West Orange Board of Education Office

Mark A. Kenney

Business Administrator/Board Secretary

WEST ORANGE SCHOOL DISTRICT
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INTRODUCTORY SECTION
(UNAUDITED)

*West Orange Board of Education
Office of the Business Administrator
West Orange, New Jersey 07052
973-669-5400 – Ext. 211/212
FAX #: 973-669-8019*

*Mark A. Kenney, CPA
Business Administrator/
Board Secretary*

179 Eagle Rock Avenue

November 16, 2012

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, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi- year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey OMB's Circular 04-04, *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 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 2011-2012 fiscal year with an enrollment of 6,914 students, which is an increase of 44 students from the previous year's enrollment.

The Honorable President and Members of
the Board of Education
West Orange School District
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1) REPORTING ENTITY AND ITS SERVICES: (Cont'd)

The following table illustrates the District's changes in enrollments over the past ten years:

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2011-2012	6,914	0.64%
2010-2011	6,870	3.62%
2009-2010	6,630	1.42%
2008-2009	6,537	1.90%
2007-2008	6,415	-0.23%
2006-2007	6,430	1.44%
2005-2006	6,339	-1.43%
2004-2005	6,431	1.61%
2003-2004	6,329	2.63%
2002-2003	6,167	2.58%

2) ECONOMIC CONDITION AND OUTLOOK: As a result of the location and ambiance of the area, along with a notably good school system, West Orange is looked upon as one of the more desirable places to live. However, as a result of the financial crisis impacting both the country and the State of New Jersey, managing the school system has become a challenging proposition. State aid has improved but not back to previous levels.

3) MAJOR INITIATIVES: Dealing with the poor economic conditions will provide major challenges for the Business Administrator and the Superintendent of Schools. Some of the initiatives West Orange has taken to generate cost savings are as follows:

- Renewing an agreement with ACES to maintain utility costs
- Renewing an agreement with Educational Data Services to optimize purchasing and maintain minimal staffing in the Business Office
- Renewing an agreement with Pittsgrove Township Consortium for the efficient purchase of copy paper
- Renewing the contract with Hunterdon Educational Services Commission at a 2% increase

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.

The Honorable President and Members of
the Board of Education
West Orange School District
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November 16, 2012

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 voters of the municipality. 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, 2012.

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) DEBT ADMINISTRATION: As of June 30, 2012, the District's outstanding debt consists of \$37,557,000 in bonds payable relative to the capital referendum authorized by the voters on January 28, 2003 to construct a new middle school and renovate the existing elementary schools and Edison middle school and a capital referendum authorized by the voters on September 27, 2005 for various improvements to the District's buildings. The District also has \$38,870,000 in certificates of participation which were issued in connection with several capital projects for the construction of improvements and renovations to the District's various buildings and \$208,626 in capital leases payable for the acquisition of the District's telephone network. Additional details about the District's debt is contained in the "Notes to the Basic Financial Statements", Note 7.

8) 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.

9) 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.

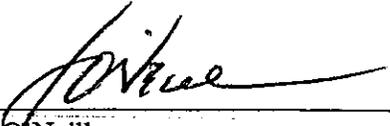
The District is a member of the New Jersey School Boards Association Insurance Group (NJSBAIG). The Group is a risk-sharing public entity risk pool that is both insured and self-administered group of school districts established for the purpose of providing low cost insurance coverage to its members. Additional information about NJSBAIG is included in Note 12 to the financial statements. The Board has chosen a self-insurance program for its workers' compensation claims up to \$375,000 (individually and in the aggregate) and has purchased commercial excess coverage for all claims above the self-insured retention amount.

The Honorable President and Members of
the Board of Education
West Orange School District
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November 16, 2012

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 Nonprofit Organizations*, and New Jersey OMB's Circular 04-04, *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 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,

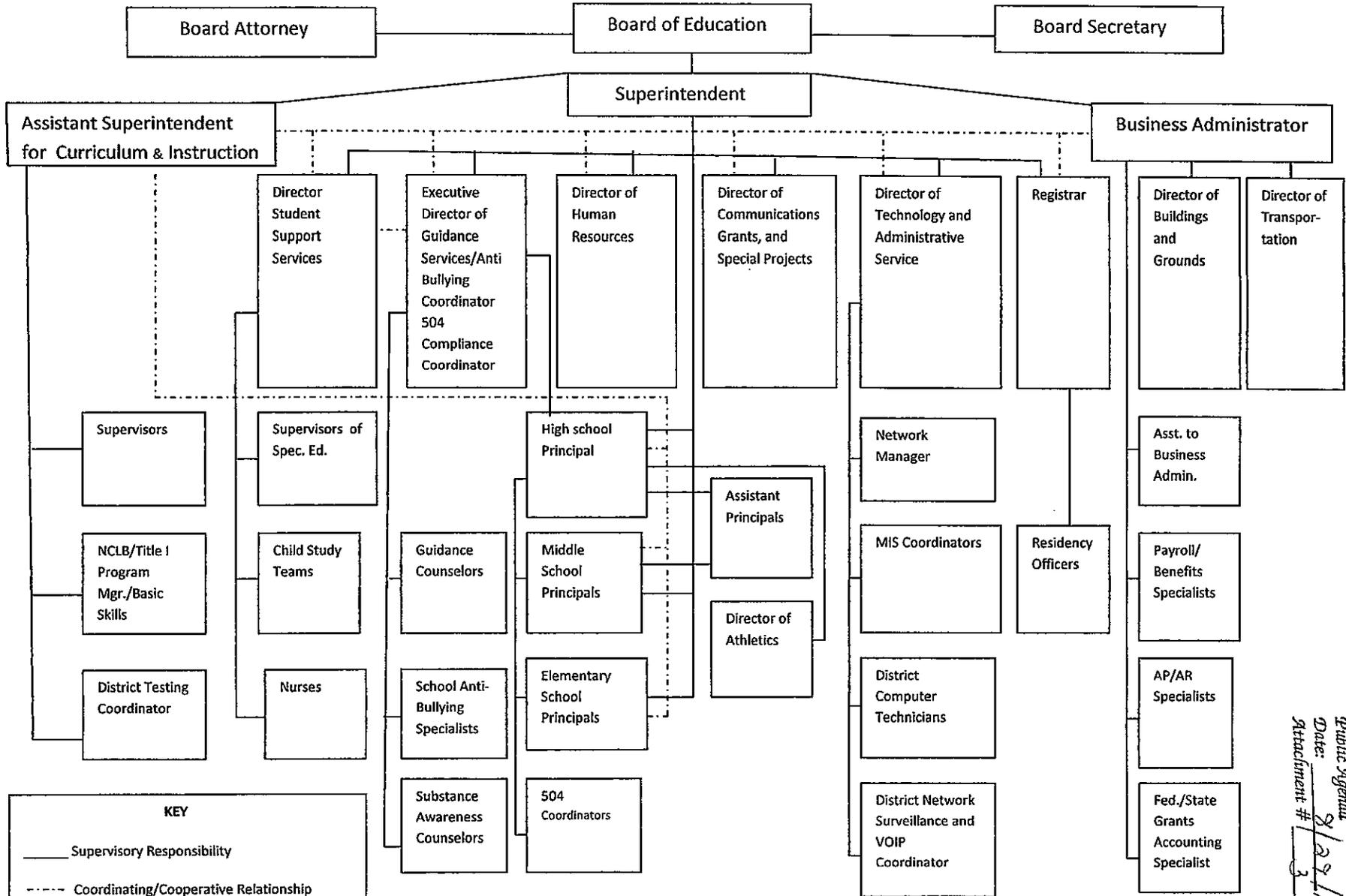


James O'Neill
Interim Superintendent of Schools



Mark A. Kenney
Business Administrator/Board Secretary

WEST ORANGE BOARD OF EDUCATION 2012-2013 ORGANIZATION CHART



KEY

—— Supervisory Responsibility

- - - - Coordinating/Cooperative Relationship

NOTE: Principals have the inherent obligation to supervise and evaluate anyone assigned to the building where they provide leadership.

Public Agenda
 Date: 8/29/12
 Attachment # 3

**WEST ORANGE SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2012**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Laura Lab, President	2014
Paul M. Petigrow, Vice President	2012
Megan Brill	2013
Michelle Casalino	2012
Sandra Mordecai	2013

<u>Other Officers</u>	<u>Title</u>
James O'Neill	Interim Superintendent of Schools
Mark A. Kenney	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
49 Mount Pleasant 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, NJ 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
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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

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 in the County of Essex as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements, as listed in the foregoing table of contents. These financial statements are the responsibility of the Board of Education's management. 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 *Governmental 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the West Orange School District in the County of Essex as of June 30, 2012, and the respective changes in financial position and where applicable, cash flows, thereof, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2012, on our consideration of the Board of Education of the West Orange School 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report, and 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the West Orange School District's financial statements. The accompanying supplementary information schedules such as the combining and individual non-major fund financial statements and the Schedules of Expenditures of Federal and State Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the financial statements as a whole. The accompanying other information, such as the introductory and statistical sections, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information 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.

Nisivoccia, LLP

NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell

Licensed Public School Accountant #884

Certified Public Accountant

November 16, 2012
Mount Arlington, New Jersey

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, 2012
(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, 2012. 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 assets were \$6,466,129 at June 30, 2012 which was comprised of \$60,084,494 from its governmental activities and \$381,635 from its business-type activities.
- The District's financial status improved \$3,407,644 over the past year on a district-wide basis. Total net assets increased 6.0% over the course of the year – primarily from its governmental activities.
- Overall revenue was \$146,623,288.
- Overall expenses were \$143,215,644.
- The net assets of the District's business-type activities decreased \$38,909 over the course of the year – primarily due to an increase in cost of sales, salaries and benefits.
- Capital asset additions were \$2,018,003 and consisted of \$5,000 of construction in the capital projects fund and \$2,013,003 of 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.
- *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, 2012
(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**

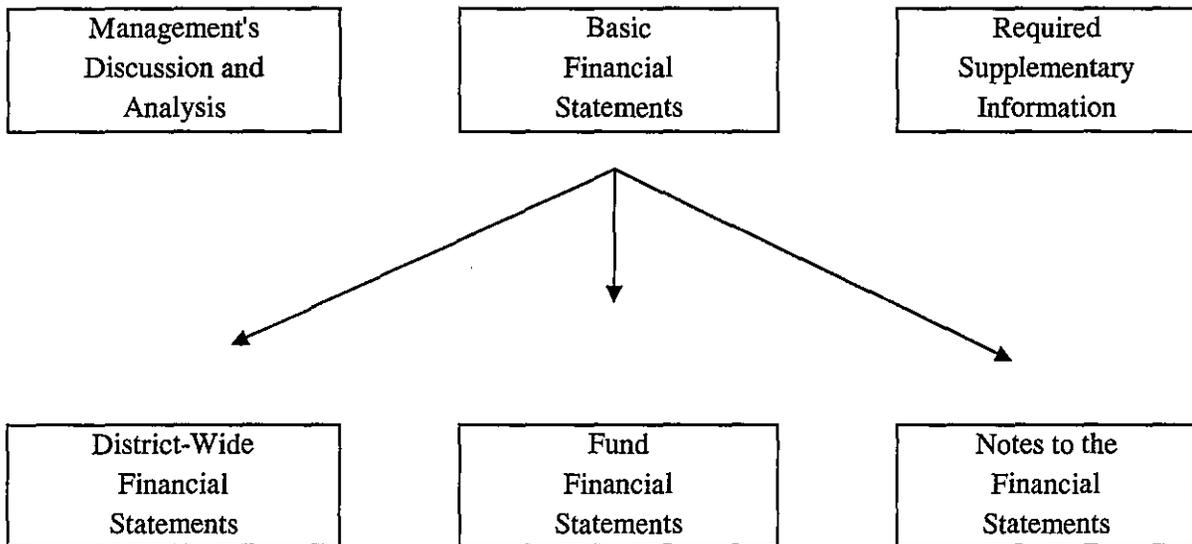


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents 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, 2012
(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"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenue, expenses, and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
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, 2012
(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 assets includes all of the District's assets 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 assets* and how they have changed. Examining net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net assets 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 is 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.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
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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 Assets. The District's *combined* net assets were \$3,407,644 higher on June 30, 2012, than they were the year before – increasing 6.0% to \$60,466,129. (See figure A-3). Most of this improvement in the District's financial position came from its governmental activities net assets which increased by \$3,446,553 to \$60,084,494. The District's business-type activities net assets decreased by \$38,909 to \$381,635.

Figure A-3

Condensed Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2012	2011	2012	2011	2012	2011	
Current and							
Other Assets	\$ 17,188,674	\$ 14,809,252	\$ 539,514	\$ 580,283	\$ 17,728,188	\$ 15,389,535	15.2%
Capital Assets	129,469,781	130,178,838	108,294	92,083	129,578,075	130,270,921	-0.5%
Total Assets	<u>146,658,455</u>	<u>144,988,090</u>	<u>647,808</u>	<u>672,366</u>	<u>147,306,263</u>	<u>145,660,456</u>	1.1%
Long-Term Debt							
Outstanding	73,791,402	78,657,821			73,791,402	78,657,821	-6.2%
Other Liabilities	12,782,559	9,692,328	266,173	251,822	13,048,732	9,944,150	31.2%
Total Liabilities	<u>86,573,961</u>	<u>88,350,149</u>	<u>266,173</u>	<u>251,822</u>	<u>86,840,134</u>	<u>88,601,971</u>	-2.0%
Net Assets:							
Invested in Capital Assets, Net of Related Debt	52,834,155	50,380,283	108,294	92,083	52,942,449	50,472,366	4.9%
Restricted	1,793,274	233,986			1,793,274	233,986	666.4%
Unrestricted	<u>5,457,065</u>	<u>6,023,672</u>	<u>273,341</u>	<u>328,461</u>	<u>5,730,406</u>	<u>6,352,133</u>	-9.8%
Total Net Assets	<u>\$ 60,084,494</u>	<u>\$ 56,637,941</u>	<u>\$ 381,635</u>	<u>\$ 420,544</u>	<u>\$ 60,466,129</u>	<u>\$ 57,058,485</u>	6.0%

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Financial Analysis of the District as a Whole

Changes in Net Assets. The District's combined net assets were \$60,466,129 on June 30, 2012, which is \$3,407,644 or 6.0% more than the year before. (See Figure A-3). The District's improved financial position came primarily from its governmental activities. Net assets invested in capital assets increased \$2,470,083 as a result of capital additions of \$2,055,882 (\$2,018,003 from governmental activities and \$37,879 from business-type activities) and the \$3,162,929 combined net reduction in related debt offset by \$2,748,728 of depreciation (\$2,727,060 from governmental activities and \$21,668 from business-type activities). Restricted net assets increased \$1,559,288 due to increases in debt service funds of \$215,069 and excess surplus of \$1,349,219 offset by a decrease in capital projects funds of \$5,000. Unrestricted net assets decreased \$621,727 in governmental activities as a result of increases in compensated absences of \$798,500 and bond premiums of \$2,730,173 and decreases in unassigned fund balance of \$589,718 offset by increases in year-end encumbrances of \$232,339, bond issuance costs of \$237,579, deferred interest on bond refundings of \$2,435,785, surplus used to support the 2012/13 budget of \$520,000 and decreases in the pension deferral of \$66,205 and bond interest payable of \$59,876. The net assets of the business-type activities decreased \$38,909. (See Figure A-4).

Figure A-4

Changes in Net Assets from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		% Change
	2012	2011	2012	2011	2012	2011	
Revenue:							
Program Revenue:							
Charges for Services	\$ 445,612	\$ 194,732	\$ 1,516,275	\$ 1,498,628	\$ 1,961,887	\$ 1,693,360	15.9%
Operating Grants & Contributions	17,292,453	13,605,856	1,632,067	1,524,590	18,924,520	15,130,446	25.1%
Capital Grants & Contributions		43,124				43,124	-100.0%
General Revenue:							
Property Taxes	119,826,183	120,749,292			119,826,183	120,749,292	-0.8%
State and Federal Aid	4,846,412	6,105,727			4,846,412	6,105,727	-20.6%
Other	1,064,213	538,625	73	64	1,064,286	538,689	97.6%
Total Revenue	<u>143,474,873</u>	<u>141,237,356</u>	<u>3,148,415</u>	<u>3,023,282</u>	<u>146,623,288</u>	<u>144,260,638</u>	1.6%
Expenses:							
Instruction	81,063,853	79,680,893			81,063,853	79,680,893	1.7%
Pupil/Instruction Services	23,340,530	22,955,907			23,340,530	22,955,907	1.7%
Administration/Business	10,815,243	11,032,613			10,815,243	11,032,613	-2.0%
Maintenance/Operations	11,074,567	11,044,828			11,074,567	11,044,828	0.3%
Transportation	8,086,301	7,789,494			8,086,301	7,789,494	3.8%
Other	5,647,826	6,109,126	3,187,324	2,995,896	8,835,150	9,105,022	-3.0%
Total Expenses	<u>140,028,320</u>	<u>138,612,861</u>	<u>3,187,324</u>	<u>2,995,896</u>	<u>143,215,644</u>	<u>141,608,757</u>	1.1%
Change in Net Assets	<u>\$ 3,446,553</u>	<u>\$ 2,624,495</u>	<u>\$ (38,909)</u>	<u>\$ 27,386</u>	<u>\$ 3,407,644</u>	<u>\$ 2,651,881</u>	28.5%

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Revenue Sources. The District's total revenue for the 2011/2012 school year was \$146,623,288. (See Figure A-5). Property taxes accounted for most of the District's revenue and constituted \$119,826,183 of the total, or 81.72%. State and federal aid for specific programs and grants comprised \$23,770,932 of the total, or 16.21%. Charges for services and miscellaneous revenue constituted \$3,026,173, or 2.07% of total revenue.

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

Sources of Income:	Percentage		Percentage	
State Formula Aid	\$ 5,631,601	3.84%	\$ 4,114,323	2.85%
Property Taxes	119,826,183	81.72%	120,749,292	83.70%
Federal & State Categorical Grants	18,139,331	12.37%	17,164,974	11.90%
Charges for Services	1,961,887	1.34%	1,693,360	1.18%
Other	1,064,286	0.73%	538,689	0.37%
	<u>\$ 146,623,288</u>	<u>100.00%</u>	<u>\$ 144,260,638</u>	<u>100.00%</u>

The total cost of all programs and services was \$143,215,644. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students and constitute \$112,490,684, or approximately 78.55%, of total expenses. (See Figure A-6). The District's administrative and business activities accounted for \$10,815,243, or 7.55%, maintenance and operations was \$11,074,567, or 7.73%, and other costs which include \$3,140,282 of interest on long-term debt, \$2,507,544 of unallocated depreciation of capital assets, and \$3,187,324 of business-type activities expenses and represented \$8,835,150, or 6.17%, of total costs. These figures reflect less than a 1% increase in instructional costs over the previous year and derive largely from salary increases for teachers and other instructional staff.

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

Expense Category:	Percentage		Percentage	
Instruction	\$ 81,063,853	56.60%	\$ 79,680,893	56.27%
Pupil and Instruction Services	23,340,530	16.30%	22,955,907	16.21%
Administration and Business	10,815,243	7.55%	11,032,613	7.79%
Maintenance and Operations	11,074,567	7.73%	11,044,828	7.80%
Transportation	8,086,301	5.65%	7,789,494	5.50%
Other	8,835,150	6.17%	9,105,022	6.43%
	<u>\$ 143,215,644</u>	<u>100.00%</u>	<u>\$ 141,608,757</u>	<u>100.00%</u>

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Governmental Activities

The District's financial position increased modestly (6%) as a result of increases in state aid for operating purposes. Maintaining existing programs with increased 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 expenditures carefully. Increasing parental and student demands for new activities and programs must be evaluated thoroughly.

Among the many significant cost savings actions implemented during the year were:

- Renegotiation of health benefits contracts and favorable experience ratings has helped to contain health benefit costs through lower increases and a reduction in premiums and costs.
- An average of 97 employees per year have chosen salary adjustments in lieu of traditional health benefits coverage that has resulted in over \$4 million savings over the past five years.
- New contracts were negotiated for snow removal that required lower retainer fees and a general reduction in overall costs for the past three 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 by \$168,000 annually. 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 and improvements to the track and ball field.
- Renegotiation of bus contracts and tiered the routes which reduced transportation costs by \$340,000.
- A change in health plans offered to employees from a PPO to a Direct Access Plan saved \$997,000 annually.
- A change in prescription benefit plans will save \$368,000 annually.
- The callable portion of the 2003 serial bond issue was refinanced for a first year savings of \$392,000 and a \$2,067,000 savings during the remaining life of the issue.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
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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**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
Instruction	\$ 81,063,853	\$ 79,680,893	\$ 67,527,247	\$ 70,366,225
Pupil and Instruction Services	23,340,530	22,955,907	20,164,465	19,455,253
Administration and Business	10,815,243	11,032,613	9,926,323	10,249,664
Maintenance and Operations	11,074,567	11,044,828	11,074,567	11,001,704
Transportation	8,086,301	7,789,494	7,949,827	7,587,177
Other	5,647,826	6,109,126	5,647,826	6,109,126
	<u>\$ 140,028,320</u>	<u>\$ 138,612,861</u>	<u>\$ 122,290,255</u>	<u>\$ 124,769,149</u>

Governmental Activities

- The cost of all governmental activities this year was \$140,028,320.
- The federal and state governments subsidized certain programs with grants and contributions (\$18,139,331).
- Most of the District's costs were financed by \$119,826,183 of District taxes.
- A portion of governmental activities was financed with \$5,631,601 in state aid based upon the CEIFA formula.
- The remainder of the funding came from charges for services (\$445,612) and miscellaneous revenue and investment earnings (\$1,064,213).

Business-Type Activities

Net assets from the District's business-type activities decreased \$38,909 primarily due to an increase in cost of sales, salaries and benefits during the year. (Refer to Figure A-4).

Financial Analysis of the District's Funds

The District's General Fund financial position has increased by \$1,773,776 (on the budgetary basis). Local revenue exceeded the original budget by \$649,933. State Extraordinary Aid and Nonpublic Transportation Aid exceeded the anticipated amount in the current budget by \$940,924 in State revenue and can be appropriated by Board resolution in the subsequent year. Also, a freeze was placed on spending early in the year and resulted in the District under spending its budget by \$2,382,531 (of which \$1,151,226 was

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Financial Analysis of the District's Funds (Cont'd)

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 Capital Projects Fund financial position has decreased \$5,000 over the course of the year. During the fiscal year, \$2,892 of interest earnings were transferred to the General Fund and \$5,000 was expended for construction. The unexpended balance is comprised primarily of unexpended authorizations from the 2005 authorization for HVAC/Mechanical systems and sound and lighting upgrades.

The District's Debt Service Fund financial position has increased by \$215,069 during the year as a result of the current year savings generated by refunding a portion of the District's 2003 school bonds. 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.

Capital Asset and Debt Administration

**Figure A-8
Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Percent Change
Land	\$ 1,000,000	\$ 1,000,000			\$ 1,000,000	\$ 1,000,000	
Buildings & Bldg. Imps.	72,165,378	72,719,105			72,165,378	72,719,105	-0.8%
Machinery & Equipment	2,451,062	2,611,392	\$ 108,294	\$ 92,083	2,559,356	2,703,475	-5.3%
Construction in Progress	53,853,341	53,848,341			53,853,341	53,848,341	0.0%
Total	\$ 129,469,781	\$ 130,178,838	\$ 108,294	\$ 92,083	\$ 129,578,075	\$ 130,270,921	-0.5%

By the end of 2012, the District had invested \$129,578,075 in a broad range of capital assets, including school buildings, athletic facilities, computer and audiovisual equipment, and administrative offices. (See Figure A-8). This amount represents a \$692,846 or .5% decrease from last year. (More detailed information about capital assets can be found in Note 6 to the financial statements.) During the 2011/2012 school year, the District had \$2,055,882 in capital asset additions (\$2,018,003 from governmental activities which consisted of \$5,000 from continued construction of capital projects and \$2,013,003 of current year budgeted capital outlay projects and \$37,879 from business-type activities for the purchase of equipment). These additions were offset by \$2,748,728 in depreciation expense (\$2,727,060 from governmental activities and \$21,668 from business-type activities).

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
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Long-term Debt

At year-end, the District had \$73,791,402 in net long-term debt including bonds, lease-purchase obligations and other long-term debt outstanding – a decrease of \$4,866,419 from last year – a decrease of 6.2% - 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
	2012	2011	
Bonds Payable			
(Financed with Property Taxes), Net	\$ 34,963,466	\$ 38,991,000	-10.3%
Lease-Purchase Obligations (COP's)	36,092,061	37,514,312	-3.8%
Other Long-Term Liabilities	2,735,875	2,152,509	27.1%
	<u>\$ 73,791,402</u>	<u>\$ 78,657,821</u>	-6.2%

- The District issued \$31,535,000 of refunding bonds and defeased a portion of its 2003 school bonds which resulted in a \$1,434,000 overall reduction in bonds payable, retired \$1,580,000 of outstanding lease-purchase obligations (COP's), retired \$148,929 of capital leases, retired \$66,205 of its deferred pension obligation and deferred an additional \$2,435,785 of interest on bond refundings during the fiscal year.
- The District's compensated absences payable increased by \$798,500 which included current year accrued days and changes in contractual provisions.

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:

- A memorandum of agreement was reached with the West Orange Education Association for a contract extension from June 2011 through June 2015 stipulating a 2% increase in the first year of the contract. The net cost in the remaining year will be lower due to health & prescription benefit changes.
- 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, many of the needed capital improvements will have to be funded with budgetary appropriations.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
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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

Exhibit A-1

WEST ORANGE SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 13,620,645	\$ 342,170	\$ 13,962,815
Internal Balances	(30,000)	30,000	
Receivables from Other Governments	2,981,067	101,779	3,082,846
Other Receivables	62,708	27,010	89,718
Inventory		38,555	38,555
Unamortized Bond and COP Issuance Costs	554,253		554,253
Restricted Assets:			
Cash and Cash Equivalents	1		1
Capital Assets, Net:			
Land and Construction in Progress	54,853,341		54,853,341
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	74,616,440	108,294	74,724,734
Total Assets	<u>146,658,455</u>	<u>647,808</u>	<u>147,306,263</u>
LIABILITIES			
Accounts Payable	5,301,565	266,173	5,567,738
Accrued Interest Payable	690,075		690,075
Loss Reserves for Workers' Compensation Claims	848,904		848,904
Interfund Payable	3,080,058		3,080,058
Payable to Other Governments	56,362		56,362
Deferred Revenue	75,422		75,422
Unamortized Bond Premiums, Net	2,730,173		2,730,173
Noncurrent Liabilities:			
Due Within One Year	3,371,529		3,371,529
Due Beyond One Year	70,419,873		70,419,873
Total Liabilities	<u>86,573,961</u>	<u>266,173</u>	<u>86,840,134</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	52,834,155	108,294	52,942,449
Restricted for:			
Debt Service	389,190		389,190
Capital Projects	54,865		54,865
Other Purposes	1,349,219		1,349,219
Unrestricted	5,457,065	273,341	5,730,406
Total Net Assets	<u>\$ 60,084,494</u>	<u>\$ 381,635</u>	<u>\$ 60,466,129</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, 2012

<u>Functions/Programs</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental Activities:						
Instruction:						
Regular	\$ 63,124,740		\$ 7,968,110	\$ (55,156,630)		\$ (55,156,630)
Special Education	13,859,402		5,568,496	(8,290,906)		(8,290,906)
Other Special Instruction	2,713,054			(2,713,054)		(2,713,054)
Other Instruction	1,366,657			(1,366,657)		(1,366,657)
Support services:						
Tuition	7,653,063	\$ 445,612	186,499	(7,020,952)		(7,020,952)
Student & Instruction Related Services:	15,687,467		2,543,954	(13,143,513)		(13,143,513)
General Administration Services	1,554,498		76,548	(1,477,950)		(1,477,950)
School Administration Services	8,015,389		704,247	(7,311,142)		(7,311,142)
Central Services	1,245,356		108,125	(1,137,231)		(1,137,231)
Plant Operations and Maintenance	11,074,567			(11,074,567)		(11,074,567)
Pupil Transportation	8,086,301		136,474	(7,949,827)		(7,949,827)
Interest on Long-Term Debt	3,140,282			(3,140,282)		(3,140,282)
Unallocated Depreciation	2,507,544			(2,507,544)		(2,507,544)
Total Governmental Activities	140,028,320	445,612	17,292,453	(122,290,255)		(122,290,255)

WEST ORANGE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Functions/Programs</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Business-Type Activities:						
Food Service	\$ 3,187,324	\$ 1,516,275	\$ 1,632,067		\$ (38,982)	\$ (38,982)
Total Business-Type Activities	3,187,324	1,516,275	1,632,067		(38,982)	(38,982)
Total Primary Government	<u>\$ 143,215,644</u>	<u>\$ 1,961,887</u>	<u>\$ 18,924,520</u>	<u>\$ (122,290,255)</u>	<u>(38,982)</u>	<u>(122,329,237)</u>
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				114,498,112		114,498,112
Taxes Levied for Debt Service				5,328,071		5,328,071
State and Federal Aid not Restricted				4,846,412		4,846,412
Investment Earnings				21,484	73	21,557
Miscellaneous Income				542,729		542,729
Transfers				500,000		500,000
Total General Revenue and Transfers				<u>125,736,808</u>	<u>73</u>	<u>125,736,881</u>
Change in Net Assets				3,446,553	(38,909)	3,407,644
Net Assets - Beginning				<u>56,637,941</u>	<u>420,544</u>	<u>57,058,485</u>
Net Assets - Ending				<u>\$ 60,084,494</u>	<u>\$ 381,635</u>	<u>\$ 60,466,129</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, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 11,441,231		\$ 1,894,696	\$ 284,718	\$ 13,620,645
Interfund Receivable	2,115,061		63,500	104,472	2,283,033
Receivables from Federal Government	39,835	\$ 849,527			889,362
Receivables from State Government	1,940,567	6,271	144,867		2,091,705
Other Receivables	62,708				62,708
Restricted Cash and Cash Equivalents	1				1
Total Assets	\$ 15,599,403	\$ 855,798	\$ 2,103,063	\$ 389,190	\$ 18,947,454
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	4,807,389	494,176			5,301,565
Interfund Payable	3,041,376	303,516	2,048,199		5,393,091
Loss Reserves for Workers' Compensation Claims	848,904				848,904
Payable to State Government		56,362			56,362
Deferred Revenue	73,678	1,744			75,422
Total Liabilities	8,771,347	855,798	2,048,199		11,675,344
Fund Balances:					
Restricted for:					
Capital Reserve Account	1				1
Capital Projects			54,864		54,864
Debt Service				389,190	389,190
Excess Surplus	1,349,219				1,349,219

WEST ORANGE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Fund Balances:					
Assigned:					
Year - End Encumbrances	\$ 1,151,226				\$ 1,151,226
Designated for Subsequent Year's Expenditures	1,500,000				1,500,000
Unassigned	2,827,610				2,827,610
Total Fund Balances	6,828,056		\$ 54,864	\$ 389,190	7,272,110
Total Liabilities and Fund Balances	<u>\$ 15,599,403</u>	<u>\$ 855,798</u>	<u>\$ 2,103,063</u>	<u>\$ 389,190</u>	<u>\$ 18,947,454</u>

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

Fund Balances (Above)	\$ 7,272,110
Capital assets used in Governmental Activities are not financial resources, and therefore are not reported in the funds. The cost of the assets is \$157,779,791 and the accumulated depreciation is \$28,310,010.	129,469,781
Long-term liabilities are not due and payable in the current period, and therefore are not reported as liabilities in the funds.	(73,791,402)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as a current expenditure when due.	(690,075)
Bond issuance costs are reported as expenditures in the governmental funds in the year of expenditure. The cost is \$1,774,592 and accumulated amortization is \$1,220,339.	554,253
Bond Premiums are reported as revenue in the Funds. These premiums total \$2,730,173 and the accumulated amortization is \$-0-.	(2,730,173)
Net Assets of Governmental Activities (Exhibit A-1)	<u>\$ 60,084,494</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, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 114,498,112			\$ 5,328,071	\$ 119,826,183
Tuition Charges	445,612				445,612
Miscellaneous	561,321	\$ 44,695	\$ 2,892		608,908
Total - Local Sources	115,505,045	44,695	2,892	5,328,071	120,880,703
State Sources	16,941,095	426,268		961,638	18,329,001
Federal Sources	469,610	3,295,559			3,765,169
Total Revenue	132,915,750	3,766,522	2,892	6,289,709	142,974,873
EXPENDITURES:					
Current:					
Regular Instruction	41,285,192	518,021			41,803,213
Special Education Instruction	12,030,665	1,747,609			13,778,274
Other Special Instruction	2,744,983				2,744,983
Other Instruction	1,366,657				1,366,657
Support Services and Undistributed Costs:					
Tuition	7,466,564	186,499			7,653,063
Student & Instruction Related Services	10,647,271	1,310,720			11,957,991
General Administration Services	1,415,161				1,415,161
School Administration Services	5,744,918				5,744,918
Central Services	917,106				917,106
Plant Operations and Maintenance	9,142,144				9,142,144
Pupil Transportation	7,541,259				7,541,259
Unallocated Benefits	29,259,331				29,259,331

WEST ORANGE SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd):					
Capital Outlay	\$ 2,345,551	\$ 3,673	\$ 5,000		\$ 2,354,224
Debt Service:					
Principal				\$ 3,140,000	3,140,000
Interest and Other Charges				2,934,640	2,934,640
Total Expenditures	<u>131,906,802</u>	<u>3,766,522</u>	<u>5,000</u>	<u>6,074,640</u>	<u>141,752,964</u>
Excess/(Deficiency) of Revenue over/(under) Expenditures	<u>1,008,948</u>		<u>(2,108)</u>	<u>215,069</u>	<u>1,221,909</u>
OTHER FINANCING SOURCES/(USES):					
Transfers In	502,892				502,892
Transfers Out			(2,892)		(2,892)
School Refunding Bonds Issued				31,535,000	31,535,000
School Bonds Defeased				(31,409,000)	(31,409,000)
Bond Issuance Costs				(262,639)	(262,639)
Bond Premiums				2,730,173	2,730,173
Deferred Bond Interest				(2,593,534)	(2,593,534)
Total Other Financing Sources/(Uses)	<u>502,892</u>		<u>(2,892)</u>		<u>500,000</u>
Net Change in Fund Balances	1,511,840		(5,000)	215,069	1,721,909
Fund Balance—July 1	<u>5,316,216</u>		<u>59,864</u>	<u>174,121</u>	<u>5,550,201</u>
Fund Balance—June 30	<u>\$ 6,828,056</u>	<u>\$ -0-</u>	<u>\$ 54,864</u>	<u>\$ 389,190</u>	<u>\$ 7,272,110</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, 2012

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)		\$ 1,721,909
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 depreciation exceeded capital outlays in the period.		
	Depreciation Expense	\$ (2,727,060)
	Capital Outlays	2,018,003
		(709,057)
Proceeds from debt issued for the advanced refunding less the amount of bonds defeased are not recorded in the Governmental Funds.		
	School Refunding Bonds Issued	\$ (31,535,000)
	School Bonds Defeased	31,409,000
	Bond Issuance Costs	262,639
	Bond Premiums	(2,730,173)
	Deferred Bond Interest	2,593,534
		-0-
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 (+).		
		(798,500)
Repayment of bonds payable is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.		
		1,560,000
Repayment of Certificates of Participation is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.		
		1,580,000
Repayment of capital leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.		
		148,929
The pension deferral liability is deferred and amortized in the statement of activities, whereas this amount is not reported in the governmental funds.		
		66,205
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. (+)		
		59,876
The Governmental Funds report the effect of issuance costs and deferred interest when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities (-).		
		(182,809)
Change in Net Assets of Governmental Activities (Exhibit A-2)		\$ 3,446,553

Exhibit B-4

WEST ORANGE SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	<u>Business-Type Activities Enterprise Funds</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 342,170
Accounts Receivable:	
State	2,340
Federal	99,439
Other - Special Functions	27,010
Interfund Receivable - General Fund	30,000
Inventories	<u>38,555</u>
Total Current Assets	<u>539,514</u>
Non-Current Assets:	
Capital Assets	
Equipment and Furniture	530,608
Less: Accumulated Depreciation	<u>(422,314)</u>
Total Non-Current Assets	<u>108,294</u>
Total Assets	<u>647,808</u>
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	<u>266,173</u>
Total Current Liabilities	<u>266,173</u>
<u>NET ASSETS:</u>	
Investment in Capital Assets, Net of Related Debt	108,294
Unrestricted	<u>273,341</u>
Total Net Assets	<u>\$ 381,635</u>

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

WEST ORANGE SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Business-Type Activities Enterprise Funds</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 1,103,562
Daily Sales - Non-Reimbursable Programs	275,915
Special Events	136,798
	<hr/>
Total Operating Revenue	1,516,275
	<hr/>
Operating Expenses:	
Cost of Sales	1,181,504
Salaries, Benefits & Payroll Taxes	1,217,106
Supplies & Other Costs	522,821
Food Service Management Fee	244,225
Depreciation	21,668
	<hr/>
Total Operating Expenses	3,187,324
	<hr/>
Operating Loss	(1,671,049)
	<hr/>
Non-Operating Revenue:	
Local Sources:	
Interest Income	73
State Sources:	
State School Lunch Program	35,234
Federal Sources:	
National School Lunch Program	1,198,999
School Breakfast Program	233,010
Food Distribution Program	25,318
Fresh Fruit and Vegetable Program	139,506
	<hr/>
Total Non-Operating Revenue	1,632,140
	<hr/>
Change in Net Assets	(38,909)
	<hr/>
Net Assets - Beginning of Year	420,544
	<hr/>
Net Assets - End of Year	\$ 381,635
	<hr/> <hr/>

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, 2012

	<u>Business-Type Activities</u> <u>Enterprise Funds</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 1,499,185
Payments to Employees	(1,217,106)
Payments for Food Service Vendor	(244,225)
Payments to Suppliers	(1,557,394)
Net Cash Used for Operating Activities	<u>(1,519,540)</u>
Cash Flows from Noncapital Financing Activities:	
Cash Received from State Subsidy Reimbursements	35,762
Cash Received from Federal Subsidy Reimbursements	1,440,457
Cash Received from Fresh Fruit and Vegetable Program	25,828
Net Cash Provided by Noncapital Financing Activities	<u>1,502,047</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(37,879)
Net Cash Used for Capital and Related Financing Activities	<u>(37,879)</u>
Cash Flows from Investing Activities:	
Interest on Investments	73
Net Cash Provided by Investing Activities	<u>73</u>
Net Decrease in Cash and Cash Equivalents	(55,299)
Cash and Cash Equivalents, July 1	<u>397,469</u>
Cash and Cash Equivalents, June 30	<u>\$ 342,170</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (1,671,049)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	21,668
Federal Food Distribution Program	139,506
Changes in Assets and Liabilities:	
(Decrease) in Accounts Receivable	(17,090)
(Increase) in Inventories	(6,926)
Increase in Accounts Payable	14,351
Net Cash Used for Operating Activities	<u>\$ (1,519,540)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized USDA Donated Commodities through the Food Distribution Program valued at \$139,506 during the fiscal year ended June 30, 2012.

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

WEST ORANGE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>
<u>ASSETS:</u>		
Cash and Cash Equivalents	\$ 515,732	\$ 373,818
Interfund Receivable	3,080,058	
Total Assets	<u>3,595,790</u>	<u>373,818</u>
<u>LIABILITIES:</u>		
Accrued Salaries and Wages	3,080,058	
Payroll Deductions and Withholdings	75,220	
Due to Student Groups	440,512	
Total Liabilities	<u>3,595,790</u>	
<u>NET ASSETS:</u>		
Held in Trust for Unemployment Claims		<u>373,818</u>
Total Net Assets	<u>\$ - 0 -</u>	<u>\$ 373,818</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 ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Plan Members (Employees)	\$ 104,576
Total Contributions	<u>104,576</u>
Investment Earnings:	
Interest	<u>1,104</u>
Net Investment Earnings	<u>1,104</u>
Total Additions	<u>105,680</u>
DEDUCTIONS:	
Unemployment Compensation Claims	<u>254,196</u>
Total Deductions	<u>254,196</u>
Operating Transfers Out - General Fund	<u>500,000</u>
Change in Net Assets	(648,516)
Net Assets - Beginning of the Year	<u>1,022,334</u>
Net Assets - End of the Year	<u>\$ 373,818</u>

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, 2012

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, 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 elementary schools, middle schools and a senior high school 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 assets 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, 2012
(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, 2012
(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 Food Service Fund accounts for the revenue and expenses of the District's cafeteria operations, generally the school hot lunch program. The Enterprise Fund is 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 and Unemployment Compensation Insurance 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 assets 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.

Reports for the District's Enterprise Fund are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

WEST ORANGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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, 2012 was submitted to the County office and was voted upon at the school election on the fourth Wednesday in April, 2011. 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.

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants receivable. These grants are recognized on the budgetary basis in full at the time of the award but are recognized on the GAAP basis as they are expended and requested for reimbursement.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 133,177,686	\$ 3,751,423
Difference - Budget to GAAP:		
Grant accounting Budgetary Basis differs from GAAP in that the Budgetary basis recognizes encumbrances as expenditure and revenue whereas the GAAP basis does not.		15,099
Prior year State Aid payments recognized for GAAP statements, not recognized for budgetary purposes.	298,143	
Current year State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.	<u>(560,079)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 132,915,750</u>	<u>\$ 3,766,522</u>

WEST ORANGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

D. Budgets/Budgetary Control:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 131,906,802	\$ 3,751,423
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year supplies are received for financial reporting purposes.		<u>15,099</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 131,906,802</u>	<u>\$ 3,766,522</u>
		<u>Capital Projects Fund</u>
Amount Per Summary Schedule of Revenue, Expenditures and Changes in Fund Balance (Budgetary Basis) (per Exhibit F-1)		\$ 87,550
SDA Grant revenue/receivable not recognized for GAAP statements		<u>(32,686)</u>
Amount Per Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds (GAAP Basis) (per Exhibit B-2)		<u>\$ 54,864</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.

WEST ORANGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

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 assets, except for amounts due between governmental and business-type activities, which are presented as internal balances.

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, 2012.

WEST ORANGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

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:

	<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, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental funds upon acquisition. Fixed 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. Bonds issuance costs, as well as applicable 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, governmental fund types recognize bond discounts, as well as bond issuance costs, as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

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 Assets*, 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.

WEST ORANGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

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, 2012, the amount earned by these employees but not disbursed was \$3,080,058.

O. Deferred Revenue:

Deferred 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 \$6,828,056 General Fund balance at June 30, 2012, \$2,651,226 is assigned fund balance of which \$1,151,226 is for year-end encumbrances and \$1,500,000 has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2013; \$1 is restricted in the capital reserve account; \$1,349,219 is restricted for current year excess surplus in accordance with N.J.S.A.18A:7F (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2014; and \$2,827,610 is unassigned fund balance which is \$560,079 less on the GAAP basis because the last two state aid payments are not recognized on a GAAP basis.

Capital Projects Fund: The \$54,864 Capital Projects Fund balance at June 30, 2012 is restricted for project expenditures.

Debt Service Fund: The \$389,190 Debt Service Fund balance at June 30, 2012 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 excess surplus as noted above.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$560,079 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.

WEST ORANGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

Q. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

R. Fund Balance Restrictions, Commitments and Assignments

The District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the prior fiscal year. The objective of this standard is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions (as detailed in Note 1B). This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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 excess surplus, capital reserve, capital projects 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 of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2012.

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 \$1,151,226 for year-end encumbrances and \$1,500,000 for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2012.

WEST ORANGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

S. 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.

T. 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.

U. 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.

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.

WEST ORANGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investments Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned

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 below and 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.

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%.

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;

WEST ORANGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

Investments:

- (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, 2012, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents	Restricted - Capital Reserve	Total
Checking Accounts	\$ 14,852,365	\$ 1	\$ 14,852,366

During the period ended June 30, 2012, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2012, was \$14,852,366 and the bank balance was \$17,211,553.

NOTE 4. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2012, the District transferred \$136,000 to equipment capital outlay accounts and therefore did not require approval from the County Superintendent.

WEST ORANGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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.

Beginning Balance, July 1, 2011	\$ 1
Ending Balance, June 30, 2012	\$ 1

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2012 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 1,000,000			\$ 1,000,000
Construction in Progress	53,848,341	\$ 5,000		53,853,341
Total Capital Assets Not Being Depreciated	54,848,341	5,000		54,853,341
Capital Assets Being Depreciated:				
Buildings and Building Improvements	90,941,071	1,749,861		92,690,932
Machinery and Equipment	9,972,376	263,142		10,235,518
Total Capital Assets Being Depreciated	100,913,447	2,013,003		102,926,450
Governmental Activities Capital Assets	155,761,788	2,018,003		157,779,791
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(18,221,966)	(2,303,588)		(20,525,554)
Machinery and Equipment	(7,360,984)	(423,472)		(7,784,456)
	(25,582,950)	(2,727,060)		(28,310,010)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 130,178,838	\$ (709,057)	\$ - 0 -	\$ 129,469,781
Business-Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 492,729	\$ 37,879		\$ 530,608
Less Accumulated Depreciation	(400,646)	(21,668)		(422,314)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 92,083	\$ 16,211	\$ - 0 -	\$ 108,294

WEST ORANGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

During the year, the District expended \$2,018,003 on the construction of various capital projects and the acquisition of equipment.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 146,991
Student and Instruction Related Services	1,846
General Administrative Services	1,649
School Administrative Services	1,366
Central Services	104
Operations and Maintenance of Plant	36,032
Pupil Transportation	31,528
Unallocated	<u>2,507,544</u>
	<u>\$ 2,727,060</u>

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2012, the following changes occurred in liabilities reported in the District-wide financial statements:

	<u>Balance 6/30/2011</u>	<u>Accrued</u>	<u>Retired/ Defeased</u>	<u>Balance 6/30/2012</u>
Bonds Payable	\$ 38,991,000	\$ 31,535,000	\$ 32,969,000	\$ 37,557,000
Certificates of Participation Payable	40,450,000		1,580,000	38,870,000
Less: Deferred Amount on Refunding	<u>(2,935,688)</u>	<u>(2,593,534)</u>	<u>(157,749)</u>	<u>(5,371,473)</u>
Net Bonds Payable and Certificates of Participation Payable	76,505,312	28,941,466	34,391,251	71,055,527
Capital Leases Payable	357,555		148,929	208,626
PERS Pension Deferral	463,202		66,205	396,997
Compensated Absences Payable	<u>1,331,752</u>	<u>\$ 870,573</u>	<u>72,073</u>	<u>2,130,252</u>
	<u>\$ 78,657,821</u>	<u>\$ 29,812,039</u>	<u>\$ 34,678,458</u>	<u>\$ 73,791,402</u>

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 July 29, 2003, the District issued \$38,689,000 of School Bonds. Proceeds from the bonds were authorized to be used for the construction of a new middle school and renovations to the District's existing elementary schools and Edison Middle School pursuant to the January 28, 2003 voter referendum. The bonds mature in serial installments due November 1, 2004 through November 1, 2027 at interest rates ranging from 2.0% to 4.375% over the life of the issue.

WEST ORANGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

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

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

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

The District had School Bonds and Certificates of Participation (COP's) outstanding as of June 30, 2012 as follows:

Serial Bonds Payable

\$38,689,000 School Bonds Dated July 29, 2003

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal Outstanding</u>
11/01/12	4.250%	\$ 1,365,000
11/01/13	4.250%	1,420,000
		<u>\$ 2,785,000</u>

WEST ORANGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

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

Serial Bonds Payable

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

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal Outstanding</u>
07/15/12	4.250%	\$ 265,000
07/15/13	4.250%	275,000
07/15/14	4.250%	285,000
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>\$ 3,237,000</u>

Serial Bonds Payable

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

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal Outstanding</u>
11/01/14	3.000%	\$ 1,100,000
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>\$ 31,535,000</u>
	Total Serial Bonds Payable	<u><u>\$ 37,557,000</u></u>

WEST ORANGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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 Date</u>	<u>Interest Rate</u>	<u>Principal Outstanding</u>
10/01/12	5.000%	\$ 405,000
10/01/13	5.125%	425,000
10/01/14	5.125%	445,000
10/01/15	5.125%	470,000
10/01/16	5.125%	260,000
		<u>\$ 2,005,000</u>

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

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal Outstanding</u>
10/01/12	3.25%	\$ 1,210,000
10/01/13	3.60%	1,255,000
10/01/14	3.70%	1,305,000
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>\$ 31,280,000</u>

WEST ORANGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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 Date</u>	<u>Interest Rate</u>	<u>Principal Outstanding</u>
10/01/12	4.00%	\$ 25,000
10/01/13	4.00%	35,000
10/01/14	4.00%	35,000
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>\$ 5,585,000</u>
	Total Certificates of Participation	<u>\$ 38,870,000</u>

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

<u>Fiscal 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>	
2013	\$ 1,630,000	\$ 1,400,168	\$ 1,640,000	\$ 1,611,764	\$ 6,281,932
2014	1,695,000	1,329,511	1,715,000	1,547,296	6,286,807
2015	1,385,000	1,270,936	1,785,000	1,476,869	5,917,805
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
2018-2022	11,867,000	4,494,222	10,985,000	5,324,065	32,670,287
2023-2027	14,090,000	1,877,191	11,930,000	2,833,528	30,730,719
2028-2030	3,575,000	53,625	7,015,000	482,963	11,126,588
	<u>\$37,557,000</u>	<u>\$12,817,094</u>	<u>\$38,870,000</u>	<u>\$16,002,363</u>	<u>\$105,246,457</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, 2012
(Continued)

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

B. Bonds Authorized But Not Issued:

The District had \$727 of bonds authorized but not issued at June 30, 2012.

C. Capital Leases Payable:

The District entered into leases for installation of a fiber optic wide area network and a telephone network throughout the District and buses totaling \$754,562. The capital leases are for five years and will be liquidated through 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, 2012.

<u>Year</u>	<u>Amount</u>
2013	\$ 112,971
2014	112,971
Total Minimum Lease Payables	<u>225,942</u>
Less: Amount representing interest	<u>17,316</u>
Present value of net minimum lease payments	<u><u>\$ 208,626</u></u>

The current portion of capital leases at June 30, 2012 is \$101,529 and the long-term portion is \$107,097.

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, 2012 is \$-0- and is shown separately from the long-term liability balance of compensated absences of \$2,130,252.

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, 2012, no liability existed for compensated absences in the Food Service Fund.

E. PERS Payment Deferral:

The liability for PERS payment deferral of the governmental funds at June 30, 2012 is \$396,997. 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.

WEST ORANGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

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) and the Public Employee's Retirement System (PERS) of New Jersey or the Defined Contribution Retirement Program (DCRP). The TPAF and the PERS are sponsored and administered by the State of New Jersey. The TPAF is considered a cost-sharing, multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other non-contribution employers. The PERS is also considered a cost-sharing, multiple-employer plan. Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. As a general rule, all full-time employees are eligible to join the TPAF or the PERS. However, if an employee is ineligible to enroll in the TPAF or the PERS, the employee may be eligible to enroll in the DCRP.

Employees who are members of TPAF or PERS and retire at a specified age according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of creditable service. Vesting occurs after 8 to 10 years of service. The 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 each of the above systems. 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.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Effective with the first payroll to be paid on or after October 1, 2011 the employee contributions for PERS and TPAF went from 5.5% to 6.50% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in the PERS and TPAF. Employee contributions are based on percentages of 5.50% for DCRP of employees, annual compensation, as defined.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF. 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.

District Contributions to PERS amounted to \$1,744,276, \$1,642,720 and \$1,190,792 for the fiscal years ended June 30, 2012, 2011 and 2010, respectively.

During the fiscal years ended June 30, 2012, 2011 and 2010 the State of New Jersey contributed \$1,794,118, \$-0- and \$-0-, respectively, to the TPAF for pension benefits on-behalf of the District.

The employer and employee contributions to DCRP for the fiscal years ended June 30, 2012, 2011 and 2010 were \$31,799, \$9,044 and \$2,204, respectively.

WEST ORANGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 9. OPERATING LEASES PAYABLE

The District has commitments to lease copying equipment and computers under operating leases which expire in 2016. Total operating lease payments made during the year ended June 30, 2012 were \$652,354. Future minimum lease payments will be liquidated through the General Fund and are as follows:

<u>Year</u>	<u>Amount</u>
2013	\$ 652,354
2014	481,008
2015	481,008
2016	80,168
	<u>\$ 1,694,538</u>

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, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992 c. 126, which provides free health 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 \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

The State on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$3,606,645, \$3,657,200 and \$3,319,928 for 2012, 2011 and 2010 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.

WEST ORANGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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 School Boards Association 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 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.

The financial statements for the NJSBAIG for the fiscal year ended June 30, 2012 was not available as of the date of this report.

Selected, summarized financial information for the Group as of June 30, 2011 is as follows:

	New Jersey School Boards Association Insurance Group (NJSBAIG)
Total Assets	\$ 253,890,161
Total Net Assets	\$ 62,802,257
Total Revenue	\$ 83,993,678
Total Expenses	\$ 79,175,491
Change in Net Assets	\$ 4,818,187
Net Assets Distribution to Participating Members	\$ -0-

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

New Jersey School Boards' Association Insurance Group
450 Veterans Drive
Burlington, NJ 08016
(609) 386-6060

WEST ORANGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

Note 12. RISK MANAGEMENT (Cont'd)

Workers' Compensation Insurance

The District is self-insured for workers' compensation insurance and retains the risk of claims up to \$375,000 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 \$375,000 self-insured risk retention. The self-insurance program is administered by a third party claims administrator.

The District's loss reserves at June 30, 2012 are estimated as follows:

Case Reserves	\$ 684,405
Reserves for Incurred but not Reported Claims (IBNR)	164,499
Total Reserves (Loss Reserves for Insurance Claims)	<u>\$ 848,904</u>

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

Total Unpaid Claims and Claims Adjustment Expenses, Beginning of Year	\$ 1,204,804
Incurred Claims and Claims Adjustment Expenses	244,929
Paid Claims and Claims Adjustment Expenses	<u>1,449,733</u>
Total Unpaid Claims and Claims Adjustment Expenses, End of Year	<u>\$ 848,904</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>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Transfer</u>	<u>Ending Balance</u>
2011-2012		\$ 104,576	\$ 1,104	\$ 254,196	\$ 500,000	\$ 373,818
2010-2011	\$ 369,460	106,124	1,665	561,918		1,022,334
2009-2010	951,840	105,229	911	273,630		1,107,003

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.

WEST ORANGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

There were interfund balances remaining on the balance sheets at June 30, 2012:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 2,115,061	\$ 3,041,376
Special Revenue Fund		303,516
Capital Projects Fund	63,500	2,048,199
Debt Service Fund	104,472	
Proprietary Funds	30,000	
Fiduciary Funds	3,080,058	
	<u>\$ 5,393,091</u>	<u>\$ 5,393,091</u>

The interfund between the General Fund and the Capital Projects Fund is a temporary loan for cash flow purposes until SDA grant monies are received. During the fiscal year ended June 30, 2012, the Capital Projects Fund transferred \$2,892 in interest earnings on bond proceeds to the General Fund, in accordance with the Board resolution. 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 which has not been liquidated. The interfund between the Payroll Agency Fund and General and Special Revenue Funds represents accrued salaries and wages that will be paid out in July and August of 2012.

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
Retirement Annuity Company	Variable Annuity Life Insurance Company
North American Company	

NOTE 16. ACCOUNTS PAYABLE

The following accounts payable existed on the various balance sheets as of June 30, 2012:

	<u>Governmental Activities</u>		<u>Business- Type Activities</u>	<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue</u>		
Salaries	\$ 3,165,766			\$ 3,165,766
Vendors	1,125,606	\$ 349,978	\$ 266,173	1,741,757
Due to Other Governments	516,017	144,198		660,215
	<u>\$ 4,807,389</u>	<u>\$ 494,176</u>	<u>\$ 266,173</u>	<u>\$ 5,567,738</u>

WEST ORANGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 17. SDA GRANT RECEIVABLE - CAPITAL PROJECTS FUND

The District has been awarded grants in the amounts of \$2,566,324 from the NJ Schools Development Authority under the Educational Facilities Construction and Financing Act. The entire amount of the grants has been realized as revenue in the Capital Projects Fund under the budgetary basis of accounting. The District has received \$2,388,771 to date, leaving a receivable balance of \$177,553 on the budgetary basis at June 30, 2012 and a receivable balance on \$144,867 on the GAAP basis as of June 30, 2012. The awards are based upon an application and approved eligible costs determined by the NJ Department of Education. The actual revenue and related receivable may not be realized in full if the District's final eligible costs are less than those originally approved.

NOTE 18. OTHER COMMITMENTS

The District entered into a shared services agreement with the Township of West Orange to make capital improvements to the West Orange High School track and field. The total cost of the improvements was \$350,000 which is being repaid to the Township (without interest) over 10 years in installments of \$35,000 per year. As of June 30, 2012, the District has made eight installments and owes the Township two more installments.

The District also 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 \$1,110,000 which is being repaid to the Township over 15 years at 1.5% interest in installments of \$74,000 per year plus interest. The District made the first installment during the current fiscal year and owes the Township 14 more installments.

These commitments are paid by the District's General Fund, and the annual installments are included in the District's annual budgets.

NOTE 19. CONTINGENT LIABILITES

Grant 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 statements of the District.

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, 2012, if any, is unknown and has not been recorded in the financial statements.

WEST ORANGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 19. CONTINGENT LIABILITES (Cont'd)

Encumbrances

At June 30, 2012, there were encumbrances as detailed below in the governmental funds.

General Fund	Special Revenue Fund	Total Governmental Funds
\$ 1,151,226	\$ 5,816	\$ 1,157,042

On the District's Governmental Funds Balance Sheet as of June 30, 2012, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$5,816 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 deferred revenue in the Special Revenue Fund.

**BUDGETARY COMPARISON SCHEDULES
(UNAUDITED)**

WEST ORANGE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 114,498,112		\$ 114,498,112	\$ 114,498,112	
Tuition	132,000		132,000	445,612	\$ 313,612
Miscellaneous	225,000		225,000	561,321	336,321
Total - Local Sources	<u>114,855,112</u>		<u>114,855,112</u>	<u>115,505,045</u>	<u>649,933</u>
State Sources:					
Equalization Aid	788,893	\$ 1,104,296	1,893,189	1,893,189	
Special Education Aid	3,892,676		3,892,676	3,892,676	
Security Aid		107,672	107,672	107,672	
Extraordinary Aid	800,000		800,000	1,604,450	804,450
Nonpublic Transportation Costs				136,474	136,474
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				1,794,118	1,794,118
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				3,606,645	3,606,645
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				4,167,807	4,167,807
Total State Sources	<u>5,481,569</u>	<u>1,211,968</u>	<u>6,693,537</u>	<u>17,203,031</u>	<u>10,509,494</u>
Federal Sources:					
Education Jobs Fund	315,000		315,000	315,573	573
Medicaid Reimbursement Aid	112,567		112,567	154,037	41,470
Total Federal Sources	<u>427,567</u>		<u>427,567</u>	<u>469,610</u>	<u>42,043</u>
TOTAL REVENUES	<u>120,764,248</u>	<u>1,211,968</u>	<u>121,976,216</u>	<u>133,177,686</u>	<u>11,201,470</u>

WEST ORANGE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 1,696,084	\$ (50,841)	\$ 1,645,243	\$ 1,642,045	\$ 3,198
Grades 1-5 - Salaries of Teachers	14,107,459	(299,758)	13,807,701	13,807,239	462
Grades 6-8 - Salaries of Teachers	8,618,752	(287,130)	8,331,622	8,302,449	29,173
Grades 9-12 - Salaries of Teachers	11,372,626	955,129	12,327,755	12,327,579	176
Regular Programs - Home Instruction:					
Salaries of Teachers	200,000	563,775	763,775	754,809	8,966
Other Salaries for Instruction	197,132	206,166	403,298	403,048	250
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	680,914	131,300	812,214	812,204	10
Purchased Professional - Educational Services	23,250	41,800	65,050	59,504	5,546
Other Purchased Services	720,543	87,332	807,875	755,921	51,954
General Supplies	1,373,468	(40,234)	1,333,234	1,257,597	75,637
Textbooks	975,555	(44,268)	931,287	921,642	9,645
Other Objects	256,794	(12,656)	244,138	241,155	2,983
Total Regular Programs - Instruction	<u>40,222,577</u>	<u>1,250,615</u>	<u>41,473,192</u>	<u>41,285,192</u>	<u>188,000</u>
Special Education - Instruction:					
Cognitive Mild:					
Salaries of Teachers	264,466	26,590	291,056	290,665	391
Other Salaries for Instruction	434,605	14,260	448,865	448,864	1
General Supplies	3,395	175	3,570	3,569	1
Textbooks	1,700	(175)	1,525	369	1,156
Total Cognitive - Mild	<u>704,166</u>	<u>40,850</u>	<u>745,016</u>	<u>743,467</u>	<u>1,549</u>

WEST ORANGE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	\$ 1,693,606	\$ 50,200	\$ 1,743,806	\$ 1,723,371	\$ 20,435
Other Salaries for Instruction	653,895	188,000	841,895	841,809	86
General Supplies	12,619		12,619	9,278	3,341
Textbooks	10,880		10,880	4,213	6,667
Total Learning and/or Language Disabilities	<u>2,371,000</u>	<u>238,200</u>	<u>2,609,200</u>	<u>2,578,671</u>	<u>30,529</u>
Behavioral Disabilities:					
General Supplies	3,898		3,898	3,229	669
Textbooks	850		850		850
Total Behavioral Disabilities	<u>4,748</u>		<u>4,748</u>	<u>3,229</u>	<u>1,519</u>
Multiply Disabled:					
Other Salaries for Instruction	255,009	(37,455)	217,554	215,488	2,066
Total Multiply Disabled	<u>255,009</u>	<u>(37,455)</u>	<u>217,554</u>	<u>215,488</u>	<u>2,066</u>

WEST ORANGE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 3,959,322	\$ 529,950	\$ 4,489,272	\$ 4,489,269	\$ 3
Other Salaries for Instruction	1,014,074	62,485	1,076,559	1,076,555	4
General Supplies	7,159	(2,000)	5,159	5,123	36
Textbooks	3,075		3,075	2,680	395
Total Resource Room/Resource Center	4,983,630	590,435	5,574,065	5,573,627	438
Autism:					
Salaries of Teachers	327,600	51,500	379,100	377,809	1,291
Other Salaries for Instruction	1,446,112	339,505	1,785,617	1,785,614	3
General Supplies	3,800		3,800	3,150	650
Total Autism	1,777,512	391,005	2,168,517	2,166,573	1,944
Preschool Handicapped - Full-time:					
Salaries of Teachers	340,862	110,300	451,162	451,128	34
Other Salaries for Instruction	305,634	(7,485)	298,149	298,147	2
General Supplies	2,281		2,281	335	1,946
Total Preschool Handicapped - Full-time	648,777	102,815	751,592	749,610	1,982
Total Special Education Instruction	10,744,842	1,325,850	12,070,692	12,030,665	40,027
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	1,474,995	159,800	1,634,795	1,634,701	94
General Supplies	16,760		16,760	6,231	10,529
Total Basic Skills/Remedial - Instruction	1,491,755	159,800	1,651,555	1,640,932	10,623

WEST ORANGE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 1,161,144	\$ (107,500)	\$ 1,053,644	\$ 1,053,407	\$ 237
Other Salaries for Instruction	56,031		56,031	50,293	5,738
General Supplies	850		850	351	499
Total Bilingual Education - Instruction	1,218,025	(107,500)	1,110,525	1,104,051	6,474
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	244,224	122,400	366,624	366,468	156
Other Objects	50,150		50,150	47,800	2,350
Total School-Sponsored Cocurricular Activities - Instruction	294,374	122,400	416,774	414,268	2,506
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	606,613	113,000	719,613	710,489	9,124
Purchased Services (300-500 series)	171,991	(49,000)	122,991	97,711	25,280
Supplies and Materials	89,108	(1)	89,107	88,339	768
Other Objects	67,329		67,329	55,850	11,479
Total School-Sponsored Cocurricular Athletics - Instruction	935,041	63,999	999,040	952,389	46,651
Total Instruction	54,906,614	2,815,164	57,721,778	57,427,497	294,281
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	1,180,967	22,851	1,203,818	1,201,801	2,017
Tuition to County Vocational School District - Regular	89,069	23,600	112,669	111,206	1,463
Tuition to County Vocational School District - Special	60,000	(34,100)	25,900	25,860	40
Tuition to CSSD & Regional Day Schools	297,025	(108,070)	188,955	187,134	1,821

WEST ORANGE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

EXPENDITURES:	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CURRENT EXPENSE:					
Undistributed Expenditures:					
Instruction:					
Tuition to Private Schools for the Handicapped:					
Within State	\$ 5,469,050	\$ 200,003	\$ 5,669,053	\$ 5,621,990	\$ 47,063
Outside State	178,136		178,136	166,215	11,921
Tuition - State Facilities	59,500	53,753	113,253	113,253	
Tuition - Other	65,400	(22,248)	43,152	39,105	4,047
Total Undistributed Expenditures - Instruction	<u>7,399,147</u>	<u>135,789</u>	<u>7,534,936</u>	<u>7,466,564</u>	<u>68,372</u>
Attendance & Social Work:					
Salaries	163,033	(8,500)	154,533	103,392	51,141
Other Purchased Services	500		500		500
Total Attendance & Social Work	<u>163,533</u>	<u>(8,500)</u>	<u>155,033</u>	<u>103,392</u>	<u>51,641</u>
Health Services:					
Salaries	1,018,788	(92,570)	926,218	878,408	47,810
Other Purchased Services (400-500 series)	76,575	397	76,972	70,261	6,711
Supplies and Materials	18,130	802	18,932	18,552	380
Other Objects	116,902	(1,000)	115,902	109,604	6,298
Total Health Services	<u>1,230,395</u>	<u>(92,371)</u>	<u>1,138,024</u>	<u>1,076,825</u>	<u>61,199</u>
Speech, OT, PT and Related Services:					
Salaries of Other Professional Staff	946,403	204,840	1,151,243	1,148,205	3,038
Purchased Professional - Educational Services	11,908		11,908	8,449	3,459
Total Speech, OT, PT and Related Services	<u>958,311</u>	<u>204,840</u>	<u>1,163,151</u>	<u>1,156,654</u>	<u>6,497</u>

WEST ORANGE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Other Support Services - Students - Extra Services:					
Salaries of Other Professional Staff	\$ 423,270	\$ 90,230	\$ 513,500	\$ 513,481	\$ 19
Purchased Professional - Educational Services	231,600		231,600	201,744	29,856
Supplies and Materials	2,550		2,550	2,291	259
Total Other Support Services - Students - Extra Services	657,420	90,230	747,650	717,516	30,134
Guidance:					
Salaries of Other Professional Staff	2,158,925	(19,557)	2,139,368	2,138,714	654
Salaries of Secretarial and Clerical Assistants	218,974		218,974	154,245	64,729
Purchased Professional - Educational Services	80,000	(400)	79,600	68,341	11,259
Supplies and Materials	6,587		6,587	3,822	2,765
Total Guidance	2,464,486	(19,957)	2,444,529	2,365,122	79,407
Child Study Teams:					
Salaries of Other Professional Staff	2,189,369	333,757	2,523,126	2,515,116	8,010
Salaries of Secretarial and Clerical Assistance	120,000		120,000	83,838	36,162
Other Salaries	589,198	288,500	877,698	867,373	10,325
Purchased Professional - Educational Services	14,747		14,747	9,710	5,037
Miscellaneous Purchased Services	20,090	(4,000)	16,090	4,937	11,153
Residential Costs	75,000	(75,000)			
Supplies and Materials	52,006	(1)	52,005	48,346	3,659
Total Child Study Teams	3,060,410	543,256	3,603,666	3,529,320	74,346
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	129,496		129,496	122,303	7,193
Salaries of Secretarial and Clerical Assistants	280,576	58,000	338,576	338,374	202
Total Improvement of Instructional Services	410,072	58,000	468,072	460,677	7,395

WEST ORANGE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Educational Media Services/School Library:					
Salaries	\$ 1,061,638	\$ 17,800	\$ 1,079,438	\$ 1,079,287	\$ 151
Supplies and Materials	105,975	(800)	105,175	93,097	12,078
Total Educational Media Services/School Library	<u>1,167,613</u>	<u>17,000</u>	<u>1,184,613</u>	<u>1,172,384</u>	<u>12,229</u>
Instructional Staff Training Services:					
Salaries of Other Professional Staff	45,000	(15,800)	29,200	17,772	11,428
Purchased Professional - Educational Service	33,195		33,195	23,471	9,724
Other Purchased Services (400-500 series)	23,600		23,600	22,683	917
Supplies and Materials	8,000		8,000	1,455	6,545
Total Instructional Staff Training Services	<u>109,795</u>	<u>(15,800)</u>	<u>93,995</u>	<u>65,381</u>	<u>28,614</u>
Support Services - General Administration:					
Salaries	493,713	131,534	625,247	613,601	11,646
Legal Services	150,834	(57,814)	93,020	92,394	626
Audit Fees	60,000	(10,000)	50,000	49,750	250
Architectural/Engineering Services	80,000	55,380	135,380	91,580	43,800
Other Purchased Professional Services	307,060	(107,000)	200,060	166,348	33,712
Purchased Technical Services	122,000		122,000	119,434	2,566
Communications/Telephone	25,000	(12,100)	12,900	300	12,600
BOE Purchased Services	93,250	(18,335)	74,915	16,365	58,550
Miscellaneous Purchased Services (400-500 series)	44,200	84,200	128,400	123,175	5,225
General Supplies	28,545	(7,765)	20,780	13,171	7,609
Judgments	3,000		3,000	3,000	
BOE Membership Dues and Fees		41,600	41,600	37,901	3,699
Miscellaneous Expenditures	139,000	(49,600)	89,400	88,142	1,258
Total Support Services - General Administration	<u>1,546,602</u>	<u>50,100</u>	<u>1,596,702</u>	<u>1,415,161</u>	<u>181,541</u>

WEST ORANGE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 2,486,975	\$ (99,291)	\$ 2,387,684	\$ 2,340,513	\$ 47,171
Salaries of Other Professional Staff	1,285,101	(189,996)	1,095,105	1,053,860	41,245
Salaries of Secretarial and Clerical Assistants	1,254,985	74,793	1,329,778	1,273,593	56,185
Other Salaries	840,559	111,000	951,559	941,429	10,130
Other Purchased Services (400-500 series)	106,709	(28,800)	77,909	59,095	18,814
Supplies and Materials	89,592	513	90,105	76,428	13,677
Total Support Services - School Administration	6,063,921	(131,781)	5,932,140	5,744,918	187,222
Central Services:					
Salaries	742,682	120,280	862,962	862,955	7
Misc. Purchased Services (400-500 series)	215,500	(192,737)	22,763	6,289	16,474
Supplies and Materials	42,639	5,700	48,339	21,713	26,626
Other Objects	30,500	300	30,800	26,149	4,651
Total Central Services	1,031,321	(66,457)	964,864	917,106	47,758
Required Maintenance of School Facilities:					
Salaries	1,062,339	(116,140)	946,199	944,456	1,743
Cleaning, Repair and Maintenance Services	360,934	27,285	388,219	388,136	83
General Supplies	393,120	234,930	628,050	620,200	7,850
Total Required Maintenance of School Facilities	1,816,393	146,075	1,962,468	1,952,792	9,676

WEST ORANGE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Custodial Services:					
Salaries	\$ 3,488,865	\$ 435,485	\$ 3,924,350	\$ 3,897,741	\$ 26,609
Purchased Professional and Technical Services	100,000	(25,000)	75,000	72,467	2,533
Cleaning, Repair and Maintenance Services	344,001	(41,500)	302,501	285,353	17,148
Rental of Land & Bldg. Oth. Than Lease Purchase Agreement	570,000	(261,286)	308,714	308,189	525
Other Purchased Property Services	125,000	2,335	127,335	127,333	2
Insurance	450,000	(3,000)	447,000	439,842	7,158
General Supplies	199,793	12,991	212,784	196,974	15,810
Energy (Natural Gas)		425,000	425,000	253,971	171,029
Energy (Electricity)	2,435,000	(680,600)	1,754,400	1,587,925	166,475
Energy (Gasoline)	25,000		25,000	540	24,460
Other Objects	19,554	1,200	20,754	19,017	1,737
Total Custodial Services	7,757,213	(134,375)	7,622,838	7,189,352	433,486
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	1,111,957	(218,700)	893,257	866,752	26,505
Between Home and School - Special Education	510,317	88,000	598,317	582,029	16,288
Management Fee - ESC & CTSA Transportation Program	46,750	(14,900)	31,850	31,823	27
Cleaning, Repair and Maintenance Services	106,250	(25,000)	81,250	74,330	6,920
Lease Purchase Payments - School Buses	227,964	(172,800)	55,164	55,151	13
Contracted Services:					
Between Home and School - Vendors	3,554,285	157,000	3,711,285	3,652,329	58,956
Regular Students - ESC's & CTSA's	480,250	(7,900)	472,350	448,259	24,091
Special Education Students - ESC's & CTSA's	1,400,000		1,400,000	1,394,964	5,036
Aid in Lieu of Payments - Nonpublic Schools	428,000	14,200	442,200	288,567	153,633

WEST ORANGE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

EXPENDITURES:	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CURRENT EXPENSE:					
Student Transportation Services:					
Miscellaneous Purchased Services	\$ 25,000	\$ 75,550	\$ 100,550	\$ 100,306	\$ 244
Supplies and Materials	118,270	(98,160)	20,110	10,893	9,217
Miscellaneous Expenditures	1,650	34,210	35,860	35,856	4
Total Student Transportation Services	8,010,693	(168,500)	7,842,193	7,541,259	300,934
Unallocated Benefits:					
Social Security Contributions	1,625,000	47,100	1,672,100	1,672,098	2
Other Retirement Contributions - PERS	1,750,000		1,750,000	1,744,276	5,724
Other Retirement Contributions - Regular	40,000		40,000	38,910	1,090
Unemployment Compensation	200,000	(196,950)	3,050		3,050
Workmen's Compensation	250,000	(200,000)	50,000	49,814	186
Health Benefits	17,076,158	(1,026,800)	16,049,358	16,036,254	13,104
Tuition Reimbursement	75,000	87,200	162,200	149,409	12,791
Other Employee Benefits	150,000	(148,200)	1,800		1,800
Total Unallocated Benefits	21,166,158	(1,437,650)	19,728,508	19,690,761	37,747
On-Behalf Contributions:					
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				1,794,118	(1,794,118)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				3,606,645	(3,606,645)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				4,167,807	(4,167,807)
Total On-Behalf Contributions				9,568,570	(9,568,570)
Total Personal Services - Employee Benefits	21,166,158	(1,437,650)	19,728,508	29,259,331	(9,530,823)

WEST ORANGE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Total Undistributed Expenses	\$ 65,013,483	\$ (830,101)	\$ 64,183,382	\$ 72,133,754	\$ (7,950,372)
TOTAL CURRENT EXPENSE	<u>119,920,097</u>	<u>1,985,063</u>	<u>121,905,160</u>	<u>129,561,251</u>	<u>(7,656,091)</u>
CAPITAL OUTLAY:					
Equipment:					
Regular Programs - Instruction:					
Grades 9-12	17,000	(7,000)	10,000		10,000
School-Sponsored and Other Instructional Programs	134,592	(127,592)	7,000		7,000
Undistributed Expenditures:					
Instruction	2,111	134,592	136,703	131,496	5,207
School Administration	5,000	(4,850)	150	150	
General Administration		4,850	4,850	828	4,022
Operation & Maintenance of Plant	50,000	(50,000)			
Custodial Services		71,000	71,000	70,694	306
Non-Instructional Services	<u>100,000</u>	<u>115,000</u>	<u>215,000</u>	<u>215,000</u>	
Total Equipment	<u>308,703</u>	<u>136,000</u>	<u>444,703</u>	<u>418,168</u>	<u>26,535</u>
Facilities Acquisition and Construction Services:					
Buildings - Other than Lease Purchase Agreements	2,288,191		2,288,191	1,844,674	443,517
Debt Service Assessment	<u>82,709</u>		<u>82,709</u>	<u>82,709</u>	
Total Facilities Acquisition and Construction Services	<u>2,370,900</u>		<u>2,370,900</u>	<u>1,927,383</u>	<u>443,517</u>
TOTAL CAPITAL OUTLAY	<u>2,679,603</u>	<u>136,000</u>	<u>2,815,603</u>	<u>2,345,551</u>	<u>470,052</u>
Transfer of Funds to Charter School	<u>33,435</u>	<u>(33,435)</u>			
TOTAL EXPENDITURES	<u>122,633,135</u>	<u>2,087,628</u>	<u>124,720,763</u>	<u>131,906,802</u>	<u>(7,186,039)</u>

WEST ORANGE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	\$ (1,868,887)	\$ (875,660)	\$ (2,744,547)	\$ 1,270,884	\$ 4,015,431
Other Financing Source/(Uses):					
Operating Transfer In/(Out):					
Transfer from Capital Projects Fund				2,892	2,892
Transfer from Unemployment Trust Fund				500,000	500,000
Transfer to Food Service Fund	(30,000)		(30,000)		30,000
Total Other Financing Sources/(Uses)	<u>(1,898,887)</u>	<u>(875,660)</u>	<u>(2,774,547)</u>	<u>1,773,776</u>	<u>4,548,323</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(3,767,774)	(1,751,320)	(5,519,094)	3,044,660	8,563,754
Fund Balance, July 1	<u>5,614,359</u>		<u>5,614,359</u>	<u>5,614,359</u>	
Fund Balance, June 30	<u>\$ 1,846,585</u>	<u>\$ (1,751,320)</u>	<u>\$ 95,265</u>	<u>\$ 8,659,019</u>	<u>\$ 8,563,754</u>
<u>Recapitulation:</u>					
Restricted:					
Capital Reserve				\$ 1	
Excess Surplus				1,349,219	
Assigned:					
Year - End Encumbrances				1,151,226	
Designated for Subsequent Year's Expenditures				1,500,000	
Unassigned				<u>3,387,689</u>	
				7,388,135	
<u>Reconciliation to Governmental Funds Statements (GAAP):</u>					
June State Aid Payments not recognized on GAAP Basis				<u>(560,079)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 6,828,056</u>	

WEST ORANGE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 43,815	\$ 43,815	\$ 42,345	\$ (1,470)
State Sources	\$ 610,500	(127,870)	482,630	426,268	(56,362)
Federal Sources	3,600,037	336,173	3,936,210	3,282,810	(653,400)
Total Revenues	4,210,537	252,118	4,462,655	3,751,423	(711,232)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	3,540,037	(1,336,482)	2,203,555	1,924,804	278,751
Other Salaries for Instruction		56,000	56,000	55,195	805
Purchased Professional/Technical Services	406,000	(371,309)	34,691	31,424	3,267
Other Purchased Services		6,271	6,271	6,271	
General Supplies		214,533	214,533	156,065	58,468
Textbooks	112,500	(21,876)	90,624	82,721	7,903
Other Objects		2,552	2,552	2,552	
Total Instruction	4,058,537	(1,450,311)	2,608,226	2,259,032	349,194
Support Services:					
Salaries of Other Professional Staff		63,558	63,558	63,471	87
Other Salaries		71,054	71,054	52,120	18,934
Personal Services - Employee Benefits		422,392	422,392	398,332	24,060
Tuition		187,000	187,000	186,499	501
Purchased Professional/Technical Services		281,000	281,000	280,854	146
Purchased Professional/Educational Services	152,000	472,610	624,610	410,208	214,402
Miscellaneous Purchased Services		188,841	188,841	92,723	96,118
Supplies and Materials		12,301	12,301	4,511	7,790
Total Support Services	152,000	1,698,756	1,850,756	1,488,718	362,038
Facilities Acquisition:					
Instructional Equipment		3,673	3,673	3,673	
Total Facilities Acquisition		3,673	3,673	3,673	
Total Expenditures	4,210,537	252,118	4,462,655	3,751,423	711,232
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, 2012
(UNAUDITED)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 133,177,686	\$ 3,751,423
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		15,099
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	298,143	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(560,079)	
	<u>\$ 132,915,750</u>	<u>\$ 3,766,522</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds		
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 131,906,802	\$ 3,751,423
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		15,099
	<u>\$ 131,906,802</u>	<u>\$ 3,766,522</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		

WEST ORANGE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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, 2012 was submitted to the County office and was voted upon at the school election on the fourth Wednesday in April 2011. 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 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 the 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, 2012

	No Child Left Behind					
	Title I - Part A		Title II A	Title III	Title III Carryover	Title III Imm. Carryover
	2011-12	Carryover				
REVENUE:						
Local Sources						
State Sources						
Federal Sources	\$ 662,170	\$ 31,180	\$ 150,825	\$ 17,536	\$ 49,272	\$ 22,557
Total Revenue	\$ 662,170	\$ 31,180	\$ 150,825	\$ 17,536	\$ 49,272	\$ 22,557
EXPENDITURES:						
Instruction:						
Salaries of Teachers	379,718		124,381	1,679	28,224	8,856
Other Salaries for Instruction						
Purchased Professional/Technical Services	26,945					
Other Purchased Services						
General Supplies	20,720	10,519		3,734	6,081	11,272
Textbooks						
Total Instruction	427,383	10,519	124,381	5,413	34,305	20,128
Support Services:						
Salaries of Other Professional Staff	36,000			1,828	4,376	793
Other Salaries	45,940	6,180				
Personal Services - Employee Benefits	89,204		24,872	268	2,494	738
Tuition						
Purchased Professional/Technical Services						
Purchased Professional/Educational Services	48,646	12,830		1,118	2,189	94
Miscellaneous Purchased Services	13,571	1,448	1,572	8,909	5,687	709
Supplies and Materials	1,426	203			221	95
Total Support Services	234,787	20,661	26,444	12,123	14,967	2,429
Facilities Acquisition:						
Instructional Equipment						
Total Facilities Acquisition						
Total Expenditures	\$ 662,170	\$ 31,180	\$ 150,825	\$ 17,536	\$ 49,272	\$ 22,557

WEST ORANGE SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>IDEA Part B, Basic Regular</u>		<u>IDEA Part B</u>	<u>Smaller</u>	<u>Learn &</u>	<u>Carl D. Perkins</u>
	<u>2011-12</u>	<u>Carryover</u>	<u>Preschool</u>	<u>Learning</u>	<u>Serve</u>	<u>Secondary</u>
				<u>Communities</u>	<u>America</u>	
REVENUE:						
Local Sources						
State Sources						
Federal Sources	\$ 1,664,356	\$ 11,251	\$ 68,560	\$ 266,347	\$ 10,937	\$ 46,965
Total Revenue	<u>\$ 1,664,356</u>	<u>\$ 11,251</u>	<u>\$ 68,560</u>	<u>\$ 266,347</u>	<u>\$ 10,937</u>	<u>\$ 46,965</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers	1,244,242		50,000	51,467		
Other Salaries for Instruction				55,195		
Purchased Professional/Technical Services						4,479
Other Purchased Services						
General Supplies	19,333	2,422		48,269	1,094	32,621
Textbooks						
Other Objects						2,552
Total Instruction	<u>1,263,575</u>	<u>2,422</u>	<u>50,000</u>	<u>154,931</u>	<u>1,094</u>	<u>39,652</u>
Support Services:						
Salaries of Other Professional Staff	15,946				1,400	3,128
Other Salaries						
Personal Services - Employee Benefits	259,736	2,221	18,560			239
Tuition						
Purchased Professional/Technical Services						
Purchased Professional/Educational Services	121,278	6,608		88,000		
Miscellaneous Purchased Services	3,821			22,838	5,348	1,380
Supplies and Materials						2,566
Total Support Services	<u>400,781</u>	<u>8,829</u>	<u>18,560</u>	<u>110,838</u>	<u>6,748</u>	<u>7,313</u>
Facilities Acquisition:						
Instructional Equipment				578	3,095	
Total Facilities Acquisition				<u>578</u>	<u>3,095</u>	
Total Expenditures	<u>\$ 1,664,356</u>	<u>\$ 11,251</u>	<u>\$ 68,560</u>	<u>\$ 266,347</u>	<u>\$ 10,937</u>	<u>\$ 46,965</u>

WEST ORANGE SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Teaching American History	Nonpublic Aid		Nonpublic Auxiliary Aid		
		Textbook	Nursing	Compensatory Education	Transportation	Home Instruction
REVENUE:						
Local Sources						
State Sources		\$ 82,721	\$ 129,445	\$ 36,011	\$ 21,332	\$ 6,271
Federal Sources	\$ 280,854					
Total Revenue	\$ 280,854	\$ 82,721	\$ 129,445	\$ 36,011	\$ 21,332	\$ 6,271
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Other Salaries for Instruction						
Purchased Professional/Technical Services						
Other Purchased Services						6,271
General Supplies						
Textbooks		82,721				
Total Instruction		82,721				6,271
Support Services:						
Salaries of Other Professional Staff						
Other Salaries						
Personal Services - Employee Benefits						
Tuition				36,011		
Purchased Professional/Technical Services	280,854					
Purchased Professional/Educational Services			129,445			
Miscellaneous Purchased Services					21,332	
Supplies and Materials						
Total Support Services	280,854		129,445	36,011	21,332	
Facilities Acquisition:						
Instructional Equipment						
Total Facilities Acquisition						
Total Expenditures	\$ 280,854	\$ 82,721	\$ 129,445	\$ 36,011	\$ 21,332	\$ 6,271

WEST ORANGE SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Nonpublic Handicapped Aid			Local Grant	Totals
	Exam & Classification	Corrective Speech	Supplemental Instruction		
REVENUE:					
Local Sources				\$ 42,345	\$ 42,345
State Sources	\$ 123,498	\$ 19,904	\$ 7,086		426,268
Federal Sources					3,282,810
Total Revenue	<u>\$ 123,498</u>	<u>\$ 19,904</u>	<u>7,086</u>	<u>\$ 42,345</u>	<u>\$ 3,751,423</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers				36,237	1,924,804
Other Salaries for Instruction					55,195
Purchased Professional/Technical Services					31,424
Other Purchased Services					6,271
General Supplies					156,065
Textbooks					82,721
Other Objects					2,552
Total Instruction				<u>36,237</u>	<u>2,259,032</u>
Support Services:					
Salaries of Other Professional Staff					63,471
Other Salaries					52,120
Personal Services - Employee Benefits					398,332
Tuition	123,498	19,904	7,086		186,499
Purchased Professional/Technical Services					280,854
Purchased Professional/Educational Services					410,208
Miscellaneous Purchased Services				6,108	92,723
Supplies and Materials					4,511
Total Support Services	<u>123,498</u>	<u>19,904</u>	<u>7,086</u>	<u>6,108</u>	<u>1,488,718</u>
Facilities Acquisition:					
Instructional Equipment					3,673
Total Facilities Acquisition					<u>3,673</u>
Total Expenditures	<u>\$ 123,498</u>	<u>\$ 19,904</u>	<u>\$ 7,086</u>	<u>\$ 42,345</u>	<u>\$ 3,751,423</u>

CAPITAL PROJECTS FUND

WEST ORANGE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

Revenue and Other Financing Sources:	
Interest Income	\$ 2,892
Total Revenue and Other Financing Sources	<u>2,892</u>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	5,000
Transfer to General Fund - Interest	<u>2,892</u>
Total Expenditures and Other Financing Uses	<u>7,892</u>
Excess (Deficit) of Revenue and Other Financing Sources over/under Expenditures and Other Financing Uses	(5,000)
Fund Balance - Beginning of Year	<u>92,550</u>
Fund Balance - End of Year	<u>\$ 87,550</u>
Recapitulation of Fund Balances:	
Fund Balance (Budgetary Basis)	87,550
Reconciliation to Governmental Funds Statements (GAAP Basis):	
SDA Grant Receivable not Recognized on GAAP Basis	<u>(32,686)</u>
Fund Balance per Governmental Funds (GAAP Basis)	<u>\$ 54,864</u>

WEST ORANGE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
HIGH SCHOOL AND MIDDLE SCHOOL RENOVATION AND REMODELING
FOR THE YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:				
Certificates of Participation	\$ 10,968,000		\$ 10,968,000	\$ 10,968,000
Interest	1,038,008		1,038,008	1,038,008
Total Revenue and Other Financing Sources	12,006,008		12,006,008	12,006,008
Expenditures:				
Construction Services	12,005,701		12,005,701	12,006,008
Total Expenditures	12,005,701		12,005,701	12,006,008
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 307	\$ - 0 -	\$ 307	\$ - 0 -

Additional Project Information:

Bond Authorization Date	12/15/1997
Bonds Authorized	\$ 10,968,000
Bonds Issued	\$ 10,968,000
Original Authorized Cost	\$ 10,968,000
Additional Amount Authorized - Interest	\$ 1,038,008
Revised Authorized Cost	\$ 12,006,008
Percentage Increase over Original Authorized Cost	9%
Percentage Completion	100%
Original Target Completion Date	08/31/2003
Revised Target Completion Date	08/31/2003

WEST ORANGE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
SCHOOL REMODELING PROJECTS
FOR THE YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:				
Certificates of Participation	\$ 37,000,000		\$ 37,000,000	\$ 37,000,000
Interest	10,065,746		10,065,746	10,065,746
Total Revenue and Other Financing Sources	47,065,746		47,065,746	47,065,746
Expenditures:				
Purchased Professional/Technical Services	1,516,451		1,516,451	1,516,451
Construction Services	43,106,693		43,106,693	43,136,715
Equipment	855,130		855,130	855,130
Miscellaneous Costs	1,552,517		1,552,517	1,557,450
Total Expenditures	47,030,791		47,030,791	47,065,746
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 34,955	\$ - 0 -	\$ 34,955	\$ - 0 -

Additional Project Information:

Project Number:	
Bond Authorization Date	12/01/1999
Bonds Authorized	\$ 37,000,000
Bonds Issued	\$ 37,000,000
Original Authorized Cost	\$ 37,000,000
Additional Amount Authorized - Interest	\$ 10,065,746
Revised Authorized Cost	\$ 47,065,746
Percentage Increase over Original Authorized Cost	27%
Percentage Completion	100%
Original Target Completion Date	09/01/2005
Revised Target Completion Date	06/30/2009

WEST ORANGE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
HVAC/MECHANICAL SYSTEMS, SOUND AND LIGHTING UPGRADES
FOR THE YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 2,566,324		\$ 2,566,324	\$ 2,566,324
Bond Proceeds	4,387,000		4,387,000	4,387,727
Total Revenue and Other Financing Sources	6,953,324		6,953,324	6,954,051
Expenditures:				
Purchased Professional/Technical Services	1,065,663	\$ 5,000	1,070,663	822,373
Construction Services	5,513,468		5,513,468	5,838,219
Equipment	37,890		37,890	37,890
Miscellaneous Costs	279,015		279,015	255,569
Total Expenditures	6,896,036	5,000	6,901,036	6,954,051
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 57,288	\$ (5,000)	\$ 52,288	\$ - 0 -

Additional Project Information:

Project Number:

Edison Middle School	5680-070-04-0BAL
Edison Middle School	5680-070-05-0AUE
Roosevelt Middle School	5680-090-05-0AUF
Roosevelt Middle School	5680-090-05-0AUG

Grant Date	12/19/2005
Bond Authorization Date	09/27/2005
Bonds Authorized	\$ 4,387,727
Bonds Issued	\$ 4,387,000
Original Authorized Cost	\$ 6,954,051
Revised Authorized Cost	\$ 6,954,051
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	99%
Original Target Completion Date	09/30/2006
Revised Target Completion Date	06/30/2012

PROPRIETARY FUNDS

Exhibit G-1

NETCONG BOROUGH BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012

ASSETS:

Current Assets:

Accounts Receivable	\$ 143
Intergovernmental Receivable:	
Federal	2,339
State	64
Interfund Receivable	14,549
Inventory	459

Total Current Assets	<u>17,554</u>
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Non-Current Assets:

Capital Assets	
Depreciable Furniture and Equipment, Net	31,084

Total Non-Current Assets	<u>31,084</u>
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Total Assets	<u>48,638</u>
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LIABILITIES:

Accounts Payable	11,242
Deferred Revenue	46

Total Current Liabilities	<u>11,288</u>
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Total Liabilities	<u>11,288</u>
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NET ASSETS:

Investment in Capital Assets Net of Related Debt	31,084
Unrestricted	6,266

Total Net Assets	<u>\$ 37,350</u>
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Exhibit G-2

WEST ORANGE SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 1,103,562
Daily Sales - Non-Reimbursable Programs	275,915
Special Events	136,798
	<hr/>
Total Operating Revenue	1,516,275
	<hr/>
Operating Expenses:	
Cost of Sales	1,181,504
Salaries, Benefits & Payroll Taxes	1,217,106
Supplies & Other Costs	522,821
Food Service Management Fee	244,225
Depreciation	21,668
	<hr/>
Total Operating Expenses	3,187,324
	<hr/>
Operating Loss	(1,671,049)
	<hr/>
Non-Operating Revenue:	
Local Sources:	
Interest Income	73
State Sources:	
State School Lunch Program	35,234
Federal Sources:	
National School Lunch Program	1,198,999
School Breakfast Program	233,010
Fresh Fruit and Vegetable Program	25,318
Food Distribution Program	139,506
	<hr/>
Total Non-Operating Revenue	1,632,140
	<hr/>
Change in Net Assets	(38,909)
	<hr/>
Net Assets - Beginning of Year	420,544
	<hr/>
Net Assets - End of Year	\$ 381,635
	<hr/> <hr/>

Exhibit G-3

WEST ORANGE SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 1,499,185
Payments to Employees	(1,217,106)
Payments to Food Service Vendor	(244,225)
Payments to Suppliers	<u>(1,557,394)</u>
Net Cash Used for Operating Activities	<u>(1,519,540)</u>
Cash Flows from Noncapital Financing Activities:	
Cash Received from State Subsidy Reimbursements	35,762
Cash Received from Federal Subsidy Reimbursements	1,440,457
Cash Received from Fresh Fruit and Vegetable Program	<u>25,828</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,502,047</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	<u>(37,879)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(37,879)</u>
Cash Flows from Investing Activities:	
Investment Income	<u>73</u>
Net Cash Flows Provided by Investing Activities	<u>73</u>
Net Decrease in Cash and Cash Equivalents	(55,299)
Cash and Cash Equivalents, July 1	<u>397,469</u>
Cash and Cash Equivalents, June 30	<u>\$ 342,170</u>
Reconciliation of Operating Loss to Net Cash	
Used for Operating Activities:	
Operating Loss	\$ (1,671,049)
Adjustment to Reconcile Operating Loss	
to Cash Used for Operating Activities:	
Depreciation	21,668
USDA Commodities	139,506
Changes in Assets and Liabilities:	
(Decrease) in Accounts Receivable	(17,090)
(Increase) in Inventories	(6,926)
Increase in Accounts Payable	<u>14,351</u>
Net Cash Used for Operating Activities	<u>\$ (1,519,540)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized USDA Donated Commodities through the Food Distribution Program valued at \$139,506 during the fiscal year ended June 30, 2012.

FIDUCIARY FUNDS

WEST ORANGE SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Student Activities</u>	<u>Payroll</u>	<u>Total Agency</u>	<u>Unemployment Compensation Trust</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 440,512	\$ 75,220	\$ 515,732	\$ 373,818
Interfund Receivable		3,080,058	3,080,058	
Total Assets	<u>\$ 440,512</u>	<u>\$ 3,155,278</u>	<u>\$ 3,595,790</u>	<u>\$ 373,818</u>
<u>LIABILITIES:</u>				
Accrued Salaries and Wages		\$ 3,080,058	\$ 3,080,058	
Payroll Deductions and Withholdings Due to Student Groups	\$ 440,512	75,220	440,512	
Total Liabilities	<u>440,512</u>	<u>3,155,278</u>	<u>3,595,790</u>	
<u>NET ASSETS:</u>				
Held in Trust for Unemployment Claims				\$ 373,818
Total Net Assets	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 373,818</u>

Exhibit H-2

WEST ORANGE SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Plan Members (Employees)	\$ 104,576
Total Contributions	<u>104,576</u>
Investment Earnings:	
Interest	1,104
Net Investment Earnings	<u>1,104</u>
Total Additions	<u>105,680</u>
DEDUCTIONS:	
Unemployment Compensation Claims	254,196
Total Deductions	<u>254,196</u>
Operating Transfers Out - General Fund	<u>500,000</u>
Change in Net Assets	(648,516)
Net Assets - Beginning of the Year	<u>1,022,334</u>
Net Assets - End of the Year	<u>\$ 373,818</u>

Exhibit H-3

WEST ORANGE SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 479,024	\$ 1,697,211	\$ 1,735,723	\$ 440,512
Total Assets	<u>\$ 479,024</u>	<u>\$ 1,697,211</u>	<u>\$ 1,735,723</u>	<u>\$ 440,512</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 479,024	\$ 1,697,211	\$ 1,735,723	\$ 440,512
Total Liabilities	<u>\$ 479,024</u>	<u>\$ 1,697,211</u>	<u>\$ 1,735,723</u>	<u>\$ 440,512</u>

Exhibit H-4

WEST ORANGE SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2012</u>
Elementary Schools:				
Gregory	\$ 1,861	\$ 18,577	\$ 17,387	\$ 3,051
Saint Cloud	3,008	20,650	16,388	7,270
Hazel Avenue	7,456	4,648	6,991	5,113
Pleasantdale	5,210	11,580	7,665	9,125
Washington	9,256	7,927	9,629	7,554
Mount Pleasant	2,388	11,164	11,010	2,542
Redwood	688	11,723	12,135	276
Total Elementary Schools	<u>29,867</u>	<u>86,269</u>	<u>81,205</u>	<u>34,931</u>
Middle Schools:				
Roosevelt	40,457	219,948	219,449	40,956
Edison	15,916	47,242	56,080	7,078
Liberty	51,393	149,762	142,117	59,038
Total Middle Schools	<u>107,766</u>	<u>416,952</u>	<u>417,646</u>	<u>107,072</u>
High School:				
West Orange High School	333,048	1,093,211	1,143,900	282,359
Athletic	8,325	93,860	86,047	16,138
Ticket Sales	18	6,919	6,925	12
Total All Schools	<u>\$ 479,024</u>	<u>\$ 1,697,211</u>	<u>\$ 1,735,723</u>	<u>\$ 440,512</u>

Exhibit H-5

WEST ORANGE SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 13,198	\$ 86,192,291	\$ 86,130,269	\$ 75,220
Interfund Receivable	3,026,632	3,080,058	3,026,632	3,080,058
Total Assets	<u>\$ 3,039,830</u>	<u>\$ 89,272,349</u>	<u>\$ 89,156,901</u>	<u>\$ 3,155,278</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 13,198	\$ 86,192,291	\$ 86,130,269	\$ 75,220
Accrued Salaries and Wages	3,026,632	3,080,058	3,026,632	3,080,058
Total Liabilities	<u>\$ 3,039,830</u>	<u>\$ 89,272,349</u>	<u>\$ 89,156,901</u>	<u>\$ 3,155,278</u>

LONG-TERM DEBT

WEST ORANGE SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2012		Interest Rate	Balance June 30, 2011	Issued	Defeased/ Matured	Balance June 30, 2012
			Date	Amount					
Construct a New Middle School and Renovate Existing Elementary Schools and Edison Middle School	07/29/03	\$ 38,689,000	11/01/12	\$ 1,365,000	4.250%	\$ 35,504,000		\$ 32,719,000	\$ 2,785,000
			11/01/13	1,420,000	4.250%				
Various Improvements to District Buildings	07/19/06	4,387,000	07/15/12	265,000	4.250%				
			07/15/13	275,000	4.250%				
			07/15/14	285,000	4.250%				
			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%				

WEST ORANGE SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2012		Interest Rate	Balance June 30, 2011	Issued	Matured	Balance June 30, 2012
			Date	Amount					
School Refunding Bonds	01/19/12	\$ 31,535,000	11/01/14	\$ 1,100,000	3.000%				
			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%				
						\$ 38,991,000	\$ 31,535,000	\$ 32,969,000	\$ 37,557,000
						Bonds Matured		\$ 1,560,000	
						Bonds Defeased		31,409,000	
								\$ 32,969,000	

WEST ORANGE SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES - CERTIFICATES OF PARTICIPATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Purpose	Date of Issue	Original Issue	Maturities of Certificates Outstanding		Interest Rate	Balance June 30, 2011	Matured	Balance June 30, 2012
			Date	Amount				
Construct Improvements - Roosevelt Middle School & West Orange High School	12/15/97	\$ 10,968,000	10/01/12	\$ 405,000	5.000%	\$ 2,390,000	\$ 385,000	\$ 2,005,000
			10/01/13	425,000	5.125%			
			10/01/14	445,000	5.125%			
			10/01/15	470,000	5.125%			
			10/01/16	260,000	5.125%			
Refunding Certificates	11/01/04	34,910,000	10/01/12	1,210,000	3.25%	32,450,000	1,170,000	31,280,000
			10/01/13	1,255,000	3.60%			
			10/01/14	1,305,000	3.70%			
			10/01/15	1,350,000	3.80%			
			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, 2012

Purpose	Date of Issue	Original Issue	Maturities of Certificates Outstanding		Interest Rate	Balance June 30, 2011	Matured	Balance June 30, 2012
			Date	Amount				
Refunding Certificates	09/26/06	\$ 5,610,000	10/01/12	\$ 25,000	4.00%			
			10/01/13	35,000	4.00%			
			10/01/14	35,000	4.00%			
			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%			
						\$ 5,610,000	\$ 25,000	\$ 5,585,000
						\$ 40,450,000	\$ 1,580,000	\$ 38,870,000

WEST ORANGE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 5,328,071		\$ 5,328,071	\$ 5,328,071	
State Sources:					
Debt Service State Aid	1,044,347	\$ (82,709)	961,638	961,638	
Total Revenues	6,372,418		6,289,709	6,289,709	
EXPENDITURES:					
Regular Debt Service:					
Redemption of Principal	3,140,000		3,140,000	3,140,000	
Interest and Other Charges	3,403,788	(82,709)	3,321,079	2,934,640	\$ 386,439
Total Regular Debt Service	6,543,788	(82,709)	6,461,079	6,074,640	386,439
Total Expenditures	6,543,788	(82,709)	6,461,079	6,074,640	386,439
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(171,370)		(171,370)	215,069	386,439
Other Financing Sources:					
School Refunding Bonds Issued				31,535,000	
School Bonds Defeased				(31,409,000)	
Bond Issuance Costs				(262,639)	
Bond Premiums				2,730,173	
Deferred Bond Interest				(2,593,534)	
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(171,370)		(171,370)	215,069	386,439
Fund Balance, July 1	174,121		174,121	174,121	
Fund Balance, June 30	\$ 2,751	\$ - 0 -	\$ 2,751	\$ 389,190	\$ 386,439

Exhibit I-4

WEST ORANGE SCHOOL DISTRICT
LONG-TERM DEBT
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Purpose</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance June 30, 2011</u>	<u>Matured</u>	<u>Balance June 30, 2012</u>
54 Passenger Bus	\$ 92,845	4.82%	\$ 19,421	\$ 19,421	
24 Passenger Buses	159,375	4.58%	33,258	33,258	
Telephone Network	502,342	6.23%	<u>304,876</u>	<u>96,250</u>	<u>\$ 208,626</u>
			<u>\$ 357,555</u>	<u>\$ 148,929</u>	<u>\$ 208,626</u>

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

	<u>Exhibit</u>
<p>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.</p>	J-1 thru J-5
<p>Revenue Capacity These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.</p>	J-6 thru J-9
<p>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.</p>	J-10 thru J-13
<p>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.</p>	J-14 thru J-15
<p>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.</p>	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. The District implemented GASB Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

WEST ORANGE SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities:								
Invested in Capital Assets, Net of Related Debt	\$ 2,765,191	\$ 31,592,396	\$ 33,204,821	\$ 41,953,320	\$ 47,151,986	\$ 50,892,444	\$ 50,380,283	\$ 52,834,155
Restricted	30,106,245	4,981,696	5,546,951	1,627,374	2,338,655	2,839,791	233,986	1,793,274
Unrestricted (Deficit)	(1,502,525)	(1,208,688)	421,876	392,974	439,125	281,211	6,023,672	5,457,065
Total Governmental Activities	\$ 31,368,911	\$ 35,365,404	\$ 39,173,648	\$ 43,973,668	\$ 49,929,766	\$ 54,013,446	\$ 56,637,941	\$ 60,084,494
Business-Type Activities:								
Invested in Capital Assets, Net of Related Debt	\$ 182,761	\$ 161,494	\$ 140,584	\$ 119,811	\$ 99,185	\$ 92,092	\$ 92,083	\$ 108,294
Unrestricted	40,305	64,054	127,790	176,879	194,534	301,066	328,461	273,341
Total Business-Type Activities	\$ 223,066	\$ 225,548	\$ 268,374	\$ 296,690	\$ 293,719	\$ 393,158	\$ 420,544	\$ 381,635
District-Wide:								
Invested in Capital Assets, Net of Related Debt	\$ 2,947,952	\$ 31,753,890	\$ 33,345,405	\$ 42,073,131	\$ 47,251,171	\$ 50,984,536	\$ 50,472,366	\$ 52,942,449
Restricted	30,106,245	4,981,696	5,546,951	1,627,374	2,338,655	2,839,791	233,986	1,793,274
Unrestricted (Deficit)	(1,462,220)	(1,144,634)	549,666	569,853	633,659	582,277	6,352,133	5,730,406
Total District-Wide Net Assets	\$ 31,591,977	\$ 35,590,952	\$ 39,442,022	\$ 44,270,358	\$ 50,223,485	\$ 54,406,604	\$ 57,058,485	\$ 60,466,129

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: West Orange School District Financial Reports.

WEST ORANGE SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

Expenses:	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities:								
Instruction:								
Regular	\$ 45,360,387	\$ 50,662,252	\$ 55,964,073	\$ 57,013,784	\$ 58,023,770	\$ 61,320,997	\$ 62,779,576	\$ 63,124,740
Special Education	6,573,732	7,853,207	9,556,897	10,675,424	11,453,222	11,761,960	12,705,738	13,859,402
Other Special Education	1,590,692	1,610,323	2,027,170	2,081,762	2,614,997	2,719,469	2,728,498	2,713,054
Other Instruction	1,034,433	1,177,208	1,191,701	1,171,820	1,327,468	1,401,680	1,467,081	1,366,657
Support Services:								
Tuition	5,058,889	4,904,548	5,403,180	6,177,732	6,823,201	7,727,502	6,723,081	7,653,063
Student & Instruction-Related Services	10,048,247	12,758,975	13,996,458	15,232,245	15,013,419	15,889,197	16,232,826	15,687,467
General Administration Services	2,209,331	1,583,328	1,530,328	1,384,844	1,249,755	1,233,674	1,559,078	1,554,498
School Administration Services	7,324,093	7,737,402	8,286,708	8,987,524	8,621,105	8,793,394	8,112,122	8,015,389
Central Services			1,027,254	1,066,602	1,143,869	1,137,355	1,361,413	1,245,356
Administration Information Technology			58,982		53,861			
Plant Operations and Maintenance	8,440,135	9,519,192	8,341,489	9,914,204	10,225,594	10,459,024	11,044,828	11,074,567
Pupil Transportation	6,913,080	8,010,754	8,440,917	8,601,742	8,382,024	8,607,090	7,789,494	8,086,301
Business and Other Support Services	1,116,031	1,031,154						
Capital Outlay	60,129	28,648	853,095	857,848	56,547			
Interest on Long-Term Debt	4,736,571	4,613,533	3,873,067	4,680,497	4,606,425	4,227,907	3,742,912	3,140,282
Unallocated Depreciation	351,279	441,077	522,506	724,138	877,802	1,052,340	2,366,214	2,507,544
Total Governmental Activities Expenses	<u>100,817,029</u>	<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>
Business-Type Activities:								
Food Service	2,085,356	2,187,991	2,344,684	2,511,852	2,666,765	2,740,607	2,995,896	3,187,324
Total Business-Type Activities Expenses	<u>2,085,356</u>	<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>
Total District-Wide Expenses	<u>102,902,385</u>	<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>

WEST ORANGE SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Program Revenues:								
Governmental Activities:								
Tuition	\$ 135,797	\$ 124,995	\$ 125,765	\$ 167,371	\$ 132,478	\$ 333,680	\$ 194,732	\$ 445,612
Operating Grants and Contributions	14,757,947	15,893,758	19,752,679	20,609,502	16,727,234	17,783,181	13,605,856	17,292,453
Capital Grants and Contributions	8,196,630	2,225,434	1,041,747	1,039,023	741,147	147,336	43,124	
Governmental Activities Program Revenues	23,090,374	18,244,187	20,920,191	21,815,896	17,600,859	18,264,197	13,843,712	17,738,065
Business-Type Activities:								
Charges for Services:								
Food Service	1,303,184	1,407,046	1,485,796	1,493,696	1,455,770	1,481,571	1,498,628	1,516,275
Operating Grants and Contributions	724,938	753,375	901,555	1,046,276	1,207,738	1,358,286	1,524,590	1,632,067
Business-Type Activities Program Revenues	2,028,122	2,160,421	2,387,351	2,539,972	2,663,508	2,839,857	3,023,218	3,148,342
Total District-Wide Program Revenues	25,118,496	20,404,608	23,307,542	24,355,868	20,264,367	21,104,054	16,866,930	20,886,407
Net (Expense)/Revenue:								
Governmental Activities	(77,726,655)	(93,687,414)	(100,153,634)	(106,754,270)	(112,872,200)	(118,067,392)	(124,769,149)	(122,290,255)
Business-Type Activities	(57,234)	(27,570)	42,667	28,120	(3,257)	99,250	27,322	(38,982)
Total District-Wide Net (Expense)/Revenue	(77,783,889)	(93,714,984)	(100,110,967)	(106,726,150)	(112,875,457)	(117,968,142)	(124,741,827)	(122,329,237)
General Revenues and Other Changes								
in Net Assets:								
Governmental Activities:								
Property Taxes - General Purposes, Net	81,159,560	89,221,478	95,139,489	101,917,933	107,215,360	109,933,212	115,506,733	114,498,112
Property Taxes - Debt Service	4,236,118	4,672,209	5,024,209	5,411,172	5,269,175	5,420,427	5,242,559	5,328,071
Federal and State Aid Not Restricted	2,692,382	2,868,130	2,788,890	3,388,443	5,729,273	6,068,467	6,105,727	4,846,412
Investment Earnings	1,309,965	871,593	929,244	550,146	261,723	77,776	50,169	21,484

WEST ORANGE SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Assets:								
Governmental Activities:								
Miscellaneous Income	\$ 156,309	\$ 80,497	\$ 80,046	\$ 286,596	\$ 352,767	\$ 651,190	\$ 488,456	\$ 542,729
Transfers		(30,000)						500,000
Total Governmental Activities General Revenues and Other Changes	<u>89,556,339</u>	<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>
Business-Type Activities:								
Investment Earnings	49	52	159	196	286	189	64	73
Transfers		30,000						
Total Business-Type Activities General Revenues and Other Changes	<u>49</u>	<u>30,052</u>	<u>159</u>	<u>196</u>	<u>286</u>	<u>189</u>	<u>64</u>	<u>73</u>
Total District-Wide General Revenues and Other Changes in Net Assets	<u>89,556,388</u>	<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>
Change in Net Assets:								
Governmental Activities	11,829,684	3,998,499	3,810,251	4,802,028	5,958,107	4,083,680	2,624,495	3,446,553
Business-Type Activities	(57,185)	2,482	42,826	28,316	(2,971)	99,439	27,386	(38,909)
Total District-Wide Change in Net Assets	<u>\$ 11,772,499</u>	<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>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: West Orange School District Financial Reports.

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

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
General Fund:								
Restricted/Reserved	\$ 3,086,589	\$ 1,778,011	\$ 209,438	\$ 90,918	\$ 1,537,579	\$ 2,086,766	\$ 1	\$ 1,349,220
Unreserved	1,799,562	1,942,265	2,959,135	2,749,413	3,278,928	2,835,041		
Assigned							1,898,887	2,651,226
Unassigned							3,417,328	2,827,610
Total General Fund	<u>\$ 4,886,151</u>	<u>\$ 3,720,276</u>	<u>\$ 3,168,573</u>	<u>\$ 2,840,331</u>	<u>\$ 4,816,507</u>	<u>\$ 4,921,807</u>	<u>\$ 5,316,216</u>	<u>\$ 6,828,056</u>
Other Governmental Funds:								
Restricted/Reserved for:								
Capital Projects Fund	\$ 1,211,709	\$ 739,701	\$ 1,121,215	\$ 645,886	\$ 521,818	\$ 28,965	\$ 59,864	\$ 54,864
Debt Service Fund							174,121	389,190
Unreserved (Deficit), Reported In:								
Special Revenue Fund	(2,360)		(23,362)	(8,369)				
Capital Projects Fund	25,267,148	2,354,691	4,084,123	617,429	150,532	30,872		
Debt Service Fund	395,569	109,293	155,537	281,510	128,726	693,188		
Total Other Governmental Funds	<u>\$ 26,872,066</u>	<u>\$ 3,203,685</u>	<u>\$ 5,337,513</u>	<u>\$ 1,536,456</u>	<u>\$ 801,076</u>	<u>\$ 753,025</u>	<u>\$ 233,985</u>	<u>\$ 444,054</u>
Total Governmental Funds	<u>\$ 31,758,217</u>	<u>\$ 6,923,961</u>	<u>\$ 8,506,086</u>	<u>\$ 4,376,787</u>	<u>\$ 5,617,583</u>	<u>\$ 5,674,832</u>	<u>\$ 5,550,201</u>	<u>\$ 7,272,110</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: West Orange School District Financial Reports.

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

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:								
Tax Levy	\$ 85,395,678	\$ 93,893,687	\$ 100,163,698	\$ 107,329,105	\$ 112,484,535	\$ 115,353,639	\$ 120,749,292	\$ 119,826,183
Tuition Charges	135,797	124,995	125,765	167,371	132,478	333,680	194,732	445,612
Miscellaneous	1,466,274	952,090	1,009,290	836,742	614,490	728,966	593,460	608,908
State Sources	23,585,757	18,949,418	21,329,658	22,634,632	20,304,479	19,265,542	15,194,466	18,329,001
Federal Sources	2,061,202	2,037,904	2,253,658	2,402,336	2,893,175	4,733,442	4,505,406	3,765,169
Total Revenue	112,644,708	115,958,094	124,882,069	133,370,186	136,429,157	140,415,269	141,237,356	142,974,873
Expenditures:								
Instruction:								
Regular Instruction	32,431,784	35,674,606	36,997,307	38,500,275	39,655,392	40,940,145	42,147,377	41,803,213
Special Education Instruction	6,430,224	7,926,710	9,571,277	10,714,241	11,494,205	11,753,353	12,778,869	13,778,274
Other Special Instruction	1,579,037	1,621,978	2,027,170	2,081,762	2,614,997	2,719,469	2,696,569	2,744,983
Other Instruction	1,034,433	1,177,208	1,191,701	1,171,820	1,327,468	1,401,680	1,467,081	1,366,657
Support Services:								
Tuition	5,058,889	4,904,548	5,403,180	6,177,732	6,823,201	7,727,502	6,723,081	7,653,063
Student and Instruction Related Services	8,029,201	9,866,421	10,503,218	11,642,261	11,756,542	12,146,085	12,670,108	11,957,991
General Administration Services	1,473,977	1,434,312	1,368,280	1,209,042	1,101,202	1,111,438	1,391,407	1,415,161
School Administration Services	5,941,412	5,856,994	6,029,150	6,718,414	6,472,092	6,377,200	6,003,281	5,744,918
Central Services			730,986	808,376	889,697	813,468	1,060,212	917,106
Administration Information Technology			58,982		53,861			
Plant Operations and Maintenance	7,277,211	8,260,925	7,259,551	8,862,663	9,263,785	9,305,398	9,946,807	9,142,144
Pupil Transportation	6,438,286	7,494,545	8,049,338	8,156,051	8,011,092	8,194,067	7,422,233	7,541,259
Business and Other Support Services	882,178	788,278						
Unallocated Benefits	18,326,213	21,628,129	26,561,418	26,499,471	25,121,638	28,368,669	28,271,199	29,259,331
Capital Outlay	45,006,359	29,068,446	6,125,658	8,392,561	4,213,805	3,496,627	2,068,073	2,354,224

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

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Expenditures:								
Debt Service:								
Principal	\$ 1,504,127	\$ 1,765,900	\$ 1,804,030	\$ 2,059,590	\$ 2,140,150	\$ 2,213,140	\$ 3,270,000	\$ 3,140,000
Interest and Other Charges	4,232,241	4,293,350	4,151,668	4,505,226	4,355,484	4,292,121	3,445,690	2,934,640
Total Expenditures	<u>145,647,577</u>	<u>141,764,356</u>	<u>127,834,921</u>	<u>137,501,493</u>	<u>135,296,620</u>	<u>140,860,362</u>	<u>141,361,987</u>	<u>141,752,964</u>
Excess (Deficiency) of Revenues Over/(Under)								
Expenditures	<u>(33,002,869)</u>	<u>(25,806,262)</u>	<u>(2,952,852)</u>	<u>(4,131,307)</u>	<u>1,132,537</u>	<u>(445,093)</u>	<u>(124,631)</u>	<u>1,221,909</u>
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		
Transfers In	642,939	378,742	371,520	162,984	23,472	8,223	6,525	502,892
Transfers Out	(642,939)	(408,742)	(371,520)	(162,984)	(23,472)	(8,223)	(6,525)	(2,892)
Total Other Financing Sources/(Uses)		<u>970,000</u>	<u>4,532,970</u>		<u>106,250</u>	<u>502,342</u>		<u>500,000</u>
Net Change in Fund Balances	<u>\$ (33,002,869)</u>	<u>\$ (24,836,262)</u>	<u>\$ 1,580,118</u>	<u>\$ (4,131,307)</u>	<u>\$ 1,238,787</u>	<u>\$ 57,249</u>	<u>\$ (124,631)</u>	<u>\$ 1,721,909</u>
Debt Service as a Percentage of Noncapital Expendi	5.70%	5.38%	4.89%	5.08%	4.96%	4.74%	4.82%	4.36%

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

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 Year Ended June 30,	Interest on Investments	Tuition	Rentals - Use of Facilities	Athletics	Prior Year Refunds/ Void Checks	Sale of Capital Assets	Misc.	Total
2003	\$ 74,382	\$ 24,738	\$ 21,626	\$ 7,880			\$ 112,786	\$ 241,412
2004	117,745	60,391	14,076	10,900			190,979	394,091
2005	191,748	135,797	32,507	6,540			106,261	472,853
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

Source: West Orange School District Financial Reports.

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

Year End Dec. 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2004	\$ 16,471,100	\$ 1,211,406,500	\$ 150,800	\$ 18,900	\$ 254,729,100	\$ 10,276,400	\$ 41,665,500	\$ 1,534,718,300	\$ 3,914,707	\$ 1,538,633,007	\$ 180,440,900	\$ 5.39	\$ 4,659,137,583
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

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.

^a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

^b Tax rates are per \$100 of assessed value.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: West Orange Township Tax Assessor.

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

Year Ended Dec. 31,	West Orange School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt ^b	Total Direct	West Orange Township	Essex County	
2002	\$ 4.256	\$ 0.23	\$ 4.49	\$ 2.04	\$ 1.60	\$ 8.13
2003	4.693	0.237	4.93	2.25	1.62	8.80
2004	4.984	0.406	5.39	2.37	1.59	9.35
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

Note: NISA 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.

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

^b - 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

2012		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Essex Green Shopping Plaza	\$ 21,173,300	1.38%
Bow & Arrow Manor, Inc.	14,967,200	0.98%
Reckson Operating Partnership L.P.	13,648,700	0.89%
Blackburn Development Corporation	13,227,700	0.86%
Kessler Institute	13,195,200	0.86%
West Orange Plaza	10,747,600	0.70%
Crestmont Country Club	8,961,500	0.58%
Prism Green Associates	7,787,300	0.51%
Atkins & Kent Limited	7,531,000	0.49%
Montclair Golf and Country Club	7,490,400	0.49%
Total	\$ 118,729,900	7.74%
2003		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Essex Green Shopping Plaza	\$ 21,173,300	1.40%
Reckson Operating Partnership L.P.	18,148,700	1.20%
Bow & Arrow Manor, Inc.	14,967,200	0.99%
Organon, Inc.	13,221,900	0.87%
Blackburn Development Corporation	13,058,700	0.86%
West Orange Plaza	9,738,900	0.64%
Crestmont Country Club	9,031,700	0.60%
Atkins & Kent Limited	7,700,000	0.51%
Montclair Golf and Country Club	7,445,500	0.49%
MCI Corp.	5,917,600	0.39%
Total	\$ 120,403,500	7.95%

Source: West Orange Township Tax Assessor.

Exhibit J-9

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	\$ 70,800,562	\$ 70,800,562	100.00%	- 0 -
2004	80,344,644	80,344,644	100.00%	- 0 -
2005	85,395,678	85,395,678	100.00%	- 0 -
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 -

^a - 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 EIGHT FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases			
2005	\$ 38,154,000	\$49,760,810		\$ 87,914,810	4.35%	\$ 2,056
2006	38,029,000	48,119,910	\$1,000,000	87,148,910	4.11%	2,049
2007	42,281,000	46,842,880	958,155	90,082,035	4.11%	2,124
2008	41,811,000	45,253,290	728,717	87,793,007	4.01%	2,070
2009	41,301,000	43,623,140	564,674	85,488,814	4.11%	2,009
2010	40,766,000	41,945,000	707,821	83,418,821	3.55%	1,805
2011	38,991,000	40,450,000	357,555	79,798,555	3.40%	1,724
2012	37,557,000	38,870,000	208,626	76,635,626	3.26%	1,656

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

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

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: West Orange School District Financial Reports.

Exhibit J-11

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2005	\$ 38,154,000	\$ - 0 -	\$ 38,154,000	2.48%	\$ 876
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%	882
2011	38,991,000	- 0 -	38,991,000	2.58%	843
2012	37,557,000	- 0 -	37,557,000	0.66%	812

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

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

^b - See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: West Orange School District Financial Reports.

WEST ORANGE SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2011
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Over- lapping Debt</u>
Debt repaid with Property Taxes:			
Township of West Orange	\$ 56,703,566	100.00%	\$ 56,703,566
Essex County General Obligation Debt	322,424,236	7.01%	<u>22,601,711</u>
Subtotal, Overlapping Debt			79,305,277
West Orange School District Direct Debt			<u>76,427,000</u>
Total Direct and Overlapping Debt			<u>\$ 155,732,277</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.

^a 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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 150,601,633	\$ 167,541,046	\$ 186,297,431	\$ 208,685,721	\$ 233,654,590	\$ 256,371,978	\$ 273,037,660	\$ 276,795,197	\$ 268,757,098	\$ 257,636,672
Total Net Debt Applicable to Limit		38,274,000	38,154,000	38,029,000	42,281,000	41,811,000	41,301,000	40,766,000	38,991,000	37,557,000
Legal Debt Margin	\$ 150,601,633	\$ 129,267,046	\$ 148,143,431	\$ 170,656,721	\$ 191,373,590	\$ 214,560,978	\$ 231,736,660	\$ 236,029,197	\$ 229,766,098	\$ 220,079,672
Total Net Debt Applicable to Limit as a % of Debt Limit	0.00%	22.84%	20.48%	18.22%	18.10%	16.31%	15.13%	14.73%	14.51%	14.58%

Legal Debt Margin Calculation for Fiscal Year 2012

Equalized Valuation Basis	
2011	\$ 6,243,846,594
2010	6,308,677,554
2009	6,770,226,217
	<u>\$ 19,322,750,365</u>
Average Equalized Valuation of Taxable Property	<u>\$ 6,440,916,788</u>
Debt Limit (4% of Average Equalization Value) ^a	\$ 257,636,672
Net Bonded School Debt - June 30, 2012	<u>37,557,000</u>
Legal Debt Margin	<u>\$ 220,079,672</u>

^a 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 Population ^a	Essex County Per Capita Personal Income ^b	Township Personal Income ^c	Township Unemployment Rate ^d
2003	44,769	\$ 38,746	\$ 1,734,619,674	2.70%
2004	44,189	41,417	1,830,175,813	3.70%
2005	43,541	43,231	1,882,320,971	4.00%
2006	42,750	47,290	2,021,647,500	4.00%
2007	42,524	49,850	2,119,821,400	3.50%
2008	42,415	51,665	2,191,370,975	4.70%
2009	42,561	48,901	2,081,275,461	7.90%
2010	46,215	50,791	2,347,306,065	8.20%
2011	46,277	50,791 *	2,350,455,107	7.70%
2012	46,277 **	50,791 *	2,350,455,107	N/A

* - Latest Essex County per capita personal income available (2010) was used for calculation purposes.

** - Latest population data available (2011) was used for calculation purposes.

N/A - Information Unavailable

Sources:

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

2012			2003		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Verizon Communications	18,000	N/A	N/A	N/A	N/A
Continental Airlines	14,000	N/A	N/A	N/A	N/A
PSE&G	10,300	N/A	N/A	N/A	N/A
Prudential Financial	8,119	N/A	N/A	N/A	N/A
JP Morgan Chase	5,300	N/A	N/A	N/A	N/A
Horizon Blue Cross/Blue Shield	4,808	N/A	N/A	N/A	N/A
Automatic Data Processing	4,666	N/A	N/A	N/A	N/A
Roche	3,715	N/A	N/A	N/A	N/A
KPMG	2,265	N/A	N/A	N/A	N/A
Ricoh American Corp	1,400	N/A	N/A	N/A	N/A
	<u>72,573</u>	<u>N/A</u>		<u>N/A</u>	<u>N/A</u>

Note - Principal employers are that of Essex County.

N/A - Information not available

Source: Essex County Economic Development Corporation.

Exhibit J-16

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

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction:								
Regular	617	662	682	657	646	632	605	603
Special Education	26	31	33	36	46	52	109	120
Support Services:								
Student & Instruction-Related Services	74	71	77	78	79	76	75	90
School Administration	57	45	50	51	53	50	50	55
General Administration	3	3	3	3	3	3	3	3
Plant Operations & Maintenance	68	69	75	73	75	72	71	75
Pupil Transportation	12	12	9	12	14	14	14	16
Central Services/Administrative Technology	11	11	12	12	12	13	13	14
Total	<u>868</u>	<u>904</u>	<u>941</u>	<u>922</u>	<u>928</u>	<u>912</u>	<u>940</u>	<u>976</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: West Orange School District Personnel records.

WEST ORANGE SCHOOL DISTRICT
OPERATING STATISTICS
LAST EIGHT FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^b	Percentage Change	Teaching Staff ^c	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2005	6,431	\$ 94,902,845	\$ 14,757	6.40%	695	12.0	13.0	10.0	6,431	6,103	1.61%	94.90%
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	6,870	132,578,224	19,298	-2.23%	714	11.1	10.3	11.5	6,870	6,526	3.62%	94.99%
2012	6,908	133,324,100	19,300	0.01%	723	10.8	9.6	10.7	6,914	6,552	0.64%	94.76%

Note: Enrollment based on annual October District count.

- ^a Operating expenditures equal total expenditures less debt service and capital outlay.
- ^b Cost per pupil is calculated based upon enrollment and operating expenditures as presented and may be different from other (State) cost per pupil calculations.
- ^c Teaching staff includes only full-time equivalents of certificated staff.
- ^d Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Sources: West Orange School District records.

WEST ORANGE SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST EIGHT FISCAL YEARS

<u>District Building</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Gregory School:								
Square Feet	61,666	61,666	61,666	61,666	61,666	61,666	61,666	61,666
Capacity (Students)	502	502	502	502	502	502	502	502
Enrollment	480	471	505	510	522	563	590	575
Hazel School:								
Square Feet	44,920	44,920	44,920	44,920	44,920	44,920	44,920	44,920
Capacity (Students)	332	332	332	332	332	332	332	332
Enrollment	339	328	339	330	329	336	368	380
Mount Pleasant School:								
Square Feet	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
Enrollment	370	358	380	372	391	412	416	424
Pleasantdale School:								
Square Feet	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
Enrollment	424	478	464	468	430	439	447	370
Redwood School:								
Square Feet	53,176	53,176	53,176	53,176	53,176	53,176	53,176	53,176
Capacity (Students)	518	518	518	518	518	518	518	518
Enrollment	513	492	484	520	529	506	574	569
Saint Cloud School:								
Square Feet	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
Enrollment	343	359	356	348	358	367	386	377
Washington School:								
Square Feet	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
Enrollment	433	405	401	422	430	406	403	415
Edison Middle School:								
Square Feet	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
Enrollment	688	477	503	490	458	503	475	493

WEST ORANGE SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST EIGHT FISCAL YEARS

<u>District Building</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Roosevelt Middle School:								
Square Feet	111,738	111,738	111,738	111,738	11,738	17,738	17,738	17,738
Capacity (Students)	625	625	625	625	625	625	625	625
Enrollment	765	429	428	455	470	484	485	489
Liberty Middle School:								
Square Feet	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
Enrollment		539	528	517	543	546	551	421
West Orange High School:								
Square Feet	365,000	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
Enrollment	1,970	1,992	1,969	1,983	2,077	2,040	2,175	2,190

Number of Schools at June 30, 2012:

Elementary = 7

Middle School = 3

High School = 1

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

This schedule does not contain ten years' information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

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*	Project #s)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Administration	N/A	\$ 17,027									
Gregory	N/A	19,421	\$ 90,223	\$ 82,271	\$ 78,270	\$ 70,719	\$ 74,136	\$ 91,460	\$ 112,079	\$ 128,453	\$ 115,729
Hazel	N/A	11,816	55,406	50,524	48,066	51,514	54,004	49,554	60,726	69,598	62,704
Mount Pleasant	N/A	14,040	65,832	60,031	57,111	48,157	50,489	58,879	72,154	82,695	74,504
Pleasantdale	N/A	24,057	112,806	102,865	97,862	87,238	91,459	100,892	123,638	141,701	127,665
Redwood	N/A	17,387	81,529	74,374	70,728	60,982	63,929	72,918	89,357	102,412	92,268
Saint Cloud	N/A	16,430	77,042	70,252	66,835	48,379	50,717	68,905	84,439	96,775	87,190
Washington	N/A	16,529	77,505	70,675	67,237	66,042	69,224	69,319	84,947	97,357	87,714
Edison Middle	N/A	30,486	142,953	130,355	124,015	94,623	99,196	127,855	156,679	179,569	161,783
Roosevelt Middle	N/A	28,818	135,132	123,223	117,230	128,141	134,334	120,860	148,107	169,745	152,931
Liberty Middle	N/A				176,274	132,732	139,147	170,966	209,509	240,117	216,334
West Orange High	N/A	145,990	684,552	624,193	593,862	437,698	458,852	612,253	750,279	859,892	773,970
Total School Facilities		342,001	1,522,980	1,388,763	1,497,490	1,226,225	1,285,487	1,543,861	1,891,914	2,168,314	1,952,792
Other Facilities		1,074,966									
Grand Total		\$ 1,416,967	\$ 1,522,980	\$ 1,388,763	\$ 1,497,490	\$ 1,226,225	\$ 1,285,487	\$ 1,543,861	\$ 1,891,914	\$ 2,168,314	\$ 1,952,792

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

WEST ORANGE SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2012
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - New Jersey School Boards Association Insurance Group (NJSBAIG):		
Property - Blanket Real and Personal Property	\$ 159,632,433	\$ 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, 2012
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
AIG Insurance Company: School Board Legal Liability	\$ 5,000,000	\$ 10,000
Bollinger Insurance Company: Student Accident	5,000,000	
Excess Workers' Compensation - Insurance Corporation of Hanover (In excess of Self Insured retention of \$375,000)	Part I Part II Statutory 1,000,000	
Public Officials Bonds - Selective Insurance Company: Mark A. Kenney, Business Administrator/Board Secretary Joseph Antonucci, Treasurer	500,000 500,000	

Source: West Orange School District records.

SINGLE AUDIT SECTION



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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*

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the West Orange School District, in the County of Essex (the "Board") as of, and for the fiscal year ended June 30, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 16, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department").

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

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 Board's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

Compliance and Other Matters

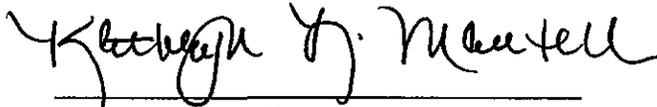
As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. However, we noted certain matters which we reported to management in the *Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance*.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.



NISIVOCCIA, LLP

November 16, 2012
Mount Arlington, New Jersey



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



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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04

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

Compliance

We have audited the compliance of the Board of Education of the West Orange School District in the County of Essex (the "Board") with the types of compliance requirements described in the U.S. Office of Management and Budget (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 Board's major federal and state programs for the fiscal year ended June 30, 2012. The Board's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"); 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 OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04 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 Board'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. Our audit does not provide a legal determination on the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the 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, 2012.

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

Internal Control Over Compliance

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *New Jersey State Aid/ Grant Compliance Supplement*, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board'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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

Nisivoccia, LLP

NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell

Licensed Public School Accountant #884

Certified Public Accountant

November 16, 2012
Mount Arlington, New Jersey

WEST ORANGE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Deferred Revenue/ (Accounts Receivable) June 30, 2011	Cash Received	Budgetary Expenditures	Balance June 30, 2012 Deferred Revenue Accounts Receivable	
Enterprise Fund:									
U.S. Department of Agriculture:									
Child Nutrition Program Cluster:									
Food Distribution Program	10.555	N/A	7/1/11-6/30/12	\$ 139,506		\$ 139,506	\$ (139,506)		
National School Breakfast Program	10.553	N/A	7/1/10-6/30/11	192,700	\$ (18,244)	18,244			
National School Breakfast Program	10.553	N/A	7/1/11-6/30/12	233,010		215,425	(233,010)		\$ (17,585)
National School Lunch Program	10.555	N/A	7/1/10-6/30/11	1,104,369	(87,283)	87,283			
National School Lunch Program	10.555	N/A	7/1/11-6/30/12	1,198,999		1,119,505	(1,198,999)		(79,494)
Total Child Nutrition Cluster					(105,527)	1,579,963	(1,571,515)		(97,079)
Fresh Fruit and Vegetable Program	10.582	N/A	7/1/11-6/30/12	25,318		22,958	(25,318)		(2,360)
Fresh Fruit and Vegetable Program	10.582	N/A	7/1/10-6/30/11	21,467	(2,870)	2,870			
Total Enterprise Fund					(108,397)	1,582,833	(1,596,833)		(99,439)
General Fund:									
U.S. Department of Education - Passed - through State Department of Education:									
Education Jobs Fund	84.410A	N/A	8/1/10-9/30/12	315,573		315,573	(315,573)		
U.S. Department of Health and Human Services:									
Medical Assistance Program	93.778	N/A	7/1/11-6/30/12	154,037		114,202	(154,037)		(39,835)
Medical Assistance Program	93.778	N/A	7/1/10-6/30/11	144,010	(46,417)	46,417			
Total General Fund					(46,417)	476,192	(469,610)		(39,835)
Special Revenue Fund:									
U.S. Department of Education - Passed - through State Department of Education:									
No Child Left Behind:									
Title I - Part A	84.010	NCLB-5680-12	9/1/11-8/31/12	859,237		520,736	(662,170)		(141,434)
Title I - Part A - Carryover	84.010	NCLB-5680-11	9/1/10-8/31/12	792,039	(155,364)	186,544	(31,180)		

WEST ORANGE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Deferred Revenue/ (Accounts Receivable) June 30, 2011	Cash Received	Budgetary Expenditures	Balance June 30, 2012 Deferred Revenue Accounts Receivable	
U.S. Department of Education - Passed - through State Department of Education:									
No Child Left Behind:									
Title II - Part A	84.367A	NCLB-5680-12	9/1/11-8/31/12	\$ 151,437		\$ 98,437	\$ (150,825)		\$ (52,388)
Title II - Part A	84.367A	NCLB-5680-11	9/1/10-8/31/11	177,042	\$ (19,387)	19,387			
Title II - Part D	84.318X	NCLB-5680-11	9/1/10-8/31/11	1,873	(1,873)	1,873			
Title III	84.365A	NCLB-5680-12	9/1/11-8/31/12	74,735		17,809	(17,536)	\$ 273	
Title III - Carryover	84.365A	NCLB-5680-11	9/1/10-8/31/12	84,036	(1,858)	51,130	(49,272)		
Title III - Immigrant - Carryover	84.365A	NCLB-5680-11	9/1/10-8/31/12	43,204	(12,710)	35,267	(22,557)		
Carl D. Perkins Secondary Education	84.048A	PERK5680-12	7/1/11-6/30/12	46,965		46,965	(46,965)		
Carl D. Perkins Secondary Education	84.048A	PERK5680-11	7/1/10-6/30/11	50,495	(1,653)	1,653			
Learn and Serve America	94.004	11AMER334ALS	09/1/10-8/31/11	14,000	437	7,000	(10,937)		(3,500)
Smaller Learning Communities Program	84.215L	S215L100069	09/1/11-8/31/12	428,572			(130,010)		(130,010)
Smaller Learning Communities Program	84.215L	S215L100069	09/1/10-8/31/12	423,326	(117,453)	117,463	(136,337)		(136,327)
Teaching American History	84.215X	U215X100424	09/1/11-8/31/12	280,854		280,854	(280,854)		
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		1,296,232	(1,664,356)		(368,124)
I.D.E.A. - Part B, Basic Regular - Carr	84.027	IDEA-5680-11	9/1/10-8/31/12	1,654,811	(315,275)	326,526	(11,251)		
ARRA - I.D.E.A. Part B, Basic Regula	84.391	ARRA-5680-11	7/1/09-8/31/11	1,954,596	(143,137)	143,137			
I.D.E.A. - Part B, Preschool	84.173	IDEA-5680-12	9/1/11-8/31/12	68,560		45,000	(68,560)		(23,560)
I.D.E.A. - Part B, Preschool	84.173	IDEA-5680-11	9/1/10-8/31/11	68,297	(13,068)	13,068			
ARRA - I.D.E.A. Part B, Preschool	84.392	ARRA-5680-10	7/1/09-8/31/11	70,520	(3,230)	3,230			
Total Special Education Cluster					(474,710)	1,827,193	(1,744,167)		(391,684)
Total U.S. Department of Education					(765,184)	3,094,487	(3,131,985)	273	(802,955)
Total Special Fund					(765,184)	3,094,487	(3,131,985)	273	(802,955)
Total Federal Awards					\$ (919,998)	\$ 5,153,512	\$ (5,198,428)	\$ 273	\$ (942,229)

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, 2012

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, 2012		MEMO	
				(Accounts Receivable) June 30, 2011				GAAP (Accounts Receivable)	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
State Department of Education:											
General Fund:											
Equalization Aid	12-495-034-5120-078	7/1/11-6/30/12	\$ 1,893,189		\$ 1,713,274	\$ (1,893,189)				\$ (179,915)	\$ (1,893,189)
Special Education Aid	11-495-034-5120-089	7/1/10-6/30/11	3,469,601	\$ (298,143)	298,143						(3,469,601)
Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	3,892,676		3,522,744	(3,892,676)				(369,932)	(3,892,676)
Security Aid	12-495-034-5120-084	7/1/11-6/30/12	107,672		97,440	(107,672)				(10,232)	(107,672)
Extraordinary Special Education	11-100-034-5120-473	7/1/10-6/30/11	1,377,640	(1,377,640)	1,377,640						(1,377,640)
Costs	12-100-034-5120-473	7/1/11-6/30/12	1,604,450			(1,604,450)		\$(1,604,450)		(1,604,450)	(1,604,450)
Nonpublic Transportation Costs	11-495-034-5120-014	7/1/10-6/30/11	139,244	(139,244)	139,244						(139,244)
Nonpublic Transportation Costs	12-495-034-5120-014	7/1/11-6/30/12	136,474			(136,474)		(136,474)		(136,474)	(136,474)
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	7/1/11-6/30/12	4,167,807		3,968,164	(4,167,807)		(199,643)		(199,643)	(4,167,807)
Total General Fund State Aid				(1,815,027)	11,116,649	(11,802,268)		(1,940,567)		(2,500,646)	(21,073,238)
Special Revenue Fund:											
NJ Nonpublic Aid:											
Auxiliary Services (Chapter 192):											
Compensatory Education	11-100-034-5120-067	7/1/10-6/30/11	49,399	6,615			\$ (6,615)				(42,784)
Compensatory Education	12-100-034-5120-067	7/1/11-6/30/12	49,030		49,030	(36,011)			\$13,019		(36,011)
Transportation	12-100-034-5120-067	7/1/11-6/30/12	21,332		21,332	(21,332)					(21,332)
English as a Second Languag	11-100-034-5120-067	7/1/10-6/30/11	2,561	2,561			(2,561)				
English as a Second Languag	12-100-034-5120-067	7/1/11-6/30/12	1,724		1,724				1,724		
Home Instruction	11-100-034-5120-067	7/1/10-6/30/11	4,312	(4,312)	4,312						(4,312)
Home Instruction	12-100-034-5120-067	7/1/11-6/30/12	6,271			(6,271)		(6,271)			(6,271)
Handicapped Services (Chapter 193):											
Supplemental Instruction	11-100-034-5120-066	7/1/10-6/30/11	19,455	7,087			(7,087)				(12,368)
Supplemental Instruction	12-100-034-5120-066	7/1/11-6/30/12	18,941		18,941	(7,086)			11,855		(7,086)
Examination & Classification	11-100-034-5120-066	7/1/10-6/30/11	145,414	12,420			(12,420)				(132,994)
Examination & Classification	12-100-034-5120-066	7/1/11-6/30/12	135,249		135,249	(123,498)			11,751		(123,498)
Corrective Speech	11-100-034-5120-066	7/1/10-6/30/11	29,885	7,589			(7,589)				(22,296)
Corrective Speech	12-100-034-5120-066	7/1/11-6/30/12	30,014		30,014	(19,904)			10,110		(19,904)

WEST ORANGE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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, 2012		MEMO	
				(Accounts Receivable) June 30, 2011				GAAP (Accounts Receivable)	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
Special Revenue Fund:											
NJ Nonpublic Aid:											
Textbook Aid (Chapter 194)	11-100-034-5120-064	7/1/10-6/30/11	\$ 108,394	\$ 10,512			\$ (10,512)				\$ (97,882)
Textbook Aid (Chapter 194)	12-100-034-5120-064	7/1/11-6/30/12	90,624		\$ 90,624	\$ (82,721)		\$ 7,903			(82,721)
Nursing Services (Chapter 226)	12-100-034-5120-070	7/1/11-6/30/12	129,445		129,445	(129,445)					(129,445)
Total Special Revenue Fund				42,472	480,671	(426,268)	(46,784)	\$ (6,271)	56,362		(738,904)
Capital Projects Fund:											
NJ Schools Development Authority - Financing Act	N/A	7/1/05-6/30/12	2,566,324	(348,715)	171,162			(144,867)		\$ (177,553)	2,533,638
Total Capital Projects Fund				(348,715)	171,162			(144,867)		(177,553)	2,533,638
Debt Service Fund:											
Debt Service Aid - State Support	12-495-034-5120-017	7/1/11-6/30/12	961,638		961,638	(961,638)					(961,638)
Enterprise Fund:											
State School Lunch Program	11-100-010-3350-023	7/1/10-6/30/11	33,261	(2,868)	2,868						(33,261)
State School Lunch Program	12-100-010-3350-023	7/1/11-6/30/12	35,234		32,894	(35,234)		(2,340)		(2,340)	(35,234)
Total Enterprise Fund				(2,868)	35,762	(35,234)		(2,340)		(2,340)	(68,495)
Total State Awards				\$(2,124,138)	\$12,765,882	\$(13,225,408)	\$ (46,784)	\$(2,094,045)	\$56,362	\$(2,680,539)	\$(20,308,637)

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, 2012

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, 2012. 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 OMB's Circular 04-04, *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 (\$261,936) for the General Fund and \$15,099 for the Special Revenue Fund (of which \$2,350 is attributed to local grants). 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 \$1,794,118 and \$3,606,645, respectively.

WEST ORANGE SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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	\$ 469,610	\$ 16,941,095	\$ 17,410,705
Special Revenue Fund	3,295,559	426,268	3,721,827
Debt Service Fund		961,638	961,638
Enterprise Fund	1,596,833	35,234	1,632,067
Total Awards	<u>\$ 5,362,002</u>	<u>\$ 18,364,235</u>	<u>\$ 23,726,237</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, 2012. Revenue and expenditures reported under the Federal Food Distribution Program represent current year value received and current year distributions, respectively.

NOTE 6. NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY (NJ SDA) GRANT

The District received grants in the amount of \$2,566,324 in connection with a capital referendum project for HVAC/Mechanical systems, sound and lighting upgrades. Eligible grant expenditures are reported as funds are drawn down. At June 30, 2012, the District has drawn down \$2,388,771 of the grant funds and has \$177,553 receivable on the budgetary basis. In the Capital Projects Fund, the District realizes the full amount of the grant revenue on the budgetary basis in the year it was awarded and realizes grant revenue on the GAAP basis as it is expended and submitted for reimbursement. To date, the District has expended \$2,533,638 and has \$144,867 in grants receivable on the GAAP basis as of June 30, 2012.

WEST ORANGE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Summary of Auditors' Results:

- An unqualified report was issued on the District's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the District.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District's major federal and state programs.
- An unqualified report was issued on the District's compliance with major federal and state program requirements.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* and Federal OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*.
- The District's major programs for the current fiscal year consisted of the following federal and state awards:

	<u>CFDA Number/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal Programs:</u>				
Special Education Cluster:				
IDEA Basic	84.027	9/1/11-8/31/12	\$ 1,718,279	\$ 1,664,356
IDEA Basic - Carryover	84.027	9/1/10-8/31/12	1,654,811	11,251
IDEA Preschool	84.173	9/1/11-8/31/12	68,560	68,560
Education Jobs Fund	84.410A	8/1/10-9/30/12	315,573	315,573
 <u>State Programs:</u>				
Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	3,892,676	3,892,676
Security Aid	12-495-034-5120-084	7/1/11-6/30/12	107,672	107,672
Equalization Aid	12-495-034-5120-078	7/1/11-6/30/12	1,893,189	1,893,189
Extraordinary Special Education Costs	12-100-034-5120-473	7/1/11-6/30/12	1,604,450	1,604,450

- The threshold for distinguishing Type A and Type B programs was \$300,000 for federal programs and \$396,762 for state programs.
- The single audit thresholds identified in Federal OMB Circular A-133 and New Jersey OMB's Circular 04-04 were \$500,000.
- The District qualified as a "low-risk" auditee under the provisions of section 530 of the federal Circular.

WEST ORANGE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

Summary of Auditors' Results: (Cont'd)

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 OMB's Circular 04-04.

WEST ORANGE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Status of Prior Year Findings:

The District had no prior year audit findings.