

**ORADELL BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Oradell, New Jersey**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Oradell Board of Education**

**Oradell, New Jersey**

**For The Fiscal Year Ended June 30, 2013**

**Prepared by**

**Business Office**

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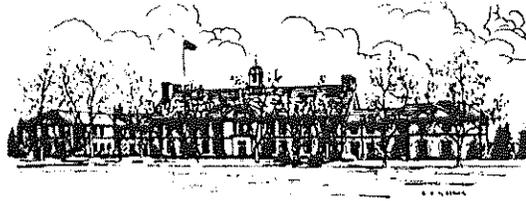
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## **INTRODUCTORY SECTION**

**Bert Arifaj**  
*School Business Administrator/  
Board Secretary*  
201-261-1166 Ext. 110  
Fax: 201-261-1167  
Email: arifaj@oradellschool.org



**ORADELL BOARD OF EDUCATION**

350 Prospect Avenue  
Oradell, New Jersey 07649

*"Our children, our hope, our future"*

December 3, 2013

Honorable President and  
Members of the Board of Education  
Oradell School District

Dear Board Members:

The Comprehensive Annual Financial Report of the Oradell School District ("The District") for the fiscal year ended June 30, 2013, 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 are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Oradell Public School's MD&A can be found immediately following the "Independent Auditors' Report."

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 (MD&A), and the basic financial statements including the district-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual fund financial statements, notes to the financial statements and required supplementary information (RSI). The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of the "U.S. Office of Management and Budget" (OMB) Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations," and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations, and findings and recommendations, are included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES:** Oradell School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement #14. All funds of the District are included in this report. The Oradell Board of Education and its school constitute the District's reporting entity.

The District continues to provide a full range of educational services appropriate to grade levels Pre-K through 6. These include both regular and special education for learning disabled students. The District completed the 2012-2013 fiscal year with enrollment of 784 students, which is 17 students less than the previous year's enrollment. The following details the changes in the student enrollment over the last ten years:

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2003-2004	749	+5.90
2004-2005	765	+2.14
2005-2006	770	+.65
2006-2007	786	+2.08
2007-2008	794	+1.02
2008-2009	790	-0.51
2009-2010	782	-1.02
2010-2011	804	+2.94
2011-2012	788	-1.99
2012-2013	784	-0.51

**2) ECONOMIC CONDITION AND OUTLOOK:** The Borough of Oradell, like other municipalities, is feeling the effects of the weakened economy. The real estate market remained soft while the prices of fuel, food, and other necessities continued to rise. Despite the economy having entered into a near recession and **declining** resources from the State and Federal level, the Oradell Public School has been able to maintain its staffing to ensure optimal class sizes as the NJCCCS are implemented.

**3) INTERNAL ACCOUNTING AND CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). The internal control structure 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 the 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 financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

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

**4) 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 cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2013.

**5) ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (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".

**6) 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". The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under 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.

**7) RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents, and fidelity bonds.

**8) OTHER INFORMATION:**

**A) Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP 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 as Amended and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements, individual fund financial statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

**B) Commendations** - The Oradell Public School District is proud of all that it accomplished during the 2012-2013 school year. The following is a sampling of the District's achievements:

The District continued its curriculum partnership with the Tri-District Curriculum Consortium, finalizing and unveiling K-12 regional curriculum guides in the areas of science curriculum-K-5, library curriculum K-12, Health K-12 and Language Arts Writing Grade 3. Common professional development activities were also implemented focusing on the Everyday Mathematics program and training for the implementation of a new literacy series, Mondo in grades kindergarten through five. A regional professional development academy continued this year as teachers were afforded opportunities to attend in-service workshops to support their quests for knowledge on a variety of topics. Common professional development days were orchestrated to support literacy skills, kindergarten through twelfth grade. Special education region (Region V) and the Northern Valley Curriculum Center were also partners in the professional development process. Formative assessments were continued in various grade levels to measure the students' literary skills on a pre and post basis. The district continues the implementation of Learnia to evaluate student performance on an assessment closely aligned to the NJASK and the NJCCCS.

Students continued to exercise their artistic and musical talents in a variety of ways. Winter and spring concerts featuring various choral and instrumental groups were well attended by community members. A spring Art Show served to instill pride and awareness as to the talents of the entire student body as the school's hallways and auditorium stage showcased students' collective gifts. The school sponsored musical, "Alice in Wonderland", was the highlight of our music program.

The District's technology infrastructure is among the very best in Bergen County. Students and staff have immediate access to contemporary technologies and to the OPS web site, a resource-rich portal designed to promote and support the instructional process. The district utilizes its site as a portal for access to a wide range of student resources across all content areas. In addition, it serves as a communications vehicle for parents and faculty. In addition, many faculty members crafted Wikis as a means of keeping parents abreast of classroom happenings.

Parents continue to be welcome, active participants in the educational process, volunteering in classrooms and participating on a host of PTA and school committees. The Oradell PTA and Board of Education provided students and staff with extensive array of educational activities designed to promote the education of the whole child --cognitively, socially, and emotionally. The Oradell Public School Professional staff continues to receive mini grant awards from both the PTA and the Oradell Kids Foundation to support various program initiatives and enhancements. In short, the many adult role models within our school community worked diligently and selflessly to support the growth and development of the District's most precious resource, the children.

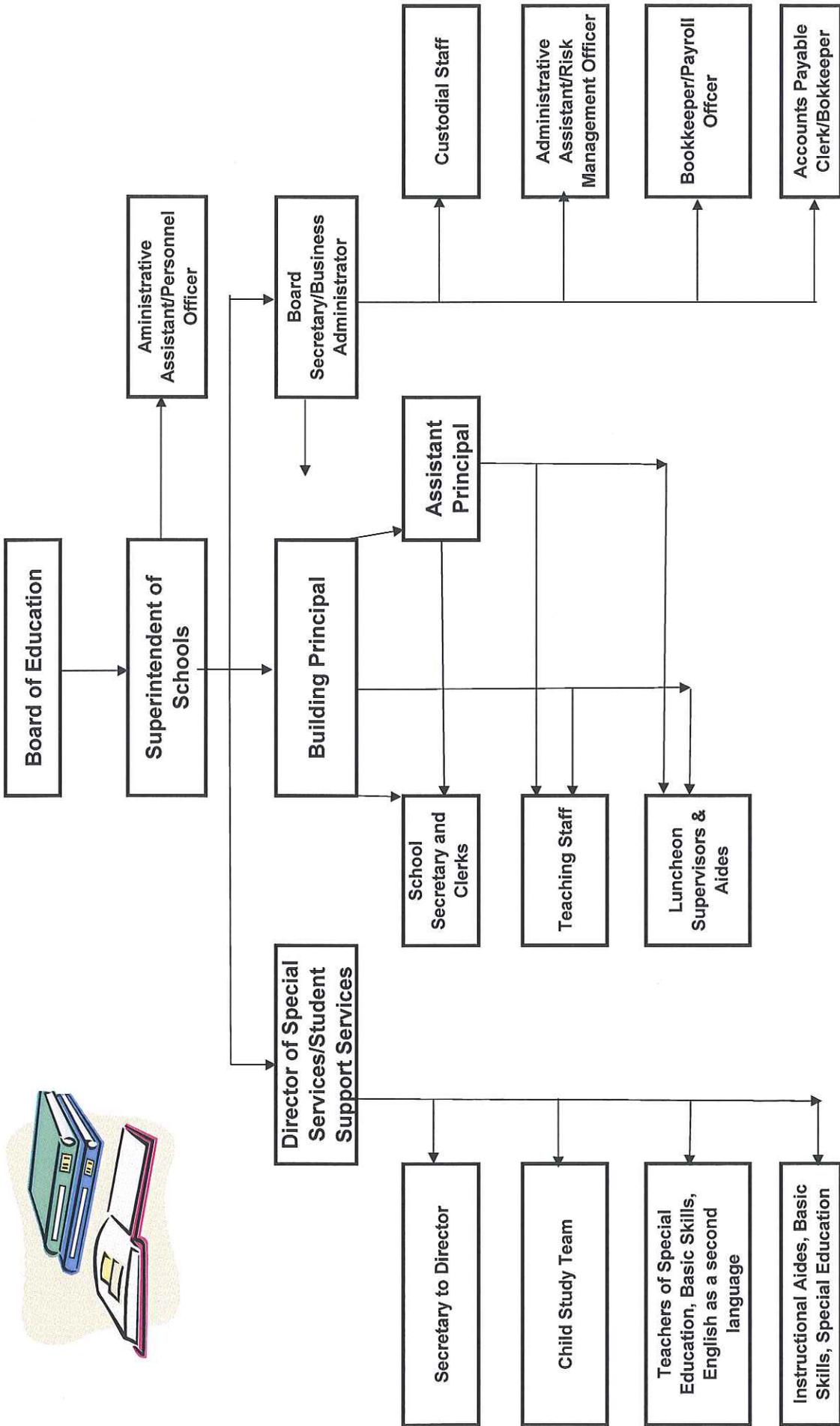
**9) ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Oradell School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The Oradell Board of Education continues to serve the community in proud fashion. Of the nine Board members, **two have** attained *Master Board Member Status* and two have achieved *Certified Board Member Status*. Also, the preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

  
Lawrence Hughes  
Interim-Superintendent

  
Bert Arifaj  
School Business Administrator/Board Secretary

# ORADELL PUBLIC SCHOOL DISTRICT ORGANIZATIONAL CHART



**ORADELL BOARD OF EDUCATION  
ORADELL, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2013**

**Members of the Board of Education**

President	Dorothy Watson-Nichols	2013
Vice President	Christine Robertson	2015
	Gregory Derian	2014
	Andrew Oddo	2015
	Katherine Norian	2015
	John Samuel	2014
	Rita Walker	2014
	John A. Walsh	2013
	Eugene Westlake	2013

**Other Officials**

Chief School Administrator	Anne Facendo
Board Secretary/ Business Administrator	Alfredo Aguilar, Ed.D.
Treasurer	Angelo DeSimone
Attorneys	Lindabury, McCormick, McCormick

**ORADELL BOARD OF EDUCATION  
Consultants and Advisors**

**Audit Firm**

Lerch, Vinci & Higgins, LLP  
17-17 Route 208N  
Fair Lawn, NJ 07410

**Attorney**

Lindbury, McCormick, Estabrook  
& Cooper, P.C.  
Attorneys at Law  
53 Cardinal Drive  
P.O. Box 2369  
Westfield, NJ 07091

**Official Depository**

Capital One  
464 Route 17 North  
Paramus, NJ 07652

State of New Jersey Cash Management Fund  
Division of Investment  
Department of Treasury  
Trenton, New Jersey

**FINANCIAL SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
EDWARD N. KERE, CPA  
LORI T. MANUKIAN, CPA, PSA  
MARK SACO, CPA

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Trustees  
Oradell Board of Education  
Oradell, New Jersey

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oradell Board of Education, as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

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

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

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## *Opinions*

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oradell Board of Education as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oradell Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Oradell Board of Education

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated December 3, 2013 on our consideration of the Oradell Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Oradell Board of Education's internal control over financial reporting and compliance.

*LERCH, VINCI & HIGGINS, LLP*

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



Jeffery C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
December 3, 2013

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# ORADELL BOARD OF EDUCATION

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2013

This section of Oradell Board of Education's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2013. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2012-2013) and the prior year (2011-2012) is required to be presented in the MD&A.

### FINANCIAL HIGHLIGHTS

Key financial highlights for the 2012-2013 fiscal year include the following:

- The assets of the Oradell Board of Education exceeded its liabilities at the close of the fiscal year by \$9,246,370. (Net Position)
- The District's total net position increased by \$143,604.
- Overall District revenues were \$12,437,598. General revenues accounted for \$10,484,907 or 84% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,952,691 or 16% of total revenues.
- The school district had \$12,210,367 in expenses for governmental activities; only \$1,851,866 of these expenses were offset by program specific charges, grants or contributions. General revenues of \$10,484,907 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$1,212,635. Of this amount, \$199,066 is available for spending at the District's discretion (unassigned fund balance – General Fund).
- The General Fund fund balance at June 30, 2013 was \$1,185,845, an increase of \$352,800 compared to the ending fund balance at June 30, 2012 of \$833,045.
- The General Fund budgetary fund balance at June 30, 2013 was \$1,291,488, which represents an increase of \$324,066 compared to the ending fund balance at June 30, 2012 of \$967,422. However, the General Fund unassigned budgetary fund balance at June 30, 2013 was \$304,709, a decrease of \$36,036 when compared to the ending unassigned budgetary fund balance at June 30, 2012 of \$340,745.

# ORADELL BOARD OF EDUCATION

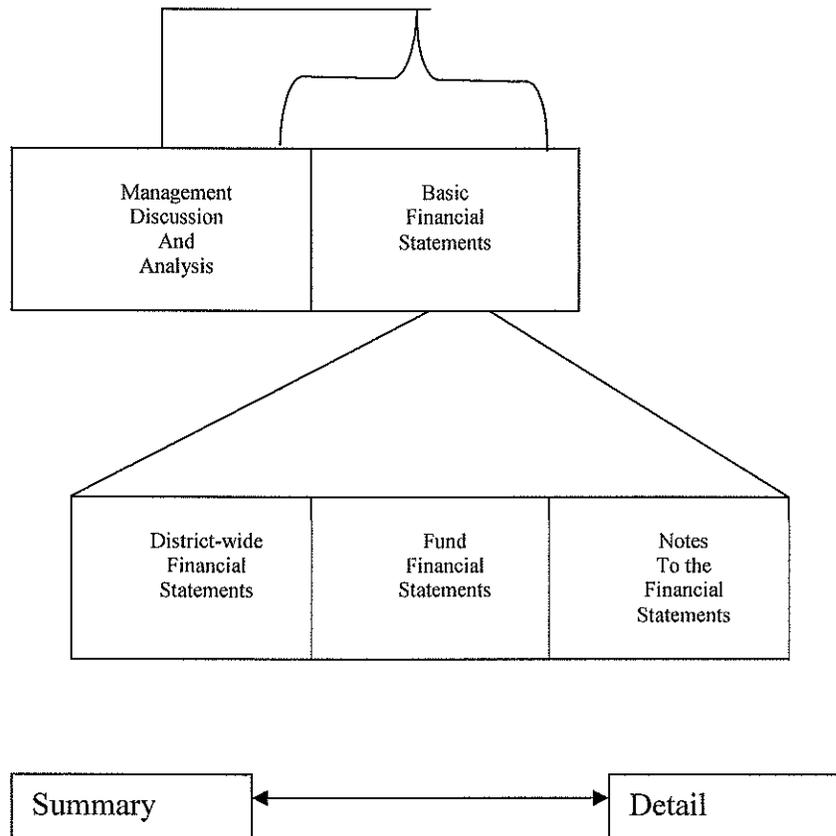
## Management's Discussion and Analysis Fiscal Year Ended June 30, 2013

### OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual* parts of the District, reporting the District's operations in *more detail* than the district-wide statements.
- The *governmental funds statements* tell how basic services were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short-term* and *long-term* financial information about the activities the district operated like *businesses*.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The following Figure shows how the various parts of this Annual Report are arranged and related to one another.



# ORADELL BOARD OF EDUCATION

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2013

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

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district(except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as instruction, building maintenance, transportation, and administration.	Activities the district operates similar to private businesses: Enterprise Funds	Instances in which the district administers resources on behalf of someone else, such as payroll deduction.
Required financial Statements	Statements of net position Statement of activities	Balance Sheet Statement of Revenue, expenditures and changes in fund balances	Statement of Net Position Statement of revenue, expenses, and changes in fund net position, Statement of cash flows	Statements of Fiduciary net position. Statement of Charge in Fiduciary Net Position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources Focus
Type of asset/liability Information	All assets, deferred outflows, liabilities, and deferred inflows, 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 there after; no capital assets or long-term liabilities included	All assets, deferred outflows, liabilities, and deferred inflows both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long funds do not currently contain capital assets, although they can
Type of inflow/outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

### District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the District's assets, liabilities and deferred outflows/inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net position* and how they have changed. Net assets – the difference between the District's assets/deferred outflows and liabilities/deferred inflows – is one way to measure the District's financial health or *position*

- Over time, increases or decreases in the District's net position are an indicator of whether its financial condition is improving or deteriorating, respectively.

## ORADELL BOARD OF EDUCATION

### Management's Discussion and Analysis Fiscal Year Ended June 30, 2013

- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration, and plant operation and maintenance. Property taxes and Federal and State aid finances most of these activities.
- *Business type activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprise. The District's extended year summer and food service programs are included under this category.

#### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's *funds* – focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and bond covenants.
- The District establishes other funds in accordance with the State of New Jersey Uniform Chart of Accounts to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
  - *Enterprise Funds* – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has two enterprise funds, for its extended year summer program and food service (cafeteria) program.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

ORADELL BOARD OF EDUCATION

Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2013

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found following the financial statements.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process. The District adopts an annual expenditure budget for the general, special revenue and debt service funds. A budgetary comparison statement has been provided for the general and special revenue funds as required supplementary information. The required supplementary information can be found following the notes to the basic financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Position.** The District's *combined* net position were \$9,246,370 and \$9,102,766 on June 30, 2013 and 2012, respectively, as follows:

**Statement of Net Position  
as of June 30, 2013 and 2012**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current Assets	\$ 1,335,818	\$ 1,357,689	\$ 120,500	\$ 115,837	\$ 1,456,318	\$ 1,473,526
Capital Assets	13,173,311	13,691,019	-	-	13,173,311	13,691,019
<b>Total Assets</b>	<u>14,509,129</u>	<u>15,048,708</u>	<u>120,500</u>	<u>115,837</u>	<u>14,629,629</u>	<u>15,164,545</u>
<b>Deferred Outflows of Resources</b>	<u>312,274</u>	<u>354,615</u>	<u>-</u>	<u>-</u>	<u>312,274</u>	<u>354,615</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>14,821,403</u>	<u>15,403,323</u>	<u>120,500</u>	<u>115,837</u>	<u>14,941,903</u>	<u>15,519,160</u>
Noncurrent Liabilities	5,433,754	5,770,203			5,433,754	5,770,203
Other Liabilities	182,919	554,496	78,860	91,395	261,779	645,891
<b>Total Liabilities</b>	<u>5,616,673</u>	<u>6,324,699</u>	<u>78,860</u>	<u>91,395</u>	<u>5,695,533</u>	<u>6,416,094</u>
Net Position						
Net Investment in capital assets	8,210,888	8,336,538			8,210,888	8,336,538
Restricted	357,679	163,275			357,679	163,275
Unrestricted	636,163	578,511	41,640	24,442	677,803	602,953
<b>Total Net Position</b>	<u>\$ 9,204,730</u>	<u>\$ 9,078,324</u>	<u>\$ 41,640</u>	<u>\$ 24,442</u>	<u>\$ 9,246,370</u>	<u>\$ 9,102,766</u>

ORADELL BOARD OF EDUCATION

Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2013

The District's total net position of \$9,246,370 at June 30, 2013 represents a \$143,604, or less than 2%, increase from the prior year. The following presents the changes in net position for the fiscal years ended June 30, 2013 and 2012:

**Change in Net Position  
For The Fiscal Years Ended June 30, 2013 and 2012**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 121,578	\$ 98,468	\$ 98,191	\$ 107,396	\$ 219,769	\$ 205,864
Operating Grants and Contributions	1,730,288	1,482,695	2,634	4,073	1,732,922	1,486,768
Capital Grants and Contributions		4,362			-	4,362
General Revenues						
Property Taxes	10,413,396	10,223,706			10,413,396	10,223,706
Other	71,511	32,280	-	-	71,511	32,280
<b>Total Revenues</b>	<u>12,336,773</u>	<u>11,841,511</u>	<u>100,825</u>	<u>111,469</u>	<u>12,437,598</u>	<u>11,952,980</u>
<b>Expenses</b>						
Instruction						
Regular	5,303,666	4,949,084			5,303,666	4,949,084
Special Education	1,523,479	1,535,110			1,523,479	1,535,110
Other Instruction	502,686	472,303			502,686	472,303
School Sponsored Activities and Athletics	22,012	15,539			22,012	15,539
Support Services						
Student and Instruction Related Services	1,653,852	1,718,687			1,653,852	1,718,687
General Administrative Services	484,917	532,384			484,917	532,384
School Administrative Services	641,922	494,753			641,922	494,753
Central and Other Support Services	371,353	427,165			371,353	427,165
Plant Operations and Maintenance	1,461,758	1,510,225			1,461,758	1,510,225
Pupil Transportation	94,559	134,795			94,559	134,795
Interest on Debt	150,163	174,266			150,163	174,266
Summer Program			77,571	83,780	77,571	83,780
Food Services	-	-	6,056	8,567	6,056	8,567
<b>Total Expenses</b>	<u>12,210,367</u>	<u>11,964,311</u>	<u>83,627</u>	<u>92,347</u>	<u>12,293,994</u>	<u>12,056,658</u>
Increase/(Decrease) in Net Position	126,406	(122,800)	17,198	19,122	143,604	(103,678)
Net Position, Beginning of Year	<u>9,078,324</u>	<u>9,201,124</u>	<u>24,442</u>	<u>5,320</u>	<u>9,102,766</u>	<u>9,206,444</u>
Net Position, End of Year	<u>\$ 9,204,730</u>	<u>\$ 9,078,324</u>	<u>\$ 41,640</u>	<u>\$ 24,442</u>	<u>\$ 9,246,370</u>	<u>\$ 9,102,766</u>

ORADELL BOARD OF EDUCATION

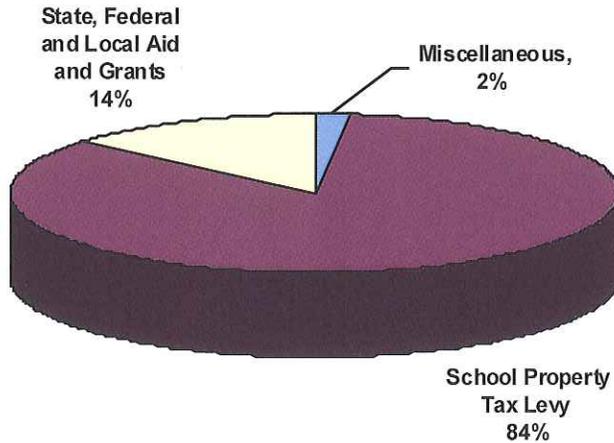
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2013

**Governmental Activities.** The District's total governmental activities' revenues, which includes State and Federal grants, were \$12,336,773 for the year ended June 30, 2013. Property taxes of \$10,413,396 represented 84% of revenues. Another significant portion of revenues came from State aid; total State, Federal and local aid was \$1,730,288 represented 14% of revenues. In addition, tuition and miscellaneous income which includes items such as interest, prior year refunds and other miscellaneous revenue was two percent of revenues earned.

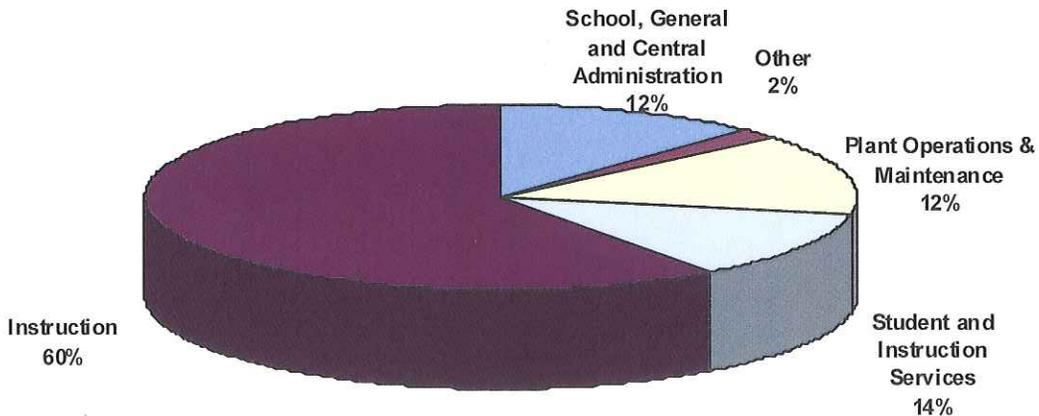
The total cost of all governmental activities programs and services was \$12,210,367. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$7,351,843 (60%) of total expenses. Support services, total \$4,708,361 (39%) of total expenses and interest on debt totaled \$150,163 (1%) of total expenses.

Total governmental activities revenue exceeded expenses, increasing net position \$126,406 from the previous year.

Revenues by Sources – Governmental Activities  
For Fiscal Year 2013



Miscellaneous 1  
Expenses by Use – Governmental Activities  
For Fiscal Year 2013



ORADELL BOARD OF EDUCATION

Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2013

**Net Cost of Governmental Activities.** The District's total cost of services was \$12,210,367. After applying program revenues, derived from charges for services of \$121,578, operating and capital grants and contributions of \$1,730,288, the net cost of services of the District is \$10,358,501.

**Total and Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2013 and 2012**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Instruction				
Regular	\$ 5,303,666	\$ 4,949,084	\$ 4,553,022	\$ 4,354,032
Special Education	1,523,479	1,535,110	676,486	805,103
Other Instruction	502,686	472,303	492,884	417,089
School Sponsored Activities and Athletics	22,012	15,539	22,012	15,539
Support Services				
Student and Instruction Related Services	1,653,852	1,718,687	1,523,888	1,592,784
General Administrative Services	484,917	532,384	484,917	532,384
School Administrative Services	641,922	494,753	571,719	454,083
Central and Other Support Services	371,353	427,165	346,926	408,233
Plant Operations and Maintenance	1,461,758	1,510,225	1,451,161	1,505,863
Pupil Transportation	94,559	134,795	85,323	119,410
Interest on Debt	150,163	174,266	150,163	174,266
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$ 12,210,367</u>	<u>\$ 11,964,311</u>	<u>\$ 10,358,501</u>	<u>\$ 10,378,786</u>

**Business-Type Activities** – The District's total business-type activities revenues were \$100,825 for the year ended June 30, 2013. Charges for services accounted for 97% of total revenues. Operating grants and contributions accounted for 3% of total revenue for the year.

Total cost of all business-type activities programs and services was \$83,627. The District's expenses are related to the extended year summer program for \$77,571 (93%) and food services for \$6,056 (7%).

Total business-type activities revenues surpassed expenses, increasing net position \$17,198 in comparison to the previous year.

ORADELL BOARD OF EDUCATION

Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2013

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$1,212,635, an increase of \$376,590 from last year's fund balance.

Revenues for the District's governmental funds were \$12,336,773, while total expenses were \$12,049,673 for the fiscal year ended June 30, 2013 and other financing sources were \$89,490.

**GENERAL FUND**

The General Fund includes the primary operations of the District in providing educational services to students from Pre-Kindergarten through Grade 6.

The following schedule presents a comparison of General Fund Revenues.

<b>General Fund Revenues</b>	<b>Fiscal Year Ended 6/30/2013</b>	<b>Fiscal Year Ended 6/30/2012</b>	<b>Amount of Increase (Decrease)</b>	<b>Percent Change</b>
Local Sources:				
Property Taxes	\$ 9,846,269	\$ 9,653,205	\$ 193,064	2%
Other	193,089	130,738	62,351	48%
State Sources	1,464,081	1,157,783	306,298	26%
Federal Sources	-	18,693	(18,693)	100%
<b>Total Revenues</b>	<b>\$ 11,503,439</b>	<b>\$ 10,960,419</b>	<b>\$ 543,020</b>	<b>5%</b>

Total General Fund revenues increased \$543,020 or 5% over the previous year. Property taxes increased \$193,064 or 2% to support operating expenditures. State and federal aid increased \$287,605 or 24% due to an increase in its formula aid (special education and transportation aid) received from the State as well as an increase in On-Behalf TPAF Pension contributions made by the State for the District. Increases in tuition, rents and other miscellaneous revenues during the year were the cause for other local revenues to increase \$62,351 or 48% from the previous year.

The following schedule presents a comparison of General Fund expenditures.

<b>General Fund Expenditures</b>	<b>Fiscal Year Ended 6/30/2013</b>	<b>Fiscal Year Ended 6/30/2012</b>	<b>Amount of Increase (Decrease)</b>	<b>Percent Change</b>
Instruction	\$ 7,095,889	\$ 6,757,697	\$ 338,192	5%
Support Services	4,111,700	4,091,810	19,890	0%
Debt Service	30,300	11,008	19,292	175%
Capital Outlay	5,240	11,143	(5,903)	100%
<b>Total Expenditures</b>	<b>\$ 11,243,129</b>	<b>\$ 10,871,658</b>	<b>\$ 371,471</b>	<b>3%</b>

ORADELL BOARD OF EDUCATION

Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2013

**GENERAL FUND (Continued)**

Total General Fund expenditures increased \$371,471 or 3% from the previous year. The majority of this increase can be attributed to increases in regular and other instruction costs during the current year.

In fiscal year 2013 General Fund revenues and other financing sources exceeded expenditures by \$352,800. Therefore, total fund balance increased to \$1,185,845 at June 30, 2013. However, after deducting restricted, committed and assigned fund balances, the unassigned fund balance decreased \$6,608 from \$206,368 at June 30, 2012 to \$199,066 at June 30, 2013. In addition, the balances in the restricted fund balances (i.e., capital reserve, emergency reserve, maintenance reserve and reserved excess surplus) increased \$176,694 from the previous year.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

At the end of fiscal year 2013, the District had \$13,173,311 invested in land, buildings, furniture, equipment and vehicles for governmental activities. The following is a comparison of the June 30, 2013 and 2012 balances.

**Capital Assets  
as of June 30, 2013 and 2012**

	<b>Governmental Activities</b>	
	<u>2013</u>	<u>2012</u>
Land	\$ 5,592	\$ 5,592
Land Improvements	52,200	52,200
Building and Building Improvements	20,505,020	20,505,020
Machinery and Equipment	<u>285,985</u>	<u>280,745</u>
Total	20,848,797	20,843,557
Less: Accumulated Depreciation	<u>(7,675,486)</u>	<u>(7,152,538)</u>
Total	<u>\$ 13,173,311</u>	<u>\$ 13,691,019</u>

**LONG TERM LIABILITIES**

At June 30, 2013 the District had \$5,069,057 of long term liabilities. Of this amount \$4,910,000 is for serial bonds; \$59,190 is for lease purchase agreements; and \$99,867 is for compensated absences. The following is a comparison of the June 30, 2013 and 2012 balances.

# ORADELL BOARD OF EDUCATION

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2013

### Long-Term Liabilities (Continued)

#### Long-Term Debt Outstanding as of June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Bond Payable	\$ 4,910,000	\$ 5,320,000
Lease Purchase Agreements	59,190	-
Compensated Absences Payable	<u>99,867</u>	<u>36,407</u>
 Total	 <u>\$ 5,069,057</u>	 <u>\$ 5,356,407</u>

### GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into the following categories"

- Implementing budgets for specially funded projects, which include both federal and state grants.
- Reinstating prior year purchase orders being carried over the previous year's budget.
- Increases in appropriations for transfers from fund balance.

Revisions in the budget were also made through budget transfer to prevent over expenditures in specific line item accounts. There were certain revisions to the budget during the year other than the reappropriation of prior year encumbrances.

General Fund budgetary revenues and other financing sources exceeded budgetary expenditures increasing budgetary fund balance \$324,066 from the previous year. However, after deducting restricted, committed and assigned fund balances, the unassigned budgetary fund balance decreased \$10,386 from \$340,745 at June 30, 2012 to \$305,403 at June 30, 2013. In addition, the District transferred funds to its capital reserve and maintenance reserve of \$117,614 and \$50,000 in June 2013

### FACTORS BEARING ON THE DISTRICT'S FUTURE

While many factors influence the district's future, the availability of funding for special education needs, student enrollment and the economy will have the most impact on educational and fiscal decisions in the future.

These factors were considered by the District's administration during the process of developing the fiscal year 2013-2014 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were considered when adopting the budget for fiscal year 2013-2014. Budgeted expenditures in the General Fund increased 4 percent to \$10,475,410 in fiscal year 2013-2014.

### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Business Office, Oradell Board of Education, 350 Prospect Avenue, Oradell, NJ 07649.

**DISTRICT-WIDE FINANCIAL STATEMENTS**

**ORADELL BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2013**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,253,194	\$ 119,638	\$ 1,372,832
Receivables, net	82,624	862	83,486
Capital Assets, Not Being Depreciated	5,592		5,592
Capital Assets, Being Depreciated, Net	<u>13,167,719</u>	<u>-</u>	<u>13,167,719</u>
Total Assets	<u>14,509,129</u>	<u>120,500</u>	<u>14,629,629</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Refunding of Debt	<u>312,274</u>	<u>-</u>	<u>312,274</u>
Total Assets and Deferred Outflows of Resources	<u>14,821,403</u>	<u>120,500</u>	<u>14,941,903</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	72,915		72,915
Payable to Other Governments	29,637		29,637
Accrued Interest Payable	59,736		59,736
Unearned Revenue	20,631	78,860	99,491
Noncurrent Liabilities			
Due Within One Year	394,316		394,316
Due Beyond One Year	<u>5,039,438</u>	<u>-</u>	<u>5,039,438</u>
Total Liabilities	<u>5,616,673</u>	<u>78,860</u>	<u>5,695,533</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	8,210,888		8,210,888
Restricted for			
Capital Projects	280,889		280,889
Plant Maintenance	50,000		50,000
Debt Services	26,790		26,790
Unrestricted	<u>636,163</u>	<u>41,640</u>	<u>677,803</u>
Total Net Position	<u>\$ 9,204,730</u>	<u>\$ 41,640</u>	<u>\$ 9,246,370</u>

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

ORADELL BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 5,303,666	\$ 121,578	\$ 750,644		\$ (4,553,022)		\$ (4,553,022)
Special Education	1,523,479		725,415		(676,486)		(676,486)
Other Instruction	502,686		9,802		(492,884)		(492,884)
School Sponsored Activities and Athletics	22,012				(22,012)		(22,012)
Support Services							
Student and Instruction Related Services	1,653,852		129,964		(1,523,888)		(1,523,888)
General Administrative Services	484,917				(484,917)		(484,917)
School Administrative Services	641,922		70,203		(571,719)		(571,719)
Central and Other Support Services	371,353		24,427		(346,926)		(346,926)
Plant Operations and Maintenance	1,461,758		10,597		(1,451,161)		(1,451,161)
Pupil Transportation	94,559		9,236		(85,323)		(85,323)
Interest on Debt	150,163				(150,163)		(150,163)
Total Governmental Activities	12,210,367	121,578	1,730,288		(10,358,501)		(10,358,501)
<b>Business-Type Activities</b>							
Summer Program	77,571	\$ 91,395				\$ 13,824	13,824
Food Service	6,056	6,796	2,634			3,374	3,374
Total Business-Type Activities	83,627	98,191	2,634			17,198	17,198
<b>Total Primary Government</b>	\$ 12,293,994	\$ 219,769	\$ 1,732,922	\$ -	(10,358,501)	17,198	(10,341,303)
<b>General Revenues</b>							
Taxes:							
Property Taxes, Levied for General Purposes, Net					9,846,269		9,846,269
Property Taxes, Levied for Debt Service, Net					567,127		567,127
Investment Earnings					734		734
Miscellaneous Income					70,777		70,777
Total General Revenues					10,484,907		10,484,907
Change in Net Position					126,406	17,198	143,604
Net Position, Beginning of Year (Restated)					9,078,324	24,442	9,102,766
Net Position, End of Year					\$ 9,204,730	\$ 41,640	\$ 9,246,370

**FUND FINANCIAL STATEMENTS**

**ORADELL BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,202,477	\$ 23,927		\$ 26,790	\$ 1,253,194
Intergovernmental Receivables	57,682	18,410			76,092
Other Accounts Receivable	4,150	-		-	4,150
Due from Other Funds	<u>2,382</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,382</u>
Total Assets	<u>\$ 1,266,691</u>	<u>\$ 42,337</u>	<u>\$ -</u>	<u>\$ 26,790</u>	<u>\$ 1,335,818</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 33,564	\$ 319			\$ 33,883
Accrued Salaries and Wages	39,032				39,032
Payable to Other Governments - State		29,637			29,637
Unearned Revenue	<u>8,250</u>	<u>12,381</u>	<u>-</u>	<u>-</u>	<u>20,631</u>
Total Liabilities	<u>80,846</u>	<u>42,337</u>	<u>-</u>	<u>-</u>	<u>123,183</u>
<b>Fund Balances</b>					
<b>Restricted:</b>					
Capital Reserve	280,889				280,889
Maintenance Reserve	50,000				50,000
Emergency Reserve	160,000				160,000
Reserved Excess Surplus	160,000				160,000
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	135,316				135,316
Debt Service				\$ 26,790	26,790
<b>Committed</b>					
Year End Encumbrances	145,000				145,000
<b>Assigned:</b>					
Year End Encumbrances	30,890				30,890
Designated for Subsequent Year's Expenditures	24,684				24,684
Unassigned	<u>199,066</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>199,066</u>
Total Fund Balances	<u>1,185,845</u>	<u>-</u>	<u>-</u>	<u>26,790</u>	<u>1,212,635</u>
Total Liabilities and Fund Balances	<u>\$ 1,266,691</u>	<u>\$ 42,337</u>	<u>\$ -</u>	<u>\$ 26,790</u>	

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$20,848,797 and the accumulated depreciation is \$7,675,486.

13,173,311

Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.

312,274

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:

(59,736)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of the following:

Bonds Payable	\$ (5,274,697)	
Lease - Purchase Agreements	(59,190)	
Compensated Absences	<u>(99,867)</u>	
		<u>(5,433,754)</u>

Net Position of Governmental Activities

\$ 9,204,730

**ORADELL BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 9,846,269			\$ 567,127	\$ 10,413,396
Tuition	121,578				121,578
Interest	734				734
Miscellaneous	<u>70,777</u>	<u>\$ 11,235</u>	<u>-</u>	<u>-</u>	<u>82,012</u>
Total - Local Sources	10,039,358	11,235	-	567,127	10,617,720
Intergovernmental					
State Sources	1,464,081	60,612			1,524,693
Federal Sources	<u>-</u>	<u>194,360</u>	<u>-</u>	<u>-</u>	<u>194,360</u>
Total Revenues	<u>11,503,439</u>	<u>266,207</u>	<u>-</u>	<u>567,127</u>	<u>12,336,773</u>
<b>EXPENDITURES</b>					
Current					
Instruction					
Regular Instruction	5,235,471	16,826			5,252,297
Special Education Instruction	1,335,720	182,743			1,518,463
Other Instruction	502,686				502,686
School-Sponsored Activities and Athletics	22,012				22,012
Support Services					
Student and Instruction Related Services	1,587,214	66,638			1,653,852
General Administrative Services	484,817				484,817
School Administrative Services	639,371				639,371
Central and Other Support Services	371,353				371,353
Plant Operations and Maintenance	937,429				937,429
Pupil Transportation	91,516				91,516
Debt Service					
Principal	30,300			410,000	440,300
Interest and Other Charges				130,337	130,337
Capital Outlay	<u>5,240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,240</u>
Total Expenditures	<u>11,243,129</u>	<u>266,207</u>	<u>-</u>	<u>540,337</u>	<u>12,049,673</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>260,310</u>	<u>-</u>	<u>-</u>	<u>26,790</u>	<u>287,100</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Lease Purchase Proceeds	89,490				89,490
Transfers In	3,000				3,000
Transfers Out	<u>-</u>	<u>-</u>	<u>\$ (3,000)</u>	<u>-</u>	<u>(3,000)</u>
Total Other Financing Sources and Uses	<u>92,490</u>	<u>-</u>	<u>(3,000)</u>	<u>-</u>	<u>89,490</u>
Net Change in Fund Balances	352,800	-	(3,000)	26,790	376,590
Fund Balance, Beginning of Year	<u>833,045</u>	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>836,045</u>
Fund Balance, End of Year	<u>\$ 1,185,845</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,790</u>	<u>\$ 1,212,635</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**ORADELL BOARD OF EDUCATION  
ILLUSTRATIVE RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)** \$ 376,590

Amounts reported for governmental activities in the statement of activities are different because:

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

Capital Outlay	\$ 5,240	
Depreciation Expense	<u>(522,948)</u>	
		(517,708)

In the statement of activities, certain operating expenses - compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Increase in Compensated Absences		(63,460)
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Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

Bond Principal	410,000	
Lease Purchase Agreement	<u>30,300</u>	
		440,300

The issuance of long-term debt provides current financial resources to governmental funds, but it increases long-term liabilities in the statement of net position and does not affect the statement of activities.

Lease Purchase Proceeds		(89,490)
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Governmental funds report the effect of premiums and there such items related to the refunding bonds when they are first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Bond Premium	49,099	
Amortization of Deferred Amounts on Refunding	<u>(42,041)</u>	
		7,058

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Increase in accrued interest		<u>(26,884)</u>
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**Change in Net Position of Governmental Activities (Exhibit A-2)** \$ 126,406

**ORADELL BOARD OF EDUCATION  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2013**

	Business-Type Activities Enterprise Funds		
	<u>Extended Year Summer Program</u>	<u>Non-Major Food Service Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 110,557	\$ 9,081	\$ 119,638
Intergovernmental Receivable Federal	-	862	862
	110,557	9,943	120,500
Total Current Assets			
<b>LIABILITIES</b>			
Current Liabilities			
Unearned Revenue	78,860	-	78,860
	78,860	-	78,860
<b>NET POSITION</b>			
Unrestricted	31,697	9,943	41,640
Total Net Position	\$ 31,697	\$ 9,943	\$ 41,640

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**ORADELL BOARD OF EDUCATION  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Business-Type Activities Enterprise Funds		
	<u>Extended Year Summer Program</u>	<u>Non-Major Food Service Fund</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges for Services			
Daily Sales-Special Milk Program		\$ 6,796	\$ 6,796
Program Fees	\$ 91,395	-	91,395
Total Operating Revenues	<u>91,395</u>	<u>6,796</u>	<u>98,191</u>
<b>OPERATING EXPENSES</b>			
Salaries and Benefits	66,934	2,000	68,934
Cost of Sales		4,056	4,056
Supplies and Materials	9,132		9,132
Miscellaneous	1,505	-	1,505
Total Operating Expenses	<u>77,571</u>	<u>6,056</u>	<u>83,627</u>
Operating Income	<u>13,824</u>	<u>740</u>	<u>14,564</u>
<b>NONOPERATING REVENUES</b>			
Federal Sources			
Special Milk Program	-	2,634	2,634
Total Nonoperating Revenues	<u>-</u>	<u>2,634</u>	<u>2,634</u>
Change in Net Position	13,824	3,374	17,198
Net Position, Beginning of Year	<u>17,873</u>	<u>6,569</u>	<u>24,442</u>
Net Position, End of Year	<u>\$ 31,697</u>	<u>\$ 9,943</u>	<u>\$ 41,640</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**ORADELL BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Business-Type Activities Enterprise Funds		
	<u>Extended Year Summer Program</u>	<u>Non-Major Food Service Fund</u>	<u>Total</u>
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$ 78,860	\$ 6,796	\$ 85,656
Cash Payments for Employees Salaries and Benefits	(66,934)	(2,000)	(68,934)
Cash Payments to Suppliers for Goods and Services	(10,637)	(4,056)	(14,693)
Net Cash Provided by Operating Activities	<u>1,289</u>	<u>740</u>	<u>2,029</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Cash Received from State and Federal Subsidy Reimbursements	-	2,055	2,055
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>2,055</u>	<u>2,055</u>
Net Increase in Cash and Cash Equivalents	1,289	2,795	4,084
Cash and Cash Equivalents, Beginning of Year	<u>109,268</u>	<u>6,286</u>	<u>115,554</u>
Cash and Cash Equivalents, End of Year	<u>\$ 110,557</u>	<u>\$ 9,081</u>	<u>\$ 119,638</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>			
Operating Income	\$ 13,824	\$ 740	\$ 14,564
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Change in Assets and Liabilities Increase/(Decrease) in Unearned Revenue	(12,535)	-	(12,535)
Total Adjustments	<u>(12,535)</u>	<u>-</u>	<u>(12,535)</u>
Net Cash Provided by Operating Activities	<u>\$ 1,289</u>	<u>\$ 740</u>	<u>\$ 2,029</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**ORADELL BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2013**

	<b>Unemployment Compensation <u>Trust Fund</u></b>	<b><u>Agency Fund</u></b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 24,732	\$ 267,485
Due from Other Funds	<u>3,524</u>	<u>-</u>
Total Assets	<u>28,256</u>	<u>\$ 267,485</u>
<b>LIABILITIES</b>		
Intergovernmental Payables - State	3,696	
Payroll Deductions and Withholdings		\$ 43,368
Accrued Salaries and Wages		1,616
Employee Deposits Payable		169,821
Flexible Spending Deposits		290
Due to Student Groups		47,178
Due to Other Funds	<u>694</u>	<u>5,212</u>
Total Liabilities	<u>4,390</u>	<u>\$ 267,485</u>
<b>NET POSITION</b>		
Held in Trust for Unemployment Claims	<u>\$ 23,866</u>	

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**ORADELL BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Unemployment</u>
<b>ADDITIONS</b>	
Contributions	
Employees	\$ 11,095
Investment Earnings	
Interest	<u>168</u>
Total Additions	<u>11,263</u>
<b>DEDUCTIONS</b>	
Unemployment Claims and Contributions	<u>29,406</u>
Total Deductions	<u>29,406</u>
Change in Net Position	(18,143)
Net Position, Beginning of Year	<u>42,009</u>
Net Position, End of Year	<u>\$ 23,866</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**NOTES TO THE FINANCIAL STATEMENTS**

**ORADELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Oradell Board of Education (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine 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. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Oradell Board of Education this includes general operations, extended year summer program, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

**B. New Accounting Standards**

During fiscal year 2013, the District adopted the following GASB statements:

- GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.
- GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.
- GASB 65, *Items Previously Reported as Assets and Liabilities*, although not required to be implemented until next year, the District elected to apply the statement to the current year financial statements. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

**ORADELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

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

- GASB 66, *Technical Corrections – 2012, an Amendment of GASB Statements 10 and 62*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.
- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.
- GASB 68, *Accounting and Financial Reporting for Pensions*, will be effective beginning with the year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.

**C. Basis of Presentation - Financial Statements**

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds.

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

**ORADELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**C. Basis of Presentation - Financial Statements (Continued)**

**District-Wide Financial Statements**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**Fund Financial Statements**

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental and extended year summer program enterprise funds to be major funds.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

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

The *extended year summer program fund* accounts for the activities of the District's summer program which provides students with various instructional and non-instructional programs during the summer break.

**ORADELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**C. Basis of Presentation - Financial Statements (Continued)**

**Fund Financial Statements (continued)**

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

The *food service fund* accounts for the activities of the school cafeteria, which provides milk to students.

Additionally, the government reports the following fund types:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

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

**D. Measurement Focus and Basis of Accounting**

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

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

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

**ORADELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**D. Measurement Focus and Basis of Accounting (Continued)**

Property taxes, tuition, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow private-sector guidance issued subsequent to December 1, 1989.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**E. Assets, Liabilities, Deferred Outflows of Resources, and Net Position/Fund Balance**

***1. Cash, Cash Equivalents and Investments***

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

***2. Receivables***

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

***3. Inventories***

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

***4. Capital Assets***

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

**ORADELL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

**4. Capital Assets (Continued)**

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	50
Building Improvements	40
Heavy Equipment	15
Office Equipment and Furniture	10
Vehicles	8
Computer Equipment	5

**5. Deferred Outflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the *deferred charge on refunding* which results from the loss on a debt refunding reported in the district-wide statement of net position. A deferred charge on debt refunding results from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**6. Compensated Absences**

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements. There were no liability reported in the proprietary funds at year end.

**ORADELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

***7. Long-Term Obligations***

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows or resources. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

***8. Net Position/Fund Balance***

**District-Wide Statements**

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

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

**Governmental Fund Statements**

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

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

ORADELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

**Governmental Fund Statements (Continued)**

**Restricted Fund Balance (Continued)**

*Capital Reserve* – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2.)

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

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

*Reserved Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2013 audited excess surplus that is required to be appropriated in the 2014/2015 original budget certified for taxes.

*Reserved Excess Surplus – Designated for Subsequent Year's Expenditures* - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2012 audited excess surplus that was appropriated in the 2013/2014 original budget certified for taxes.

*Debt Service* – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

**Committed Fund Balance** – Amounts constrained to specific purpose by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

*Year-End Encumbrances* – Represent outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustees for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

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

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

*Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2013/2014 District budget certified for taxes.

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

**9. Reclassifications**

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

ORADELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2011-2012 and 2012-2013 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. *Proprietary Funds, Operating and Non-Operating Revenues and Expenses*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund and of the extended year summer program enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

**ORADELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 25, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2012/2013. During 2012/2013 the Board increased the original budget by \$129,469. The increase was funded by grant awards and the reappropriation of prior year general fund encumbrances.

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

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

**B. Capital Reserve**

A capital reserve account was established by the District on October 5, 2000. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

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

**ORADELL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Capital Reserve (Continued)**

The activity of the capital reserve for the fiscal year ended June 30, 2013 is as follows:

Balance, July 1, 2012	\$ 160,275
Increases:	
Deposits Approved by Board Resolution	117,614
Unexpended Balances of Capital Projects	<u>3,000</u>
Balance, June 30, 2013	<u>\$ 280,889</u>

**C. Transfers to Capital Outlay**

During the 2012/2013 school year, the district transferred \$50,000 to the non-equipment capital outlay accounts. The transfers were made from other available budget line account balances to supplement capital projects approved by the Board in the original budget certified for taxes. The transfer was approved by the Executive County Superintendent.

**D. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved 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 reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2013 is \$295,316. Of this amount, \$135,316 was designated and appropriated in the 2013/2014 original budget certified for taxes and the remaining amount of \$160,000 will be appropriated in the 2014/2015 original budget certified for taxes.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

**ORADELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Cash Deposits and Investments (Continued)**

**Cash Deposits (Continued)**

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2013, the book value of the Board's deposits were \$1,665,049 and bank and brokerage firm balances of the Board's deposits amounted to \$1,875,362. The Board's deposits which are displayed on the various fund balance sheets and statement of net position as "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	\$ <u>1,875,362</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2013 none of the Board's bank balance was exposed to custodial credit risk.

**Investments**

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2013, the Board had no outstanding investments.

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

**ORADELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Receivables**

Receivables as of June 30, 2013 for the district’s individual major funds, nonmajor in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Nonmajor Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental				
Local	\$ 35,807			\$ 35,807
State	21,875			21,875
Federal		\$ 18,410	\$ 862	19,272
Accounts	<u>4,150</u>	<u>-</u>	<u>-</u>	<u>4,150</u>
Gross Receivables	61,832	18,410	862	81,104
Less: Allowance for				
Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 61,832</u>	<u>\$ 18,410</u>	<u>\$ 862</u>	<u>\$ 81,104</u>

**C. Unearned Revenue**

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

	<u>Unearned</u>
General Fund	
Prepaid Tuition	\$ 8,250
Special Revenue Fund	
Unencumbered Grant Draw Downs	<u>12,381</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 20,631</u>

**ORADELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	<u>Balance, July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2013</u>
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 5,592			\$ 5,592
Construction in Progress	-	\$ -	\$ -	-
Total Capital Assets, Not Being Depreciated	<u>5,592</u>	<u>-</u>	<u>-</u>	<u>5,592</u>
Capital Assets, Being Depreciated:				
Land Improvements	52,200			52,200
Building and Building Improvements	20,505,020			20,505,020
Machinery and Equipment	280,745	5,240	-	285,985
Total Capital Assets Being Depreciated	<u>20,837,965</u>	<u>5,240</u>	<u>-</u>	<u>20,843,205</u>
Less Accumulated Depreciation for:				
Land Improvements	(44,227)	(1,075)		(45,302)
Building and Building Improvements	(6,879,685)	(448,116)		(7,327,801)
Machinery and Equipment	(228,626)	(73,757)	-	(302,383)
Total Accumulated Depreciation	<u>(7,152,538)</u>	<u>(522,948)</u>	<u>-</u>	<u>(7,675,486)</u>
Total Capital Assets, Being Depreciated, Net	<u>13,685,427</u>	<u>(517,708)</u>	<u>-</u>	<u>13,167,719</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,691,019</u>	<u>\$ (517,708)</u>	<u>\$ -</u>	<u>\$ 13,173,311</u>

**ORADELL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

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

**Governmental Activities:**

Instruction	
Regular	\$ 1,763
Total Instruction	<u>1,763</u>
Support Services	
General Administration	100
Operations and Maintenance of Plant	518,042
Pupil Transportation	<u>3,043</u>
Total Support Services	<u>521,185</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 522,948</u>

The District has the following active construction projects at June 30, 2013 as follows:

<u>Purposes</u>	<u>Remaining Commitment</u>
Installation of Building WiFi Network	\$145,000

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

The composition of interfund balances as of June 30, 2013, is as follows:

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Unemployment Trust Fund	\$ 694
General Fund	Payroll Agency Fund	1,688
Unemployment Trust Fund	Payroll Agency Fund	<u>3,524</u>
		<u>\$ 5,906</u>

The above balances are the result of revenues received in one fund which are due to another fund.

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

ORADELL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers

	<u>Transfer In:</u>
	<u>General</u>
Transfer Out:	
Capital Projects Fund	\$ 3,000
Total	<u>\$ 3,000</u>

The above transfers are the result of unexpended capital project fund balances due to the general fund.

F. Leases

Operating Leases

The District leases copiers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2013 were \$18,764. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal</u> <u>Year Ending June 30</u>	<u>Amount</u>
2014	\$ 18,764
2015	18,764
2016	<u>18,764</u>
Total	<u>\$ 56,292</u>

Lease-Purchase Agreements

The District is leasing computers (supplies) totaling \$89,490 under lease purchase agreements. The leases are for terms of 3 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013 were as follows:

<u>Year Ending June 30</u>	<u>Governmental</u> <u>Activities</u>
2014	\$ 30,393
2015	<u>30,393</u>
Total minimum lease payments	60,786
Less: amount representing interest	<u>1,596</u>
Present value of minimum lease payments	<u>\$ 59,190</u>

**ORADELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Long-Term Debt**

**General Obligation Bonds**

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2013 are comprised of the following issues:

\$7,217,000, 2004 Bonds, due in annual installment of \$345,000 February 15, 2014, interest at 3.75%	\$345,000
\$4,260,000, 2012 Refunding Bonds, due in annual installments of \$375,000 to \$435,000 through February 15, 2025, interest at 2.00% to 4.00%	<u>4,565,000</u>
	<u>\$4,910,000</u>

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

**Governmental Activities:**

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2014	\$ 345,000	\$ 159,138	\$ 504,138
2015	375,000	146,200	521,200
2016	385,000	138,700	523,700
2017	400,000	127,150	527,150
2018	410,000	115,150	525,150
2019-2023	2,155,000	359,050	2,514,050
2024-2026	<u>840,000</u>	<u>37,650</u>	<u>877,650</u>
	<u>\$ 4,910,000</u>	<u>\$ 1,083,038</u>	<u>\$ 5,993,038</u>

**ORADELL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Long-Term Debt (Continued)**

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2013 was as follows:

2.5% of Equalized Valuation Basis (Municipal)	\$ 43,075,178
Less: Net Debt	<u>4,910,000</u>
Remaining Borrowing Power	<u>\$ 38,165,178</u>

**Prior-Year Defeasance of Debt**

In prior years, the District defeased certain serial bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. On June 30, 2013, \$4,607,000 of bonds outstanding are considered defeased.

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2013, was as follows:

	Balance July 30 <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2013</u>	Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable	\$ 5,320,000		\$ 410,000	\$ 4,910,000	\$ 345,000
Deferred Amounts:					
Add: Original Issue Premium	<u>413,796</u>	<u>-</u>	<u>49,099</u>	<u>364,697</u>	<u>-</u>
Total Bonds Payable	5,733,796	-	459,099	5,274,697	345,000
Capital Leases Payable		\$ 89,490	30,300	59,190	29,316
Compensated Absences	<u>36,407</u>	<u>73,460</u>	<u>10,000</u>	<u>99,867</u>	<u>20,000</u>
Governmental Activity Long-Term Liabilities	<u>\$ 5,770,203</u>	<u>\$ 162,950</u>	<u>\$ 499,399</u>	<u>\$ 5,433,754</u>	<u>\$ 394,316</u>

For the governmental activities, the liabilities for compensated absences are generally liquidated by the general fund.

**ORADELL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur.

The District is a member of the Northeast Bergen County School Board Insurance Group (NESBIG or Group). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the Board and the insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the Group, to report claims on a timely basis, cooperate with the management of the Group, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the Group. Members have a contractual obligation to fund any deficit of the Group attributable to a membership year during which they were a member.

NESBIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the Group are on file with the School's Business Administrator.

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

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

Fiscal Year Ended <u>June 30</u>	District <u>Contributions</u>	Employee <u>Contributions</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2012-2013	None	\$ 11,095	\$ 29,406	\$ 23,866
2011-2012	\$ 297	9,871	5,518	42,009
2010-2011	9,195	30,728	8,331	37,216

**B. Contingent Liabilities**

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

**ORADELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

**B. Contingent Liabilities (Continued)**

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2013, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2013, the District has not estimated its arbitrage earnings due to the IRS, if any.

**D. Employee Retirement Systems and Pension Plans**

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

**Public Employees' Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

**Teachers' Pension and Annuity Fund (TPAF)** – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

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

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

**ORADELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Other Pension Funds**

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

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system.

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

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

**Basis of Accounting**

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

**Significant Legislation**

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

The legislation's provisions impacting employee pension and health benefits include:

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members) decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.

**ORADELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Significant Legislation (Continued)**

- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

**Investment Valuation**

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

**Funding Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 67.5 percent with an unfunded actuarial accrued liability of \$41.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 60.8 percent and \$30.1 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 77.5 percent and \$11.6 billion.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the July 1, 2011 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) a revised investment rate of return for all retirement systems from 8.25 percent to 7.95 percent and (b) revised projected salary increases of 4.52 percent for the PERS and 3.90 percent for TPAF.

**ORADELL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.5% for PERS, 6.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2013 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2013, 2012 and 2011 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended June 30,	PERS	On-behalf TPAF	DCRP
2013	\$ 110,844	\$ 296,264	\$ 8,016
2012	134,835	150,727	6,074
2011	116,426	15,078	2,357

The State contributed \$296,264 and \$150,727 during 2012/2013 and 2011/2012, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2010/2011, the State did not contribute to the TPAF for normal cost and accrued liability; however, the State contributed \$15,078 for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$388,441 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**ORADELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 566 state and local participating employers and contributing entities for Fiscal Year 2012.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

**Health Benefits Program Fund (HBPF) – Local Education** (including Prescription Drug Program Fund) – The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

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

**Basis of Accounting**

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

**Significant Legislation**

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

**ORADELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

**Funded Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the State had a \$48.9 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$18.0 billion for state active and retired members and \$30.9 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the July 1, 2011, actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2012, there were 97,661, retirees receiving post-retirement medical benefits and the State contributed \$958.9 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to 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 with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

**ORADELL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

**G. Post-Retirement Medical Benefits Contributions (Continued)**

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2013, 2012 and 2011 were \$335,001, \$303,001 and \$320,264, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**NOTE 5 RESTATEMENT**

On July 1, 2012, the Oradell Board of Education implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities". The Oradell Board of Education has determined that the effect of implementing these accounting changes on the financial statements previously reported as of and for the year ended June 30, 2012 was to eliminate in the District-wide statement of net position the deferred charge related to debt issuance costs in the amount of \$98,481, with a corresponding reduction in the net investment in capital assets component of net position. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2012 from \$9,176,805 as originally reported to \$9,078,324 as adjusted for the effects of the change in accounting principle.

**BUDGETARY COMPARISON SCHEDULES**

**ORADELL BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 9,846,269		\$ 9,846,269	\$ 9,846,269	
Tuition	66,922		66,922	121,578	\$ 54,656
Interest	1		1	734	733
Miscellaneous	41,286	-	41,286	70,777	29,491
<b>Total Local Sources</b>	<b>9,954,478</b>	<b>-</b>	<b>9,954,478</b>	<b>10,039,358</b>	<b>84,880</b>
State Sources					
Special Education Aid	311,915		311,915	311,915	
Security Aid	11,391		11,391	11,391	
Transportation Aid	5,626		5,626	5,626	
Extraordinary Aid	32,000		32,000	82,707	50,707
Nonpublic School Transportation Aid				4,002	4,002
On-behalf TPAF Payments - (Non-Budget)					
Pension Contribution				281,456	281,456
Pension - NCGI Premium				14,808	14,808
Post Retirement Medical Benefits				335,001	335,001
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	388,441	388,441
<b>Total State Sources</b>	<b>360,932</b>	<b>-</b>	<b>360,932</b>	<b>1,435,347</b>	<b>1,074,415</b>
<b>Total Revenues</b>	<b>10,315,410</b>	<b>-</b>	<b>10,315,410</b>	<b>11,474,705</b>	<b>1,159,295</b>
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	399,042	76,282	475,324	475,320	4
Grades 1-5	2,444,786	(129,562)	2,315,224	2,315,224	
Grades 6-8	389,320	135,478	524,798	524,798	
Regular Program - Home Instruction					
Other Salaries for Instruction	2,500	(2,500)			
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	62,787	(49,242)	13,545	13,545	
Purchased Professional - Educational Services	1,000	(861)	139	-	139
Purchased Technical Services	7,000	4,102	11,102	10,207	895
Other Purchased Services	22,300	4,959	27,259	26,588	671
General Supplies	279,316	(1,829)	277,487	269,226	8,261
General Supplies -(Non Budget Lease Purchase)				89,490	(89,490)
Textbooks	50,000	(1,415)	48,585	48,585	-
<b>Total Regular Programs</b>	<b>3,658,051</b>	<b>35,412</b>	<b>3,693,463</b>	<b>3,772,983</b>	<b>(79,520)</b>
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	101,930	13,489	115,419	115,415	4
Other Salaries for Instruction	43,858	15,368	59,226	59,226	-
Purchased Professional-Educational Services	40,000	2,100	42,100	33,128	8,972
General Supplies	9,250	(3,429)	5,821	5,670	151
<b>Total Learning and/or Language Disabilities</b>	<b>195,038</b>	<b>27,528</b>	<b>222,566</b>	<b>213,439</b>	<b>9,127</b>

Continued

**ORADELL BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education (Continued)					
Resource Room/Resource Center					
Salaries of Teachers	\$ 357,965	\$ (3,939)	\$ 354,026	\$ 354,026	
Other Salaries for Instruction	6,850	(650)	6,200	6,200	
General Supplies	3,500	(500)	3,000	2,446	\$ 554
Total Resource Room/Resource Center	<u>368,315</u>	<u>(5,089)</u>	<u>363,226</u>	<u>362,672</u>	<u>554</u>
Preschool Disabilities - Part-Time					
Salaries of Teachers	61,430	(1,187)	60,243	60,243	
Other Salaries for Instruction	33,144	(10,563)	22,581	22,581	
Purchased Professional-Educational Services	21,000	1,865	22,865	21,145	1,720
General Supplies	2,000	(446)	1,554	1,400	154
Total Preschool Disabilities - Part-Time	<u>117,574</u>	<u>(10,331)</u>	<u>107,243</u>	<u>105,369</u>	<u>1,874</u>
Total Special Education	<u>680,927</u>	<u>12,108</u>	<u>693,035</u>	<u>681,480</u>	<u>11,555</u>
Basic Skills/Remedial					
Salaries of Teachers	324,078	(2,328)	321,750	321,749	1
Other Salaries for Instruction	500	1,575	2,075	2,075	-
General Supplies	1,200	(999)	201	(233)	434
Total Basic Skills/Remedial	<u>325,778</u>	<u>(1,752)</u>	<u>324,026</u>	<u>323,591</u>	<u>435</u>
Bilingual Education					
Salaries of Teachers	45,324	(857)	44,467	44,464	3
Other Salaries for Instruction	460	(460)	-	-	-
General Supplies	100	-	100	100	-
Total Bilingual Education	<u>45,884</u>	<u>(1,317)</u>	<u>44,567</u>	<u>44,564</u>	<u>3</u>
School Sponsored Co/Extra-Curricular Activities					
Salaries	9,500	5,300	14,800	14,800	
Supplies and Materials	-	2,150	2,150	1,975	175
Total School Sponsored Co/Extra-Curricular Activities	<u>9,500</u>	<u>7,450</u>	<u>16,950</u>	<u>16,775</u>	<u>175</u>
Total Instruction	<u>4,720,140</u>	<u>51,901</u>	<u>4,772,041</u>	<u>4,839,393</u>	<u>(67,352)</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State-Special	85,500	118,373	203,873	201,626	2,247
Tuition to CSSD & Reg. Day Schools	77,280	(645)	76,635	72,112	4,523
Tuition to Priv. Sch. for the Disabled Within the State	131,626	(18,367)	113,259	111,244	2,015
Total Undistributed Expenditures - Instruction	<u>294,406</u>	<u>99,361</u>	<u>393,767</u>	<u>384,982</u>	<u>8,785</u>

Continued

**ORADELL BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 85,680	\$ 2,852	\$ 88,532	\$ 88,532	
Salaries of Social Service Coord.	4,000	-	4,000	4,000	
Purchased Professional and Technical Services	9,500	9,253	18,753	17,878	\$ 875
Supplies and Materials	6,200	60	6,260	6,260	
Other Objects	1,360	(747)	613	535	78
<b>Total Health Services</b>	<b>106,740</b>	<b>11,418</b>	<b>118,158</b>	<b>117,205</b>	<b>953</b>
Speech, OT, PT & Related Services					
Salaries	136,205	14,470	150,675	150,675	
Purchased Professional-Educational Services	130,000	9,402	139,402	132,036	7,366
Supplies and Materials	1,000	(196)	804	639	165
<b>Total Speech, OT, PT &amp; Related Services</b>	<b>267,205</b>	<b>23,676</b>	<b>290,881</b>	<b>283,350</b>	<b>7,531</b>
Other Support Serv. Students - Extra. Svcs.					
Salaries	266,195	(4,470)	261,725	256,862	4,863
<b>Total Other Support Serv. Students - Extra. Serv.</b>	<b>266,195</b>	<b>(4,470)</b>	<b>261,725</b>	<b>256,862</b>	<b>4,863</b>
Child Study Team					
Salaries of Other Professional Staff	276,679	10,594	287,273	287,273	
Salaries of Secretarial and Clerical Assistants	59,005	-	59,005	59,005	
Other Salaries	12,400	(2,504)	9,896	9,896	
Purchased Professional-Educational Services	2,800	(50)	2,750	2,750	
Misc. Purch. Serv. (Other than Resid. Costs)	4,540	252	4,792	4,792	
Supplies and Materials	4,600	423	5,023	4,184	839
Other Objects	1,800	(336)	1,464	1,464	-
<b>Total Child Study Team</b>	<b>361,824</b>	<b>8,379</b>	<b>370,203</b>	<b>369,364</b>	<b>839</b>
Educational Media Services/School Library					
Salaries	85,595	1,993	87,588	87,588	
Supplies and Materials	5,500	(335)	5,165	5,125	40
<b>Total Educational Media Serv./School Library</b>	<b>91,095</b>	<b>1,658</b>	<b>92,753</b>	<b>92,713</b>	<b>40</b>
Instructional Staff Training Services					
Other Salaries	10,000	12,100	22,100	22,076	24
Purchased Professional/Educational Services	74,884	(2,520)	72,364	72,364	
Other Purchased Services	4,600	(1,108)	3,492	2,921	571
Supplies and Materials	750	692	1,442	1,387	55
<b>Total Instructional Staff Training Services</b>	<b>90,234</b>	<b>9,164</b>	<b>99,398</b>	<b>98,748</b>	<b>650</b>

Continued

**ORADELL BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	\$ 194,678	\$ 15,426	\$ 210,104	\$ 210,104	
Legal Services	50,000	13,930	63,930	63,930	
Audit Fees	23,000	(537)	22,463	22,463	
Other Purchased Professional Services	49,500	(1,051)	48,449	48,121	\$ 328
Communications/Telephone	14,700	109	14,809	14,768	41
BOE Other Purchased Services	3,500	273	3,773	3,773	
Miscellaneous Purchased Services	1,450	(200)	1,250	1,250	
General Supplies	7,150	(3,840)	3,310	3,260	50
Miscellaneous Expenditures	11,150	(2,022)	9,128	9,102	26
BOE Membership Dues and Fees	6,150	(70)	6,080	5,836	244
	<u>361,278</u>	<u>22,018</u>	<u>383,296</u>	<u>382,607</u>	<u>689</u>
Support Services School Administration					
Salaries of Principal/Asst. Principals/Prog. Dir.	242,800	75,671	318,471	318,470	1
Salaries of Secretarial and Clerical Assistants	103,763	7,693	111,456	111,254	202
Other Purchased Services	7,000	1,790	8,790	8,392	398
Supplies and Materials	4,000	5,050	9,050	8,919	131
Other Objects	2,460	3,200	5,660	5,598	62
	<u>360,023</u>	<u>93,404</u>	<u>453,427</u>	<u>452,633</u>	<u>794</u>
Central Services					
Salaries	226,137	(14,285)	211,852	211,852	
Purchased Professional Services	800	5,867	6,667	5,286	1,381
Purchased Technical Services	1,700		1,700	549	1,151
Miscellaneous Purchased Services	2,000	(1,050)	950	478	472
Sale/Leaseback Payments	5,051	1,500	6,551	6,483	68
Supplies and Materials	4,500	410	4,910	4,558	352
Miscellaneous Expenditures	5,730	(3,677)	2,053	1,682	371
	<u>245,918</u>	<u>(11,235)</u>	<u>234,683</u>	<u>230,888</u>	<u>3,795</u>
Admin. Info. Tech.					
Salaries	10,000	(615)	9,385	9,385	
Purchased Technical Services	28,000	8,000	36,000	35,350	650
Other Purchased Services	8,500	(475)	8,025	6,838	1,187
Supplies and Materials	1,500	-	1,500	279	1,221
	<u>48,000</u>	<u>6,910</u>	<u>54,910</u>	<u>51,852</u>	<u>3,058</u>
Required Maintenance for School Facilities					
Salaries	115,091	755	115,846	115,838	8
Cleaning, Repair and Maintenance	43,000	(11,049)	31,951	31,769	182
General Supplies	30,000	(14,700)	15,300	9,933	5,367
Other Objects	-	4,549	4,549	4,549	-
	<u>188,091</u>	<u>(20,445)</u>	<u>167,646</u>	<u>162,089</u>	<u>5,557</u>

Continued

**ORADELL BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 266,318	\$ (22,841)	\$ 243,477	\$ 243,465	\$ 12
Salaries of Non-Instructional Aides	70,000	8,577	78,577	76,578	1,999
Purchased Prof. And Technical Serv.	2,800		2,800	2,680	120
Cleaning, Repair and Maint. Serv.	48,000	(18,674)	29,326	27,747	1,579
Other Purchased Property Services	5,700	1,300	7,000	6,622	378
Insurance	70,400		70,400	69,255	1,145
Miscellaneous Purchased Services	1,700	(510)	1,190	1,190	
General Supplies	41,075	(17,978)	23,097	22,503	594
Energy (Natural Gas)	106,000	(42,748)	63,252	53,795	9,457
Energy (Electricity)	130,000	(12,769)	117,231	117,230	1
Other Objects	1,000	(970)	30	30	-
<b>Total Custodial Services</b>	<b>742,993</b>	<b>(106,613)</b>	<b>636,380</b>	<b>621,095</b>	<b>15,285</b>
Student Transportation Services					
Contracted Services-Vendors					
(Other than Between Home and School) - Vendors	6,600	485	7,085	7,003	82
Contracted Services (Spl. Ed. Students)-Vendors	95,000	(9,602)	85,398	63,896	21,502
Contracted Serv.-Aid in Lieu of Payments-Non-Public	23,000	-	23,000	20,617	2,383
<b>Total Student Transportation Services</b>	<b>124,600</b>	<b>(9,117)</b>	<b>115,483</b>	<b>91,516</b>	<b>23,967</b>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	127,000	11,448	138,448	131,449	6,999
Other Retirement Contributions -PERS	140,000	(29,129)	110,871	110,844	27
Other Retirement Contributions-DCRP	4,500	4,301	8,801	8,016	785
Unemployment Compensation	10,000	(388)	9,612	-	9,612
Workmen's Compensation	77,025	(12,572)	64,453	39,817	24,636
Health Benefits	1,668,632	(179,646)	1,488,986	1,414,811	74,175
Tuition Reimbursement	20,000	(12,964)	7,036	5,860	1,176
Other Employee Benefits	31,650	7,580	39,230	39,229	1
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>2,078,807</b>	<b>(211,370)</b>	<b>1,867,437</b>	<b>1,750,026</b>	<b>117,411</b>
On-behalf TPAF Payments - (Non-Budget):					
Pension Contribution				281,456	(281,456)
Pension - NCGI Premium				14,808	(14,808)
Post Retirement Medical Benefits				335,001	(335,001)
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	388,441	(388,441)
<b>Total On-Behalf Payments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,019,706</b>	<b>(1,019,706)</b>
<b>Total Undistributed Expenditures</b>	<b>5,627,409</b>	<b>(87,262)</b>	<b>5,540,147</b>	<b>6,365,636</b>	<b>(825,489)</b>
<b>Total Expenditures - Current Expenditures</b>	<b>10,347,549</b>	<b>(35,361)</b>	<b>10,312,188</b>	<b>11,205,029</b>	<b>(892,841)</b>

Continued

**ORADELL BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CAPITAL OUTLAY</b>					
Equipment					
Undistributed Expenditures:					
Instruction		\$ 2,640	\$ 2,640	\$ 2,640	-
Custodial Services	-	2,600	2,600	2,600	-
Total Equipment	-	5,240	5,240	5,240	-
Facilities Acquisition and Construction Services					
Construction Services	100,000	45,000	145,000		145,000
Other Purchased Professional and Tech. Services	27,860	5,000	32,860	32,860	-
Total Facilities Acquisition and Construction Services	127,860	50,000	177,860	32,860	145,000
Interest Deposit to Capital Reserve	1	(1)	-	-	-
Total Capital Outlay	127,861	55,239	183,100	38,100	145,000
Total Expenditures	10,475,410	19,878	10,495,288	11,243,129	(747,841)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(160,000)	(19,878)	(179,878)	231,576	411,454
Other Financing Sources (Uses)					
Lease Purchase Proceeds				89,490	89,490
Transfer In-Capital Projects Fund	-	-	-	3,000	3,000
Total Other Financing Sources (Uses)	-	-	-	92,490	92,490
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(160,000)	(19,878)	(179,878)	324,066	503,944
Fund Balance, Beginning of Year	967,422	-	967,422	967,422	-
Fund Balance, End of Year	<u>\$ 807,422</u>	<u>\$ (19,878)</u>	<u>\$ 787,544</u>	<u>\$ 1,291,488</u>	<u>\$ 503,944</u>
<b>Restricted Fund Balance:</b>					
Capital Reserve				\$ 280,889	
Maintenance Reserve				50,000	
Emergency Reserve				160,000	
Reserved Excess Surplus				160,000	
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				135,316	
<b>Committed Fund Balance:</b>					
Year End Encumbrances				145,000	
<b>Assigned Fund Balance:</b>					
Year End Encumbrances				30,890	
Designated for Subsequent Year's Expenditures				24,684	
<b>Unassigned Fund Balance</b>				<u>304,709</u>	
Reconciliation to Governmental Funds Statements (GAAP):				1,291,488	
Less: State Aid Revenue Not Recognized on GAAP Basis				(105,643)	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 1,185,845</u>	

**ORADELL BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Modified Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
State	\$ -	\$ 90,249	\$ 90,249	\$ 60,612	\$ (29,637)
Federal	203,600	860	204,460	194,360	(10,100)
Other	-	18,482	18,482	11,235	(7,247)
Total Revenues	<u>203,600</u>	<u>109,591</u>	<u>313,191</u>	<u>266,207</u>	<u>(46,984)</u>
<b>EXPENDITURES</b>					
Instruction					
Tuition	187,781	(4,496)	183,285	179,827	3,458
Purchased Professional/Educational Services	-	1,500	1,500	1,500	-
Other Purchased Service	-	1,750	1,750	1,750	-
General Supplies	-	18,172	18,172	10,902	7,270
Textbooks	-	7,662	7,662	5,590	2,072
Total Instruction	<u>187,781</u>	<u>24,588</u>	<u>212,369</u>	<u>199,569</u>	<u>12,800</u>
Support Services					
Purchased Professional/Educational Services	15,819	5,244	21,063	13,984	7,079
Other Purchased Services	-	47,045	47,045	27,438	19,607
Miscellaneous Purchased Services	-	31,437	31,437	24,258	7,179
Miscellaneous Expenditures	-	1,277	1,277	958	319
Total Support Services	<u>15,819</u>	<u>85,003</u>	<u>100,822</u>	<u>66,638</u>	<u>34,184</u>
Total Student Transportation Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>203,600</u>	<u>109,591</u>	<u>313,191</u>	<u>266,207</u>	<u>46,984</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ORADELL BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

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

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 11,474,705	\$ 266,207
Difference - Budget to GAAP:		
State Aid payment recognized for GAAP purposes, not recognized for Budgetary statements (2011/2012 State Aid)	134,377	
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2012/2013 State Aid)	<u>(105,643)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 11,503,439</u>	<u>\$ 266,207</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$ 11,243,129</u>	<u>\$ 266,207</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 11,243,129</u>	<u>\$ 266,207</u>

**SCHOOL LEVEL SCHEDULES**

**(General Fund)**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

**ORADELL BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Local Donations	Nonpublic Chapter 192 Compensatory Education	ESL	Corrective Speech	Nonpublic Chapter 193 Exam. & Classification	Supplemental Instruction	To Exhibit E-1A
<b>REVENUES</b>							
Intergovernmental							
State		\$ 16,804	\$ 1,449	\$ 16,484	\$ 4,300	\$ 2,983	\$ 42,020
Federal		-	-	-	-	-	-
Other	\$ 11,235	-	-	-	-	-	11,235
<b>Total Revenues</b>	\$ 11,235	\$ 16,804	\$ 1,449	\$ 16,484	\$ 4,300	\$ 2,983	\$ 53,255
<b>EXPENDITURES</b>							
Instruction							
Purchased Professional/Educational Services	\$ 1,500						\$ 1,500
Other Purchased Services	1,750						1,750
General Supplies	7,985						7,985
Textbooks	-						-
<b>Total Instruction</b>	11,235	-	-	-	-	-	11,235
Support Services							
Purchased Professional/Educational Services		\$ 16,804	\$ 1,449	\$ 16,484	\$ 3,342	\$ 2,983	16,804
Other Purchased Services		-	-	-	958	-	24,258
Miscellaneous Purchased Services		-	-	-	-	-	958
Miscellaneous Expenditures		-	-	-	-	-	-
<b>Total Support Services</b>	-	16,804	1,449	16,484	4,300	2,983	42,020
<b>Total Expenditures</b>	\$ 11,235	\$ 16,804	\$ 1,449	\$ 16,484	\$ 4,300	\$ 2,983	\$ 53,255

**ORADELL BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Exhibit E-1	Nonpublic Textbooks	Nonpublic Nursing	Nonpublic Technology	I.D.E.A. Basic	I.D.E.A. Preschool	Grand Total
<b>REVENUES</b>							
Intergovernmental							
State	\$ 42,020	\$ 5,591	\$ 10,634	\$ 2,367	\$ 181,563	\$ 12,797	\$ 60,612
Federal							194,360
Other	11,235						11,235
<b>Total Revenues</b>	<u>\$ 53,255</u>	<u>\$ 5,591</u>	<u>\$ 10,634</u>	<u>\$ 2,367</u>	<u>\$ 181,563</u>	<u>\$ 12,797</u>	<u>\$ 266,207</u>
<b>EXPENDITURES</b>							
Instruction							
Tuition	\$ 1,500				\$ 167,952	\$ 11,875	179,827
Purchased Professional/Educational Services	1,750						1,500
Other Purchased Services	7,985				1,994	922	10,901
General Supplies		\$ 5,591					5,591
Textbooks							
<b>Total Instruction</b>	<u>11,235</u>	<u>5,591</u>			<u>169,946</u>	<u>12,797</u>	<u>199,569</u>
Support Services							
Purchased Professional/Educational Services				\$ 2,367	\$ 11,617		13,984
Other Purchased Services	16,804		\$ 10,634				27,438
Miscellaneous Purchased Services	24,258						24,258
Miscellaneous Expenditures	958						958
<b>Total Support Services</b>	<u>42,020</u>		<u>10,634</u>	<u>2,367</u>	<u>11,617</u>		<u>66,638</u>
<b>Total Expenditures</b>	<u>\$ 53,255</u>	<u>\$ 5,591</u>	<u>\$ 10,634</u>	<u>\$ 2,367</u>	<u>\$ 181,563</u>	<u>\$ 12,797</u>	<u>\$ 266,207</u>

**ORADELL BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID  
BUDGET VS. ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOT APPLICABLE**

**CAPITAL PROJECTS FUND**

**ORADELL BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>Project</u>	<u>Modified Appropriations</u>	<u>Expenditures to Date</u>		<u>Cancelled</u>	<u>Unexpended Balance, June 30, 2013</u>
		<u>Prior Year</u>	<u>Current Year</u>		
Roof Replacement at Oradell Public School-Phase I	\$ 302,198	\$ 300,248	\$ -	\$ (1,950)	\$ 1,950
Roof Replacement at Oradell Public School-Phase II	180,828	179,778	-	(1,050)	1,050
Security System Installation	289,850	289,850	-	-	-
	<u>\$ 772,876</u>	<u>\$ 769,876</u>	<u>\$ -</u>	<u>\$ (3,000)</u>	<u>\$ 3,000</u>

Reconciliation to GAAP

Project Balance - Budgetary Basis, June 30, 2013

-

Fund Balance - GAAP, June 30, 2013

\$ -

**ORADELL BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Revenues and Other Financing Sources**

Revenues	
Interest	
Other Financing Sources	
Transfer In - Capital Reserve	-
Total Revenues and Other Financing Sources	-

**Expenditures and Other Financing Uses**

Capital Outlays	
Construction Services	
Other Financing Uses	
Transfers Out - General Fund	\$ 3,000
Total Expenditures and Other Financing Uses	3,000

Excess (Deficiency) of Revenues and Other Financing Sources over (under)	
Expenditures and Other Financing Uses	(3,000)
Fund Balance- Beginning of Year	3,000
Fund Balance- End of Year	\$ -

Reconciliation to GAAP

Fund Balance - End of Year - Budgetary Basis	\$ -
Fund Balance, June 30, 2013 - GAAP	\$ -

**ORADELL BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
ROOF REPLACEMENT AT ORADELL PUBLIC SCHOOL - PHASE I  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources- SCC Grant	\$ 118,540		\$ 118,540	\$ 118,540
Local Contribution	<u>183,658</u>	<u>\$ (1,950)</u>	<u>181,708</u>	<u>181,708</u>
 Total Revenues and Other Financing Sources	 <u>302,198</u>	 <u>(1,950)</u>	 <u>300,248</u>	 <u>300,248</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	24,635		24,635	24,635
Construction Services	274,880		274,880	274,880
Miscellaneous Expenditures	<u>733</u>	<u>-</u>	<u>733</u>	<u>733</u>
 Total Expenditures and Other Financing Uses	 <u>300,248</u>	 <u>-</u>	 <u>300,248</u>	 <u>300,248</u>
 Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	 <u>\$ 1,950</u>	 <u>\$ (1,950)</u>	 <u>\$ -</u>	 <u>\$ -</u>

**Additional project information:**

Project Number	#3870-050-05-3400
Grant Date	6/7/2005
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 296,474
Additional Authorized Cost	<u>3,774</u>
Revised Authorized Cost	\$ 300,248

## Percentage Increase Over Original

Authorized Cost	1.93%
Percentage Completion	100.00%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

**ORADELL BOARD OF EDUCATION**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS**  
**ROOF REPLACEMENT AT ORADELL PUBLIC SCHOOL - PHASE II**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$ 68,451		\$ 68,451	\$ 68,451
Local Contribution	112,377	\$ (1,050)	111,327	111,327
	<u>180,828</u>	<u>(1,050)</u>	<u>179,778</u>	<u>179,778</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	18,750		18,750	18,750
Construction Services	161,028	-	161,028	161,028
	<u>179,778</u>	<u>-</u>	<u>179,778</u>	<u>179,778</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 1,050</u>	<u>\$ (1,050)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Additional project information:</b>				
Project Number	SP#3870-050-05-3400			
Grant Date	8/7/2005			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 196,919			
Additional Authorized Cost				
Reduced Authorized Costs	(17,141)			
Revised Authorized Cost	\$ 196,919			
Percentage Decrease Over Original				
Authorized Cost	-8.17%			
Percentage Completion	100.00%			
Original Target Completion Date	N/A			
Revised Target Completion Date	N/A			

**ENTERPRISE FUND**

**EXHIBIT G-1**

**ORADELL BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Financial Statements are Presented on Exhibit B-4

**EXHIBIT G-2**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Financial Statements are Presented on Exhibit B-5

**EXHIBIT G-3**

**PROPRIETARY FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Financial Statements are Presented on Exhibit B-6

**FIDUCIARY FUNDS**

**AGENCY FUNDS**

**ORADELL BOARD OF EDUCATION  
AGENCY FUNDS  
COMBINING STATEMENT OF ASSETS AND LIABILITIES  
AS OF JUNE 30, 2013**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ 47,178	\$ 220,307	\$ 267,485
Total Assets	<u>\$ 47,178</u>	<u>\$ 220,307</u>	<u>\$ 267,485</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 43,368	\$ 43,368
Accrued Salaries and Wages		1,616	1,616
Employee Deposits Payable		169,821	169,821
Flexible Spending		290	290
Due to Student Groups	\$ 47,178		47,178
Due to Other Funds	<u>-</u>	<u>5,212</u>	<u>5,212</u>
Total Liabilities	<u>\$ 47,178</u>	<u>\$ 220,307</u>	<u>\$ 267,485</u>

**ORADELL BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Balance, July 1, 2012</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2013</u>
Student Activity Fund - Elementary	\$ 45,733	\$ 53,926	\$ 53,582	\$ 46,077
6th Grade Commencement	<u>2,543</u>	<u>23,443</u>	<u>24,885</u>	<u>1,101</u>
 Total All Schools	 <u>\$ 48,276</u>	 <u>\$ 77,369</u>	 <u>\$ 78,467</u>	 <u>\$ 47,178</u>

**ORADELL BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Balance, July 1, <u>2012</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance, June 30, <u>2013</u></b>
<b>ASSETS</b>				
Cash	\$ 207,545	\$ 7,958,613	\$ 7,945,851	\$ 220,307
Total Assets	<u>\$ 207,545</u>	<u>\$ 7,958,613</u>	<u>\$ 7,945,851</u>	<u>\$ 220,307</u>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings	\$ 55,474	\$ 3,328,654	\$ 3,340,760	\$ 43,368
Accrued Salaries and Wages	68	4,444,839	4,443,291	1,616
Employee Deposits Payable	147,276	169,821	147,276	169,821
Flexible Spending Deposits		3,480	3,190	290
Due to Other Funds	<u>4,727</u>	<u>11,819</u>	<u>11,334</u>	<u>5,212</u>
Total Liabilities	<u>\$ 207,545</u>	<u>\$ 7,958,613</u>	<u>\$ 7,945,851</u>	<u>\$ 220,307</u>

**LONG-TERM DEBT**

**ORADELL BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<b>Purpose</b>	<b>Date of Issue</b>	<b>Amount of Issue</b>	<b>Annual Maturities Date</b>	<b>Annual Maturities Amount</b>	<b>Interest Rate</b>	<b>Balance, July 1, 2012</b>	<b>Issued</b>	<b>Matured</b>	<b>Balance, June 30, 2013</b>
Refunding School Pension Bonds (ERIP)	4/10/03	\$ 215,000			5.50%	\$ 25,000		\$ 25,000	
School Bonds	12/08/2004	7,217,000	2/15/2014	\$ 345,000	3.75%	675,000		330,000	\$ 345,000
Refunding School Bonds	5/10/2012	4,620,000	2/15/2015	375,000	2.00%				
			2/15/2016	385,000	3.00%				
			2/15/2017	400,000	3.00%				
			2/15/2018	410,000	3.00%				
			2/15/2019	425,000	3.00%				
			2/15/2020	435,000	4.00%				
			2/15/2021	435,000	4.00%				
			2/15/2022	430,000	4.00%				
			2/15/2023	430,000	3.00%				
			2/15/2024	425,000	3.00%				
			2/15/2025	415,000	3.00%				
						4,620,000	\$ -	55,000	4,565,000
						\$ 5,320,000	\$ -	410,000	\$ 4,910,000

**ORADELL BOARD OF EDUCATION  
LONG-TERM DEBT  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 567,127	-	\$ 567,127	\$ 567,127	-
Total Revenues	<u>567,127</u>	<u>-</u>	<u>567,127</u>	<u>567,127</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Interest on Early Retirement Bonds	688		688	688	
Redemption of Principal - Early Retirement Bonds	25,000		25,000	25,000	
Interest on Bonds	211,439	(55,000)	156,439	129,649	\$ 26,790
Redemption of Bond Principal	330,000	55,000	385,000	385,000	-
Total Expenditures	<u>567,127</u>	<u>-</u>	<u>567,127</u>	<u>540,337</u>	<u>26,790</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	26,790	26,790
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 26,790</u>	<u>\$ 26,790</u>
<b>Recapitulation of Fund Balance</b>					
Restricted for Debt Service					
Available for Debt Service				<u>\$ 26,790</u>	
Total Fund Balance Restricted for Debt Service				<u>\$ 26,790</u>	

EXHIBIT I-3

ORADELL BOARD OF EDUCATION  
 SCHEDULE OF LEASE PURCHASE AGREEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Purpose</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance, June 30, 2012</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2013</u>
Computers -2013	\$ 89,490	1.88%	\$ -	\$ 89,490	\$ 30,300	\$ 59,190
				\$ 89,490	\$ 30,300	\$ 59,190

## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

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

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

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

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

J-14 and J-15

#### **Operating Information**

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

J-16 to J-20

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

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

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities</b>										
Net investment in capital assets	\$ 2,258,077	\$ 2,930,375	\$ 4,407,484	\$ 7,071,295	\$ 7,808,063	\$ 8,341,191	\$ 8,598,561	\$ 8,627,897	\$ 8,336,538	\$ 8,210,888
Restricted	142	4,843	4,845	115	32,853	33,709	200,555	96,759	163,275	357,679
Unrestricted	630,212	683,260	581,493	465,529	194,475	48,856	254,361	476,468	578,511	636,163
Total governmental activities net position	\$ 2,888,431	\$ 3,618,478	\$ 4,993,822	\$ 7,536,929	\$ 8,035,391	\$ 8,423,756	\$ 9,053,477	\$ 9,201,124	\$ 9,078,324	\$ 9,204,730
<b>Business-type activities</b>										
Net investment in capital assets										
Restricted	\$ 61,812	\$ 65,540	\$ 59,924	\$ 48,774	\$ 26,788	\$ 6,688	\$ 9,698	\$ 5,320	\$ 24,442	\$ 41,640
Unrestricted	\$ 61,812	\$ 65,540	\$ 59,924	\$ 48,774	\$ 26,788	\$ 6,688	\$ 9,698	\$ 5,320	\$ 24,442	\$ 41,640
Total business-type activities net position										
<b>District-wide</b>										
Net investment in capital assets	\$ 2,258,077	\$ 2,930,375	\$ 4,407,484	\$ 7,071,295	\$ 7,808,063	\$ 8,341,191	\$ 8,598,561	\$ 8,627,897	\$ 8,336,538	\$ 8,210,888
Restricted	142	4,843	4,845	115	32,853	33,709	200,555	96,759	163,275	357,679
Unrestricted	692,024	748,800	641,417	514,303	221,263	55,544	264,059	481,788	602,953	677,803
Total district net position	\$ 2,950,243	\$ 3,684,018	\$ 5,053,746	\$ 7,585,713	\$ 8,062,179	\$ 8,430,444	\$ 9,063,175	\$ 9,206,444	\$ 9,102,766	\$ 9,246,370

Note 1 - Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

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

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 3,481,942	\$ 3,978,458	\$ 4,026,119	\$ 4,340,287	\$ 4,532,618	\$ 4,518,582	\$ 4,666,175	\$ 4,752,019	\$ 4,949,084	\$ 5,303,666
Special education	1,099,322	1,153,701	1,137,188	1,163,057	1,207,487	1,203,103	1,317,169	1,566,078	1,535,110	1,523,479
Other instruction	274,216	212,819	180,059	210,827	276,003	291,203	289,864	331,367	472,303	502,686
School Sponsored Activities and Athletics	16,301	16,258	23,588	11,272	15,909	13,525	16,714	10,046	15,539	22,012
Support Services:										
Student & instruction related services	1,056,432	1,175,979	1,442,631	1,564,639	1,679,212	1,798,338	1,848,616	1,517,744	1,718,687	1,653,852
General administrative services	410,534	427,708	456,362	462,160	543,559	443,166	427,481	452,224	532,384	484,917
School administrative services	248,962	402,216	414,681	366,595	437,696	455,758	444,138	462,343	494,753	641,922
Central and other support services	272,738	347,517	364,747	396,595	403,909	386,714	400,664	406,208	427,165	371,353
Plant operations and maintenance	1,095,501	928,217	1,031,246	1,327,775	1,676,225	1,610,572	1,576,341	1,467,668	1,510,225	1,461,758
Pupil transportation	151,469	102,701	135,608	124,830	113,618	110,634	124,098	107,961	134,795	94,559
Interest on long-term debt	204,433	175,844	577,644	384,632	440,442	300,670	253,354	235,140	174,266	150,163
Total governmental activities expenses	8,311,850	8,921,418	9,790,073	10,352,669	11,346,608	11,134,265	11,364,014	11,308,998	11,964,311	12,210,367
Business-type activities:										
Food service	4,444	8,680	6,702	7,925	4,747	8,161	8,760	18,518	8,567	77,571
Summer Program	54,012	59,972	84,226	51,363	86,432	106,732	87,869	94,132	83,780	6,056
Total business-type activities expense	58,456	68,652	90,928	59,288	91,179	114,893	96,629	112,650	92,347	83,627
Total district expenses	8,370,306	8,990,070	9,881,001	10,411,957	11,437,787	11,249,158	11,460,643	11,421,648	12,056,658	12,293,994
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 48,130	\$ 78,421	\$ 80,809	\$ 36,942	\$ 1,663,294	\$ 1,479,247	\$ 1,749,404	\$ 50,820	\$ 98,468	\$ 121,578
Operating grants and contributions	1,292,137	1,370,995	1,425,605	1,664,165	2,522,880	2,522,880	193,097	1,260,179	1,482,695	1,730,288
Capital grants and contributions	-	88,018	660,947	1,939,940	252,280	1,915,574	1,942,501	108,802	4,362	-
Total governmental activities program revenues	1,340,267	1,337,434	2,167,361	3,641,047	1,915,574	1,479,247	1,942,501	1,419,801	1,585,525	1,851,866
Business-type activities:										
Charges for services										
Food service	\$ 4,557	\$ 4,471	\$ 4,190	\$ 6,310	\$ 7,234	\$ 4,671	\$ 6,979	\$ 11,038	\$ 8,731	\$ 6,796
Summer Program	74,250	64,861	78,920	39,385	59,565	88,517	89,760	93,294	98,665	91,395
Operating grants and contributions	2,561	3,048	2,202	2,443	2,394	1,605	2,900	3,940	4,073	2,634
Total business-type activities program revenues	81,368	72,380	85,312	48,138	69,193	94,793	99,639	108,272	111,469	100,825
Total district program revenues	1,421,635	1,409,814	2,252,673	3,689,185	1,984,767	1,574,040	2,042,140	1,528,073	1,696,994	1,952,691
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (6,968,583)	\$ (7,383,984)	\$ (7,622,712)	\$ (6,711,622)	\$ (9,431,034)	\$ (9,655,018)	\$ (9,421,513)	\$ (9,889,197)	\$ (10,378,786)	\$ (10,358,501)
Business-type activities	22,912	3,728	(5,616)	(11,150)	(21,986)	(20,100)	3,010	(4,378)	19,122	17,198
Total district-wide net expense	\$ (6,945,671)	\$ (7,380,256)	\$ (7,628,328)	\$ (6,722,772)	\$ (9,453,020)	\$ (9,675,118)	\$ (9,418,503)	\$ (9,893,575)	\$ (10,359,664)	\$ (10,341,303)

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 6,958,278	\$ 7,066,923	\$ 7,326,968	\$ 7,681,644	\$ 8,352,058	\$ 8,686,141	\$ 9,453,471	\$ 9,463,926	\$ 9,653,205	\$ 9,846,269
Property taxes levied for debt service, net	794,877	806,580	1,358,518	1,331,741	1,333,482	1,333,211	555,564	547,720	570,501	567,127
Unrestricted grants and contributions	28,451	42,652	43,206	78,044	94,583	1,657	-	-	-	-
Donation of capital assets	-	39,744	-	-	-	-	-	-	-	-
Accrued interest on sale of bonds	-	4,733	-	-	-	-	-	-	-	-
Investment earnings	13,431	128,632	249,368	149,842	125,332	15,918	10,332	11,314	2,553	734
Miscellaneous income	38,635	24,767	19,996	13,468	24,031	6,456	31,867	43,884	29,727	70,777
Transfers	-	-	-	-	-	-	-	-	-	-
<b>Total governmental activities</b>	<b>7,833,672</b>	<b>8,114,031</b>	<b>8,998,056</b>	<b>9,254,739</b>	<b>9,929,486</b>	<b>10,043,383</b>	<b>10,051,234</b>	<b>10,066,844</b>	<b>10,255,986</b>	<b>10,484,907</b>
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-	-	-	-	-	-
<b>Total business-type activities</b>	<b>7,833,672</b>	<b>8,114,031</b>	<b>8,998,056</b>	<b>9,254,739</b>	<b>9,929,486</b>	<b>10,043,383</b>	<b>10,051,234</b>	<b>10,066,844</b>	<b>10,255,986</b>	<b>10,484,907</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 865,089	\$ 730,047	\$ 1,375,344	\$ 2,543,117	\$ 498,452	\$ 388,365	\$ 629,721	\$ 177,647	\$ (122,800)	\$ 126,406
Business-type activities	22,912	3,728	(5,616)	(11,150)	(21,986)	(20,100)	3,010	(4,378)	19,122	17,198
<b>Total district</b>	<b>888,001</b>	<b>733,775</b>	<b>1,369,728</b>	<b>2,531,967</b>	<b>476,466</b>	<b>368,265</b>	<b>632,731</b>	<b>173,269</b>	<b>(103,678)</b>	<b>143,604</b>

ORADELL BOARD OF EDUCATION  
 FUND BALANCES - GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS

(Unaudited)  
 (modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 549,491	\$ 755,982	\$ 569,297	\$ 582,531	\$ 266,610	\$ 92,181	\$ 385,149	\$ 457,982	\$ 609,511	\$ 786,205
Unreserved	381,581	196,052	345,865	233,872	245,381	248,827	281,571	19,464	17,166	145,000
Restricted								52,637		55,574
Committed								221,132	206,368	199,066
Assigned										
Unassigned										
Total general fund	\$ 931,072	\$ 952,034	\$ 915,162	\$ 816,403	\$ 511,991	\$ 341,008	\$ 666,720	\$ 751,215	\$ 833,045	\$ 1,185,845
All Other Governmental Funds										
Reserved	\$ 397,216	\$ 934,466	\$ 7,441,995	\$ 1,133,482	\$ 388,688	\$ 384,375				
Unreserved	36	6,639,378	(1,401,882)	(128,559)	32,738	33,594	\$ 23,594			
Restricted								\$ 9,543	\$ 3,000	\$ 26,790
Total all other governmental funds	\$ 397,252	\$ 7,573,844	\$ 6,040,113	\$ 1,005,123	\$ 421,426	\$ 417,969	\$ 23,594	\$ 9,543	\$ 3,000	\$ 26,790

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established 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. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

**ORADELL BOARD OF EDUCATION  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**

(Unaudited)

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Property Tax, levy	\$ 7,753,155	\$ 7,873,503	\$ 8,685,486	\$ 9,013,385	\$ 9,685,540	\$ 10,019,352	\$ 10,009,035	\$ 10,011,646	\$ 10,223,706	\$ 10,413,396
Tuition charges	48,130	78,421	80,809	36,942	-	-	10,332	50,820	98,468	121,578
Interest earnings	13,431	128,632	249,368	149,842	125,332	15,918	11,314	11,314	2,553	734
Miscellaneous	41,196	65,030	19,996	13,468	37,118	6,458	40,991	62,245	58,951	82,012
State sources	1,117,743	1,266,654	1,928,289	3,461,626	1,795,625	1,281,566	1,605,781	1,077,186	1,236,468	1,524,693
Federal sources	203,284	194,748	201,469	220,523	201,445	199,336	327,596	273,434	221,365	194,360
Total revenue	9,176,939	9,606,988	11,165,417	12,895,786	11,845,060	11,522,630	11,993,735	11,486,645	11,841,511	12,336,773
<b>Expenditures</b>										
Instruction										
Regular Instruction	3,476,491	3,703,164	3,809,852	4,308,130	4,538,289	4,534,085	4,651,855	4,743,336	4,946,407	5,252,297
Special education instruction	1,098,245	1,148,426	1,136,093	1,141,132	1,206,925	1,231,477	1,318,396	1,563,623	1,539,610	1,518,463
Other instruction	274,216	212,819	180,059	210,827	276,003	291,203	289,864	331,567	472,303	502,686
School sponsored activities and athletics	15,781	16,258	23,588	11,272	15,715	13,460	16,714	10,046	15,539	22,012
Support Services:										
Student & inst. related services	1,056,432	1,170,898	1,442,588	1,564,640	1,679,005	1,798,062	1,853,723	1,517,251	1,718,687	1,653,852
General administrative services	403,737	420,295	449,619	460,160	529,506	432,141	417,731	445,112	458,172	484,817
School administrative services	248,962	400,171	414,464	352,510	437,588	455,650	441,447	462,235	497,229	639,371
Central and other support services	272,738	347,517	364,747	396,595	403,909	386,714	400,064	406,208	427,165	471,165
Plant operations and maintenance	926,775	924,486	1,031,624	1,102,205	1,213,735	1,135,933	1,088,343	965,203	949,116	937,429
Pupil transportation	151,469	102,701	135,608	124,830	111,843	107,591	121,055	105,171	131,498	91,516
Capital outlay	6,437	322,817	2,374,259	7,020,760	897,816	30,750	487,136	272,004	28,989	5,240
Debt service:										
Principal	610,080	640,080	890,000	940,000	970,000	1,040,123	713,655	353,085	354,967	440,300
Interest and other charges	208,799	221,615	483,519	396,474	452,835	311,711	262,415	241,360	226,542	130,337
Cost of Issuance									72,481	
Advanced Refunding Escrow									354,315	
Total expenditures	8,750,082	9,631,167	12,736,020	18,029,535	12,733,169	11,768,900	12,062,398	11,416,201	12,193,020	12,049,673
Excess (Deficiency) of revenues over (under) expenditures	426,857	(24,179)	(1,570,603)	(5,133,749)	(888,109)	(246,270)	(68,663)	70,444	(351,509)	287,100
<b>Other Financing sources (uses)</b>										
Proceeds from Bonds/Lease - Purchase	45,000	7,217,000				71,830			4,620,000	89,490
Premium on Bonds									413,796	
Payment to Refunded Bond Escrow Agent									(4,607,000)	
Accrued Interest		4,733								
Transfers in		187,116	150,498	117,418	114,528	7,228	876,682	169,768	6,951	3,000
Transfers out		(187,116)	(150,498)	(117,418)	(114,528)	(7,228)	(876,682)	(169,768)	(6,951)	(3,000)
Total other financing sources (uses)	45,000	7,221,733	-	-	-	71,830	-	-	426,796	89,490
Net change in fund balances	\$ 471,857	\$ 7,197,554	\$ (1,570,603)	\$ (5,133,749)	\$ (888,109)	\$ (174,440)	\$ (68,663)	\$ 70,444	\$ 75,287	\$ 376,590
Debt service as a percentage of noncapital expenditures	9.36%	9.26%	13.26%	12.14%	12.02%	11.52%	8.43%	5.33%	4.78%	4.74%

\* Noncapital expenditures are total expenditures less capital outlay.

**ORADELL BOARD OF EDUCATION  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
LAST TEN YEARS  
(Unaudited)**

<b>Fiscal Year Ended June 30,</b>	<b><u>Tuition</u></b>	<b><u>Interest Earned</u></b>	<b><u>Refunds/ Reimbursements</u></b>	<b><u>E-Rate</u></b>	<b><u>Rents</u></b>	<b><u>Miscellaneous</u></b>	<b><u>Total</u></b>
2004	\$ 48,130	\$ 12,501	\$ 36,283			\$ 2,352	\$ 99,266
2005	78,421	124,133				24,767	227,321
2006	80,809	222,892				19,996	323,697
2007	36,942	32,424				13,468	82,834
2008		12,937	1,785	\$ 1,721		20,525	36,968
2009	1,323	13,003		200		4,933	19,459
2010		10,313	8,954	3,121		19,792	42,180
2011	50,820	11,291	24,154	1,709		18,021	105,995
2012	98,468	2,543	24,221	2,303		3,203	130,738
2013	121,578	734	36,627		12,750	21,400	193,089

**ORADELL BOARD OF EDUCATION  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	Total Assessed Value					Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
	Vacant Land	Residential	Commercial	Industrial	Apartment				
2004	\$ 2,261,600	\$ 727,005,200	\$ 101,321,300	\$ 187,100	\$ 3,722,200	\$ 959,356	\$ 835,456,756	\$ 1,358,018,599	0.942
2005	2,219,100	729,239,000	101,714,700	187,100	3,722,200	862,613	837,944,713	1,500,416,024	1.037
2006	2,623,700	731,683,700	101,921,000	187,100	3,575,900	702,978	840,694,378	1,705,042,614	1.073
2007	2,623,700	733,704,800	99,879,500	187,100	3,575,900	843,283	840,814,283	1,833,122,692	1.152
2008	2,479,300	739,384,400	94,623,000	187,100	3,575,900	838,401	841,088,101	1,834,187,339	1.191
2009 (A)	4,151,900	1,400,052,700	205,794,900		8,253,800	838,401	1,619,450,701	1,818,510,684	0.618
2010	4,769,900	1,400,255,300	205,949,300		8,253,800	1,782,462	1,621,010,762	1,806,117,582	0.618
2011	3,901,100	1,408,484,200	201,008,500		8,137,800	1,736,535	1,623,268,135	1,761,002,376	0.630
2012	3,637,800	1,401,620,300	208,127,400		8,137,800	1,724,316	1,623,247,616	1,732,579,488	0.642
2013	3,565,500	1,242,733,700	193,823,300		7,298,700	1,728,300	1,449,149,500	1,571,313,680	0.728

(A) Borough undertook a revaluation of real property.

Source: County Abstract of Rates

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

Overlapping Rates

Calendar Year	Total Direct School Tax Rate	River Dell Regional High School District	Municipality of Oradell	Library	County of Bergen	Total Direct and Overlapping Tax Rate
2004	\$ 0.942	\$ 1.268	\$ 0.865		\$ 0.325	\$ 3.400
2005	1.037	1.302	0.870		0.341	3.550
2006	1.073	1.393	0.945		0.369	3.780
2007	1.152	1.458	0.997		0.383	3.990
2008	1.191	1.429	1.019		0.404	4.043
2009	(A) \$ 0.618	0.758	0.549		0.217	2.142
2010	0.618	0.832	0.570		0.218	2.238
2011	0.630	0.811	0.617		0.226	2.284
2012	0.642	0.818	0.652		0.235	2.347
2013	0.728	0.976	0.732	\$ 0.038	0.249	2.723

(A) Borough undertook a revaluation of real property.

Source: County Abstract of Ratables

**ORADELL BOARD OF EDUCATION  
PRINCIPAL PROPERTY TAXPAYERS,  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)**

Taxpayer	2013		2004	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Rio Vista Property	\$ 18,618,500	1.29%		
Cranston Associates	17,778,300	1.23%		
600 Kinderkamack Road LLC	15,785,900	1.09%		
Sunerise Multipoint			\$ 10,600,000	1.27%
Cranston Associates			10,414,000	1.25%
Rio Vista Property	9,897,000	0.68%		
Kamack Realty Corp	8,579,800	0.59%		
Emerson Real Estate LLC	7,547,500	0.52%		
Wilmington Trust Company			7,215,500	0.86%
PSE&G	6,808,600	0.47%		
Oradell Office Plaza	6,499,700	0.45%		
White Beeches Golf Club	6,171,000	0.43%		
Holy Name Real Estate Corp	5,733,500	0.40%		
680-690 Kinderkamack Road, L.P.			4,898,700	0.59%
Kamack Realty			4,403,500	0.53%
White Beeches Realty Cop			4,100,100	0.49%
Rivervale Realty			3,942,700	0.47%
Oradell Office Plaza			3,837,200	0.46%
PSE&G			3,813,400	0.46%
Hackensack Golf Club			3,609,800	0.43%
	\$ 103,419,800	7.15%	\$ 56,834,900	6.81%

Source: Municipal Tax Assessor

**ORADELL BOARD OF EDUCATION  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	\$ 7,753,155	\$ 7,753,155	100.00%	
2005	7,873,503	7,873,503	100.00%	
2006	8,685,486	8,685,486	100.00%	
2007	9,013,385	9,013,385	100.00%	
2008	9,685,540	9,685,540	100.00%	
2009	10,019,352	10,019,352	100.00%	
2010	10,009,035	10,009,035	100.00%	
2011	10,011,646	10,011,646	100.00%	
2012	10,223,706	10,223,706	100.00%	
2013	10,413,396	10,413,396	100.00%	

**ORADELL BOARD OF EDUCATION  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST NINE FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities						Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases and Lease Purchases	Grant Anticipation Note	Total District			
2005	\$ 7,397,000	\$ 3,085,000	\$ 15,000	\$	10,497,000	7,879	\$ 1,332	
2006	7,157,000	2,450,000			9,607,000	7,798	1,232	
2007	6,882,000	1,785,000		\$ 2,700,000	11,367,000	7,773	1,462	
2008	6,597,000	1,100,000		500,000	8,197,000	7,755	1,057	
2009	6,297,000	375,000	56,707		6,728,707	7,787	864	
2010	5,982,000	-	33,052		6,015,052	7,987	753	
2011	5,652,000	-	9,967		5,661,967	8,031	705	
2012	5,320,000	-	-		5,320,000	8,083	658	
2013	4,910,000	-	59,190		4,969,190	8,083 (E)	615	

(E) - Estimate

Source: District records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only nine years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**ORADELL BOARD OF EDUCATION**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST NINE FISCAL YEARS**  
**(Unaudited)**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2005	\$ 7,397,000		\$ 7,397,000	0.88%	\$ 939
2006	7,157,000		7,157,000	0.85%	918
2007	6,882,000		6,882,000	0.82%	885
2008	6,597,000		6,597,000	0.78%	851
2009	6,297,000		6,297,000	0.39%	809
2010	5,982,000		5,982,000	0.37%	749
2011	5,652,000		5,652,000	0.35%	704
2012	5,320,000		5,320,000	0.33%	658
2013	4,910,000	26,970	4,883,030	0.34%	607

Source: District records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only nine years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**ORADELL BOARD OF EDUCATION  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2012  
(Unaudited)**

	<u><b>Total Debt</b></u>
<b>Municipal Debt:</b>	
Oradell Board of Education (as of June 30, 2013)	\$ 4,910,000
Regional High School - Oradell's Share	7,321,454
Borough of Oradell	<u>16,796,267</u>
	<u>29,027,721</u>
 <b>Overlapping Debt Apportioned to the Municipality:</b>	
<b>Bergen County:</b>	
County of Bergen (A)	8,078,196
Bergen County Utilities Authority - Wastewater (B)	<u>3,360,697</u>
	<u>11,438,893</u>
 <b>Total Direct and Overlapping Debt</b>	 <u><u>\$ 40,466,614</u></u>

**Source:**

Borough of Oradell's 2012 Annual Debt Statement  
 County of Bergen's 2012 Annual Debt Statement  
 Bergen County Utilities Authority's 2012 Annual Audit

- (A) The debt for this entity was apportioned to Oradell by dividing the municipality's 2012 equalized value by the total 2012 equalized value for Bergen County.  
 (B) The debt was computed based upon usage

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

Legal Debt Margin Calculation for Fiscal Year 2013

Equalized valuation basis	
2012	\$ 1,687,680,371
2011	\$ 1,727,790,730
2010	\$ 1,753,550,249
	<u>\$ 5,169,021,350</u>
	\$ 1,723,007,117

Average equalized valuation of taxable property

Debt limit (2.5 % of average equalization value)	43,075,178
Total Net Debt Applicable to Limit	4,910,000
Legal debt margin	<u>\$ 38,165,178</u>

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 37,378,396	\$ 34,160,377	\$ 37,854,465	\$ 41,831,824	\$ 44,610,341	\$ 45,558,251	\$ 45,644,111	\$ 44,689,519	\$ 44,013,328	\$ 43,075,178
Total net debt applicable to limit	-	7,217,524	6,997,524	6,742,524	6,477,000	6,197,000	5,907,000	5,602,000	5,295,000	4,910,000
Legal debt margin	\$ 37,378,396	\$ 26,942,853	\$ 30,856,941	\$ 35,089,300	\$ 38,133,341	\$ 39,361,251	\$ 39,737,111	\$ 39,087,519	\$ 38,718,328	\$ 38,165,178
Total net debt applicable to the limit as a percentage of debt limit	0.00%	21.13%	18.49%	16.12%	14.52%	13.60%	12.94%	12.54%	12.03%	11.40%

Source: Annual Debt Statements

**ORADELL BOARD OF EDUCATION  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)**

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2004	7,935	\$ 54,462	3.00%
2005	7,879	56,706	2.90%
2006	7,798	62,714	2.80%
2007	7,773	67,394	2.50%
2008	7,755	68,227	3.30%
2009	7,787	63,198	5.90%
2010	7,987	65,486	6.10%
2011	8,031	65,486	6.00%
2012	8,083	66,096	6.10%
2013	8,083 (E)	66,096 (E)	N/A

Source: New Jersey State Department of Education

(E) Estimate

**ORADELL BOARD OF EDUCATION  
PRINCIPAL EMPLOYERS,  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)**

	<u>2013</u>		<u>2004</u>	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

**INFORMATION NOT AVAILABLE**

**ORADELL BOARD OF EDUCATION  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
(Unaudited)**

<u>Function/Program</u>	<u>2004</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>	<u>2013</u>
Instruction										
Regular	45.0	50.0	50.0	57.5	48.6	48.6	48.6	48.6	51.7	51.7
Special Education	6.0	13.0	10.0	9.0	9.5	9.5	9.5	9.5	9.5	9.5
Support Services:										
Student & instruction related services	14.0	8.2	7.0	8.0	9.6	10.6	10.6	10.6	9.0	9.0
General administration	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administrative services	3.0	4.0	4.0	2.0	4.0	4.0	4.0	4.0	4.0	4.0
Central services	4.6	3.0	3.0	3.6	3.6	3.6	3.6	3.4	3.4	3.4
Administrative Information Technology			1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	5.4	5.0	5.0	7.2	7.0	7.0	7.0	6.0	6.0	6.0
<b>Total</b>	<b>79.0</b>	<b>85.2</b>	<b>82.0</b>	<b>90.3</b>	<b>85.3</b>	<b>86.3</b>	<b>86.3</b>	<b>85.1</b>	<b>86.6</b>	<b>86.6</b>

Source: District Personnel Records

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

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teacher/Pupil Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary				
2004	749	7,924,846	10,581	0.46%	63	1:11	749	722	5.94%	96.40%
2005	765	8,446,735	11,041	4.36%	65	1:11	765	747	2.14%	97.65%
2006	770	9,006,949	11,697	5.94%	63	1:11	770	751	0.65%	97.53%
2007	791	9,672,301	12,228	4.54%	63	1:11	786	752	2.08%	95.67%
2008	794	10,412,518	13,114	7.25%	67	1:11	794	763	1.02%	96.10%
2009	790	10,386,316	13,147	0.25%	63	1:11	790	759	1.04%	96.08%
2010	782	10,599,192	13,554	3.09%	63	1:11	782	759	1.03%	97.06%
2011	805	10,549,752	13,105	-3.31%	63	1:11	804	773	2.81%	96.14%
2012	801	11,155,726	13,927	6.27%	63	1:11	788	759	-1.99%	96.32%
2013	817	11,473,796	14,044	0.84%	63	1:11	784	751	-0.51%	95.79%

Sources: District records

ORADELL BOARD OF EDUCATION  
 SCHOOL BUILDING INFORMATION  
 LAST TEN FISCAL YEARS  
 (Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>District Building</b>										
<b>Elementary</b>										
Square Feet	99,440	99,440	99,440	99,440	113,440	113,440	113,440	113,440	113,440	113,440
Capacity (students)	795	795	795	795	853	853	853	853	853	853
Enrollment	749	765	770	791	794	790	782	805	801	801

Number of Schools at June 30, 2013  
 Elementary = 1

Source: District Records

ORADELL BOARD OF EDUCATION  
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 LAST TEN YEARS  
 (Unaudited)

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES 11-000-261-XXX	Project No.	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
School Facilities	N/A	\$ 69,884	\$ 92,849	\$ 156,501	\$ 155,015	\$ 128,970	\$ 105,627	\$ 92,313	\$ 163,490	\$ 158,256	\$ 162,089

Source: District Records

**ORADELL BOARD OF EDUCATION  
INSURANCE SCHEDULE  
JUNE 30, 2013  
(Unaudited)**

	<u>Coverage (A)</u>	<u>Deductible (A)</u>
Northeast Bergen County School Board Group		
School Package Policy		
Property-Blanket Building & Contents (Oradell School Only)	\$ 25,351,995	\$ 5,000
Flood/Earthquake	5,000,000	50,000
General Liability	2,000,000	
Employee Benefit Liability	1,000,000	1,000
School Board Legal Liability	1,000,000	
Commercial Automobile Liability	1,000,000	1,000
Commercial Umbrella Coverage	9,000,000	10,000
Commercial Umbrella Excess Coverage	50,000,000	
Public Employee Dishonesty		
Per Employee (Primary)	100,000	5,000
Per Loss (Excess)	400,000	
Forgery or Alteration	50,000	1,000
Educators Legal Liability	1,000,000	5,000
Employment Practice Liability	1,000,000	10,000
Environmental Liability	3,000,000	15,000
Public Employees' Faithful Performance Blanket		
Position Bonds		
Board Secretary	200,000	
Treasurer	200,000	

(A) Coverage represents total amount covered for all members of the Northeast Bergen County School Board Group unless otherwise noted.

Source: District's records

**SINGLE AUDIT SECTION**



DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
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LORI T. MANUKIAN, CPA, PSA  
MARK SACO, CPA

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

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Trustees  
Oradell Board of Education  
Oradell, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oradell Board of Education as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Oradell Board of Education's basic financial statements and have issued our report thereon dated December 3, 2013

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Oradell Board of Education’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

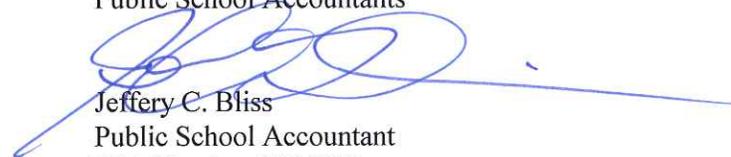
We noted certain matters that we reported to management of the Oradell Board of Education in a separate report entitled, “Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance” dated December 3, 2013.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Oradell Board of Education’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Oradell Board of Education’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*LERCH, VINCI & HIGGINS, LLP*

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



Jeffery C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
December 3, 2013



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA  
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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL  
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 04-04**

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Trustees  
Oradell Board of Education  
Oradell, New Jersey

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

We have audited the Oradell Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Oradell Board of Education's major state programs for the fiscal year ended June 30, 2013. The Oradell Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Oradell Board of Education's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars 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 state program occurred. An audit includes examining, on a test basis, evidence about the Oradell Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major State Program***

In our opinion, the Oradell Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

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

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

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

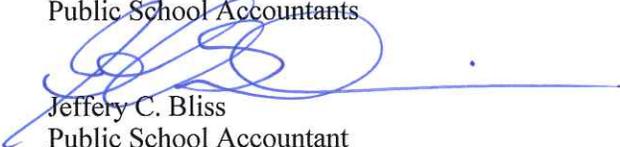
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04**

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 Oradell Board of Education, as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated December 3, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

*LERCH, VINCI & HIGGINS, LLP*

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

  
Jeffery C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
December 3, 2013



ORADELL BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2012	Carryover Amount	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2013 (Accounts Receivable)	Due to Grantor	GAAP Reservable	Memo Cumulative Total Expenditures
<b>State Department of Education</b>												
<b>General Fund:</b>												
Special Education Aid	13-495-034-5120-089	7/1/12-6/30/13	\$ 311,915			\$ 290,165	\$ 311,915		\$ (21,750)			\$ 311,915
Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	241,908	\$ (15,286)		15,286						
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	11,591			10,597	11,591		(794)			11,591
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	5,626			5,234	5,626		(392)			5,626
Extraordinary Aid	13-100-034-5120-473	7/1/12-6/30/13	82,707			82,707	82,707		(82,707)			82,707
Extraordinary Aid	12-100-034-5120-473	7/1/11-6/30/12	119,091	(119,091)		119,091			(4,002)			
Nonpublic School Transportation Aid	N/A	7/1/12-6/30/13	4,002				4,002				\$ (4,002)	4,002
Nonpublic School Transportation Aid	N/A	7/1/11-6/30/12	3,654	(3,654)		3,654						
Reimbursed TPAF Social Security Contribution	13-495-034-5095-002	7/1/12-6/30/13	388,441			370,568	388,441		(17,873)		(17,873)	388,441
Reimbursed TPAF Social Security Contribution	12-495-034-5095-002	7/1/11-6/30/12	343,734	(43,785)		43,785						
TPAF Pension Benefit Contributions	13-495-034-5095-006	7/1/12-6/30/13	281,456			281,456	281,456					281,456
TPAF Pension - NCGI Premium	13-100-034-5095-007	7/1/12-6/30/13	14,808			14,808	14,808					14,808
TPAF Pension-Post Retirement Medical	13-100-034-5095-001	7/1/12-6/30/13	335,001			335,001	335,001					335,001
<b>Total General Fund</b>			<b>(181,816)</b>			<b>1,489,645</b>	<b>1,435,347</b>		<b>(127,518)</b>		<b>(21,875)</b>	<b>1,435,347</b>
<b>New Jersey Nonpublic Aid</b>												
Textbook Aid	13-100-034-5120-064	7/1/12-6/30/13	7,662			7,662	5,591			\$ 2,071		5,591
Textbook Aid	12-100-034-5120-064	7/1/11-6/30/12	6,892	754				\$ 754				
Technology Aid	13-100-034-5120-373	7/1/12-6/30/13	2,828			2,828	2,367			461		2,367
Nursing Services	13-100-034-5120-070	7/1/12-6/30/13	10,634			10,634	10,634					10,634
Nursing Services	12-100-034-5120-070	7/1/11-6/30/12	9,845	295				295				
Auxiliary Services												
Compensatory Education	13-100-034-5120-067	7/1/12-6/30/13	27,591			27,591	16,804			10,787		16,804
Compensatory Education	12-100-034-5120-067	7/1/11-6/30/12	44,802	12,933				12,933				
English as a Second Language	13-101-034-5120-067	7/1/12-6/30/13	3,325			3,325	1,449			1,876		1,449
English as a Second Language	12-101-034-5120-067	7/1/11-6/30/12	1,724	862				862				
Transportation	13-100-034-5120-068	7/1/12-6/30/13	8,820			8,820				8,820		
Handicapped Services												
Examination and Classification	13-100-034-5120-066	7/1/12-6/30/13	7,961			7,961	4,300			3,661		4,300
Examination and Classification	12-100-034-5120-066	7/1/11-6/30/12	8,372	4,348				4,348				
Corrective Speech	13-100-034-5120-066	7/1/12-6/30/13	17,265			17,265	16,484			781		16,484
Corrective Speech	12-100-034-5120-066	7/1/11-6/30/12	30,804	18,956				18,956				
Supplementary Instruction	13-100-034-5120-066	7/1/12-6/30/13	4,163			4,163	2,983			1,180		2,983
Supplementary Instruction	12-100-034-5120-066	7/1/11-6/30/12	7,717	5,753				5,753				
<b>Total Special Revenue Fund</b>			<b>43,901</b>			<b>90,249</b>	<b>60,612</b>	<b>43,901</b>		<b>29,637</b>		<b>58,245</b>
<b>Total State Financial Assistance</b>			<b>(137,915)</b>			<b>1,579,894</b>	<b>1,495,959</b>	<b>43,901</b>	<b>(127,518)</b>		<b>(21,875)</b>	<b>1,493,592</b>
<b>State Financial Assistance Not Subject to Single Audit Determination</b>												
<b>General Fund</b>												
TPAF Pension Contributions	13-495-034-5095-006	7/1/12-6/30/13	281,456			(281,456)	(281,456)					(281,456)
TPAF Pension - NCGI Premium	13-100-034-5095-007	7/1/12-6/30/13	14,808			(14,808)	(14,808)					(14,808)
TPAF Pension-Post Retirement Medical	13-100-034-5095-001	7/1/12-6/30/13	335,001			(335,001)	(335,001)					(335,001)
<b>Total State Financial Assistance Subject to Single Audit Determination</b>			<b>\$ (137,915)</b>			<b>\$ 945,629</b>	<b>\$ 864,694</b>	<b>\$ 43,901</b>	<b>\$ (127,518)</b>		<b>\$ (21,875)</b>	<b>\$ 862,327</b>

See accompanying notes to schedule of expenditures of federal awards and state financial assistance.

**ORADELL BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 1 GENERAL**

The accompanying schedules present the activity of all federal and state financial assistance programs of the Oradell Board of Education. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of the financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

The 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 a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2.. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$28,734 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,464,081	\$ 1,464,081
Special Revenue Fund	\$ 194,360	60,612	254,972
Food Service Fund	2,634	-	2,634
	<u>          </u>	<u>          </u>	<u>          </u>
Total Financial Assistance	\$ 196,994	\$ 1,524,693	\$ 1,721,687

**ORADELL BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5 OTHER INFORMATION**

TPAF Social Security contributions in the amount of \$388,441 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2013. The amount reported as TPAF Pension System Contributions in the amount of \$296,264 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$335,001 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2013.

**NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

**ORADELL BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Part I – Summary of Auditor’s Results**

**Financial Statement Section**

- |   |                         |                              |
|---|-------------------------|------------------------------|
| A) Type of auditor's report issued:   | <u>Unmodified</u> _____ |                              |
| B) Internal control over financial reporting:   |                         |                              |
| 1) Material weakness(es) identified?  | _____ yes               | _____ <u>X</u> no            |
| 2) Were significant deficiencies identified that were not considered to be material weaknesses? | _____ yes               | _____ <u>X</u> none reported |
| C) Noncompliance material to the basic financial statements noted?                              | _____ yes               | _____ <u>X</u> no            |

**Federal Awards Section**

**NOT APPLICABLE**

**ORADELL BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

*Part I – Summary of Auditor’s Results*

**State Awards Section**

J) Dollar threshold used to distinguish Type A and Type B programs: \$ 300,000

K) Auditee qualified as low-risk auditee?  X  yes   no

L) Type of auditors' report on compliance for major programs: Unmodified

M) Internal Control over compliance:

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

2) Were significant deficiencies identified that were not considered to be material weaknesses?   yes  X  none reported

N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04, as amended?   yes  X  none

O) Identification of major programs:

GMIS Number(s)	Name of State Program
<u>13-495-034-5095-002</u>	<u>Reimbursed TPAF Social Security Contributions</u>
<u>13-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>13-495-034-5120-084</u>	<u>Security Aid</u>
<u> </u>	<u> </u>

**ORADELL BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

*Part 2 – Schedule of Financial Statement Findings*

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

There are none.

ORADELL BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

**CURRENT YEAR FEDERAL AWARDS**

Not Applicable.

**CURRENT STATE FEDERAL AWARDS**

There are none.

**ORADELL BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 04-04.

**STATUS OF PRIOR YEAR FINDINGS**

There were none.