

NEW ISSUE – Book-Entry Only

Ratings: S&P: “AA”
(AG Insured)
“A” (Underlying)
See “RATINGS” herein

In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey (“Bond Counsel”), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance with certain covenants described herein, interest on the Bonds (as herein defined) (i) is not includable in gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) is not treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Bond Counsel is further of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, as amended. See “TAX EXEMPTION” herein.

**THE BOARD OF EDUCATION OF THE
CITY OF ORANGE TOWNSHIP
IN THE COUNTY OF ESSEX, NEW JERSEY
\$11,805,000*
ENERGY SAVINGS OBLIGATION
REFUNDING SCHOOL BONDS, SERIES 2024
(New Jersey School Bond Reserve Act, 1980 N.J. Laws c. 72, as amended)**

CALLABLE

Dated: Date of Delivery

Due: October 15, as shown on inside cover

The \$11,805,000* aggregate principal amount of Energy Savings Obligation Refunding School Bonds, Series 2024 (the “Bonds”) of The Board of Education of the City of Orange Township in the County of Essex, New Jersey (the “Board” when referring to the governing body and the “School District” when referring to the territorial boundaries governed by the Board) are valid and legally binding general obligations of the Board, and unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable real property within the School District for the payment of the Bonds and the interest thereon without limitation as to rate or amount. Payment of the principal of and interest on the Bonds is also secured under the provisions of the New Jersey School Bond Reserve Act, 1980 N.J. Laws c. 72, as amended.

The Bonds will be issued as fully registered bonds in book-entry only form (without certificates) in the form of one certificate for the aggregate principal amount of the Bonds maturing in each year and when issued will be registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, Brooklyn, New York (“DTC”). Individual purchases may be made in the principal amount of \$5,000 each or any integral multiple thereof with a minimum purchase of \$5,000 required, through book-entries made on the books and records of DTC and its participants. See “BOOK-ENTRY ONLY SYSTEM” herein.

The Bonds shall bear interest from their date of delivery, which interest shall be payable semi-annually on the fifteenth day of April and October in each year, commencing October 15, 2025, until maturity or prior redemption. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each immediately preceding April 1 and October 1 (the “Record Dates” for the payment of interest on the Bonds).

The Bonds are subject to redemption prior to their stated maturities as set forth herein. See “DESCRIPTION OF THE BONDS – Redemption” herein.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY INC.** See “BOND INSURANCE” herein.

**ASSURED
GUARANTY**

The Bonds are offered when, as and if issued and delivered to the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel to the Board, and certain other conditions described herein. Certain legal matters will be passed upon for the Board by Machado Law Group, Springfield, New Jersey, General Counsel to the Board. Certain legal matters will be passed upon for the Underwriter by Parker McCay P.A., Camden, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey, served as Municipal Advisor in connection with the Bonds. Delivery of the Bonds in definitive form to DTC in Jersey City, New Jersey, is anticipated to occur on or about November ___, 2024.

RAYMOND JAMES®

* Preliminary, subject to change.

**THE BOARD OF EDUCATION OF THE
CITY OF ORANGE TOWNSHIP
IN THE COUNTY OF ESSEX, NEW JERSEY
\$11,805,000*ENERGY SAVINGS OBLIGATION
REFUNDING SCHOOL BONDS, SERIES 2024
(New Jersey School Bond Reserve Act, 1980 N.J. Laws c. 72, as amended)**

CALLABLE

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,
YIELDS AND CUSIP NUMBERS**

<u>Maturity (October 15)</u>	<u>Principal Amounts*</u>	<u>Interest Rates</u>	<u>Yields</u>	<u>CUSIP Numbers**</u>
2026	\$1,010,000			685315__
2027	995,000			685315__
2028	380,000			685315__
2029	410,000			685315__
2030	440,000			685315__
2031	360,000			685315__
2032	390,000			685315__
2033	420,000			685315__
2034	455,000			685315__
2035	490,000			685315__
2036	525,000			685315__
2037	565,000			685315__
2038	605,000			685315__
2039	650,000			685315__
2040	695,000			685315__
2041	595,000			685315__
2042	640,000			685315__
2043	680,000			685315__
2044	725,000			685315__
2045	775,000			685315__

* Preliminary, subject to change

** A registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Board does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**THE BOARD OF EDUCATION OF THE
CITY OF ORANGE TOWNSHIP
IN THE COUNTY OF ESSEX, NEW JERSEY**

BOARD MEMBERS

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Vice President – Sueann Gravesande

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Dr. Fatimah Turner
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Gerald Fitzhugh, II, Ed.D.

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Jason Ballard

BOARD ATTORNEY

Machado Law Group
Springfield, New Jersey

BOARD AUDITOR

PKF O'Connor Davies, LLP
Cranford, New Jersey

MUNICIPAL ADVISOR

Phoenix Advisors, LLC
Bordentown, New Jersey

BOND COUNSEL

Wilentz, Goldman & Spitzer, P.A.
Woodbridge, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Board to give any information or to make any representations with respect to the Bonds, other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the Board. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

The information contained herein has been provided by the Board, DTC and other sources deemed reliable by the Board; however, such information is not guaranteed as to its accuracy or completeness and such information is not to be construed as a representation or warranty by the Board, as to information from sources other than itself. The Board has not confirmed the accuracy or completeness of information relating to DTC, which information has been provided by DTC.

This Official Statement is not to be construed as a contract or agreement among the Board, the Underwriter and the owners of any of the Bonds. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

References in this Official Statement to the Constitution of the State of New Jersey, laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents or laws are qualified in their entirety by reference to the particular source, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the offices of the Board during normal business hours.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, will not be listed on any stock or other securities exchange and neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity, other than the School District, will have passed upon the accuracy or adequacy of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE.

The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

Assured Guaranty Inc. (“AG”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading “BOND INSURANCE” and “APPENDIX E – Specimen Municipal Bond Insurance Policy.”

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OFFICIAL STATEMENT

OF

**THE BOARD OF EDUCATION OF THE
CITY OF ORANGE TOWNSHIP
IN THE COUNTY OF ESSEX, NEW JERSEY**

\$11,805,000*

**ENERGY SAVINGS OBLIGATION
REFUNDING SCHOOL BONDS, SERIES 2024
(NEW JERSEY SCHOOL BOND RESERVE ACT, 1980 N.J. Laws c. 72, as amended)**

CALLABLE

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by The Board of Education of the City of Orange Township in the County of Essex, New Jersey (the "Board" when referring to the governing body and the "School District" when referring to the territorial boundaries governed by the Board) in connection with the offering, sale and issuance of its \$11,805,000* aggregate principal amount of Energy Savings Obligation Refunding School Bonds, Series 2024 (the "Bonds"). This Official Statement has been executed by and on behalf of the Board by the Business Administrator/Board Secretary and its distribution and use in connection with the offering and sale of the Bonds have been authorized by the Board.

This Official Statement contains specific information relating to the Bonds including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the Board from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and, but only to the extent specifically provided herein, certain projections into the immediate future, and is not necessarily indicative of future or continuing trends in the financial position of the Board.

DESCRIPTION OF THE BONDS

The following is a summary of certain provisions of the Bonds. Reference is made to the Bonds themselves for the complete text thereof, and the discussion herein is qualified in its entirety by such reference.

Terms and Interest Payment Dates

The Bonds shall be dated their date of delivery and shall mature on October 15 in each of the years and in the amounts set forth on the inside cover page hereof. The Bonds shall bear interest from their date of delivery which interest shall be payable semi-annually on the fifteenth day of April and October (each an "Interest Payment Date"), commencing on October 15, 2025, in each of the years and at the interest rates set forth on the inside cover page hereof until maturity or prior redemption by check mailed by the Board or a duly appointed paying agent to the registered owners of the Bonds as of each April 1 and October 1 immediately preceding the respective Interest Payment Date (the "Record Dates"). So long as The Depository Trust Company, Brooklyn, New York ("DTC"), or its nominee is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Board or a designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC

* Preliminary, subject to change.

participants, which will in turn remit such payments to the beneficial owners of the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds will be issued in fully registered book-entry only form, without certificates. One certificate shall be issued for the aggregate principal amount of the Bonds maturing in each year, and when issued, will be registered in the name of and held by Cede & Co., as nominee of DTC. DTC will act as Securities Depository for the Bonds (the "Securities Depository"). The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$5,000 each, or any integral multiple thereof with a minimum purchase of \$5,000 required, through book-entries made on the books and records of DTC and its participants. Individual purchasers of the Bonds will not receive certificates representing their beneficial ownership interests in the Bonds, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Bonds purchased. See "BOOK-ENTRY ONLY SYSTEM" herein.

Redemption

The Bonds of this issue maturing prior to October 15, 20__ are not subject to redemption prior to their stated maturities. The Bonds of this issue maturing on or after October 15, 20__ are redeemable at the option of the Board in whole or in part on any date on or after October 15, 20__ upon notice as required herein at one hundred percent (100%) of the principal amount being redeemed (the "Redemption Price"), plus accrued interest to the date fixed for redemption.

Notice of Redemption

Notice of redemption ("Notice of Redemption") shall be given by mailing such notice at least thirty (30) days but not more than sixty (60) days before the date fixed for redemption by first class mail in a sealed envelope with postage prepaid to the registered owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Board or a duly appointed Bond Registrar. So long as DTC (or any successor thereto) acts as Securities Depository for the Bonds, Notice of Redemption shall be sent to such Securities Depository and shall not be sent to the beneficial owners of the Bonds. Any failure of the Securities Depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the Board determines to redeem a portion of the Bonds prior to maturity, such Bonds shall be selected by the Board; the Bonds to be redeemed having the same maturity shall be selected by the Securities Depository in accordance with its regulations.

If Notice of Redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on the Bonds after the date fixed for redemption.

Security for the Bonds

The Bonds are valid and legally binding general obligations of the Board, and the Board has irrevocably pledged its full faith and credit for the payment of the principal of and interest on the Bonds. Unless paid from other sources, the principal of and interest on the Bonds are payable from *ad valorem* taxes levied upon all the taxable real property within the School District without limitation as to rate or amount. The Bonds are additionally secured by the New Jersey School Bond Reserve Act, 1980 N.J. Laws c. 72, as amended.

School Bond Reserve Act (1980 N.J. Laws c. 72)

All school bonds are secured by the School Bond Reserve (the "School Bond Reserve") established in the Fund for the Support of Free Public Schools of the State of New Jersey (the "Fund") in accordance

with the New Jersey School Bond Reserve Act, N.J.S.A. 18A:56-17 et seq. (P.L. 1980, c. 72, approved July 16, 1980, as amended by P.L. 2003, c. 118, approved July 1, 2003 (the "Act")). The 2003 amendments to the Act provide that the Fund will be divided into two (2) School Bond Reserve accounts. All bonds issued prior to July 1, 2003 shall be benefited by a School Bond Reserve account funded in an amount equal to one and one-half percent (1.5%) of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes (the "Old School Bond Reserve Account") and all bonds, including the Bonds, issued on or after July 1, 2003 shall be benefited by a School Bond Reserve account funded in an amount equal to one percent (1%) of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes (the "New School Bond Reserve Account"), provided such amounts do not exceed the moneys available in the Fund. If a municipality, county or school district is unable to make payment of principal of or interest on any of its bonds issued for school purposes, the trustees of the Fund will purchase such bonds at par value and will pay to the bondholders the interest due or to become due within the limits of funds available in the applicable School Bond Reserve account in accordance with the provisions of the Act.

The Act provides that the School Bond Reserve shall be composed entirely of direct obligations of the United States government or obligations guaranteed by the full faith and credit of the United States government. Securities representing at least one-third of the minimal market value to be held in the School Bond Reserve shall be due to mature within one year of issuance or purchase. Beginning with the fiscal year ending on June 30, 2003 and continuing on each June 30 thereafter, the State Treasurer shall calculate the amount necessary to fully fund the Old School Bond Reserve Account and the New School Bond Reserve Account as required pursuant to the Act. To the extent moneys are insufficient to maintain each account in the School Bond Reserve at the required levels, the State agrees that the Treasurer of the State of New Jersey (the "State") shall, no later than September 15 of the fiscal year following the June 30 calculation date, pay to the trustees for deposit in the School Bond Reserve such amounts as may be necessary to maintain the Old School Bond Reserve Account and the New School Bond Reserve Account at the levels required by the Act. No moneys may be borrowed from the Fund to provide liquidity to the State unless the Old School Bond Reserve Account and the New School Bond Reserve Account each are at the levels certified as full funding on the most recent June 30 calculation date. The amount of the School Bond Reserve in each account is pledged as security for the prompt payment to holders of bonds benefited by such account of the principal of and the interest on such bonds in the event of the inability of the issuer to make such payments. In the event the amounts in either the Old School Bond Reserve Account or the New School Bond Reserve Account fall below the amount required to make payments on bonds, the amounts in both accounts are available to make payments for bonds secured by the School Bond Reserve.

The Act further provides that the amount of any payment of interest or purchase price of school bonds paid pursuant to the Act shall be deducted from the appropriation or apportionment of State aid, other than certain State aid which may be otherwise restricted pursuant to law, payable to the school district, county or municipality and shall not obligate the State to make, nor entitle the school district, county or municipality to receive, any additional appropriation or apportionment. Any amount so deducted shall be applied by the State Treasurer to satisfy the obligation of the school district, county or municipality arising as a result of the payment of interest or purchase price of bonds pursuant to the Act.

Authorization and Purpose

The Bonds have been authorized and are issued pursuant to (i) the Energy Savings Improvement Program Law, N.J.S.A. 18A:18A-4.6(c)(3) (the "ESIP Law") and N.J.S.A. 18A:24-61.1 et seq.; (ii) a refunding bond ordinance (the "Refunding Bond Ordinance") finally adopted by the Board on October 9, 2024 and (ii) a resolution duly adopted by the Board on October 9, 2024 (the "Resolution").

The Board decided to investigate the implementation of an energy savings improvement program through the New Jersey Board of Public Utilities Local Government Energy Audit Program and conducted an energy audit of the School District facilities. Thereafter, the Board appointed Honeywell International Inc. ("Honeywell") to develop its energy savings plan in accordance with the requirements set forth in N.J.S.A. 18A:18A-4.1 et seq. The Board, with the assistance of Honeywell, developed a proposed energy savings plan (the "Plan") and hired DLB Associates to verify the energy savings to be realized through the Plan. DLB Associates has issued a report verifying the savings. The Board, by resolution, adopted the

Plan on August 20, 2024 and submitted the report and the Plan to the Board of Public Utilities Office of Clean Energy (the "BPU") for review. The BPU approved the Plan on April 17, 2024.

The Board has determined that the energy savings generated from reduced energy use from the Plan will be sufficient to cover the cost of the energy conservation measures set forth in the Plan and, therefore, has determined to implement the Plan pursuant to N.J.S.A. 18A:18A-4.6 and to finance the Plan through the issuance of energy savings obligations authorized as refunding bonds pursuant to N.J.S.A. 18A:18A-4.6(c)(3) and 18A:24-61.1 et seq. As required by the ESIP Law, the payments of the principal of and interest on the Bonds will be included in the School District's general fund budget but are anticipated to be offset by the energy savings.

As required by law, for the Refunding Bond Ordinance to take effect, the Local Finance Board in the Division of the Local Government Services of the Department of Community Affairs of the State of New Jersey (the "Local Finance Board") approved the adoption of the Refunding Bond Ordinance and the issuance of the Bonds on September 11, 2024.

The purpose of the Bonds is to (i) finance the costs of the Board's energy savings improvement program through the installation of energy conservation measures and related work at various school sites; and (ii) pay the costs associated with the issuance of the Bonds.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Inc. ("AG") will issue its Municipal Bond Insurance Policy (the "Policy") for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, Maryland, California, Connecticut or Florida insurance law.

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL" and together with its subsidiaries, "Assured Guaranty"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or

liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG (“AGM”), merged with and into AG, with AG as the surviving company (such transaction, the “Merger”). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

Current Financial Strength Ratings

On October 18, 2024, KBRA announced it had affirmed AG’s insurance financial strength rating of “AA+” (stable outlook).

On July 10, 2024, Moody’s, following Assured Guaranty’s announcement of the Merger, announced that it had affirmed AG’s insurance financial strength rating of “A1” (stable outlook).

On May 28, 2024, S&P announced it had affirmed AG’s financial strength rating of “AA” (stable outlook). On August 1, 2024, S&P stated that following the Merger, there is no change in AG’s financial strength rating of “AA” (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody’s and/or KBRA may take. For more information regarding AG’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Capitalization of AG, AGM and Pro Forma Combined AG

As of June 30, 2024
(dollars in millions)

	AG (Actual)	AGM (Actual)	AG (Pro Forma Combined)
Policyholders’ surplus	\$1,649	\$2,599	\$3,960 ⁽¹⁾
Contingency reserve	\$421	\$910	\$1,331
Net unearned premium reserves and net deferred ceding commission income	\$355	\$2,078 ⁽²⁾	\$2,433 ⁽²⁾

⁽¹⁾Net of intercompany eliminations.

⁽²⁾Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM or pro forma combined AG, as applicable, and (ii) the net unearned premium reserves and net deferred ceding commissions of Assured Guaranty UK Limited (“AGUK”) and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA (“AGE”).

The policyholders’ surplus, contingency reserves, and net unearned premium reserves and net deferred ceding commission income of AG, AGM, and the pro forma combined AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the “SEC”) that relate to AG and AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (filed by AGL with the SEC on February 28, 2024);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 (filed by AGL with the SEC on May 8, 2024); and
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 (filed by AGL with the SEC on August 8, 2024).

All information relating to AG and AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof “furnished” under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at <http://www.sec.gov>, at AGL’s website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL’s website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG and AGM included herein under the caption “BOND INSURANCE – Assured Guaranty Inc.” or included in a document incorporated by reference herein (collectively, the “AG Information”) shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AG makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading “BOND INSURANCE”.

BOOK-ENTRY ONLY SYSTEM**

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal and interest, and other payments on the Bonds to DTC Participants or Beneficial Owners (as such terms are defined or used herein), confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Board. Accordingly, the Board does not make any representations concerning these matters.

DTC will act as Securities Depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds, as set forth on the inside cover hereof, in the aggregate principal amount of such maturity, and will be deposited with DTC.

** Source: The Depository Trust Company

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Notices of Redemption shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds, unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Board or Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Direct and Indirect Participant and not of DTC, nor its nominee, Paying Agent or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as Securities Depository with respect to the Bonds at any time by giving reasonable notice to the Board or Paying Agent. Under such circumstances, in the event that a successor Securities Depository is not obtained, Bond certificates are required to be printed and delivered.

The Paying Agent, upon direction of the Board, may decide to discontinue use of the system of book-entry transfers through DTC (or a successor Securities Depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof.

Discontinuance of Book-Entry Only System

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the Bonds, the following provisions apply: (i) the Bonds may be exchanged for an equal aggregate principal amount of Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Board or its paying agent; (ii) the transfer of any Bonds may be registered on the books maintained by the registrar for such purposes only upon the surrender thereof to the Board or its paying agent together with the duly executed assignment in form satisfactory to the Board or its paying agent; and (iii) for every exchange or registration of transfer of Bonds, the Board or its paying agent may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds. Interest on the Bonds will be payable by check or draft mailed on each Interest Payment Date to the registered owners thereof as of the close of business on the Record Dates.

THE SCHOOL DISTRICT AND THE BOARD

The Board is a nine (9) member board with members elected for staggered three (3) year terms. The Superintendent is the chief administrative officer of the School District. The Business Administrator/Board Secretary is the chief financial officer of the School District and oversees the Board's business functions. The Business Administrator/Board Secretary reports to the Superintendent.

The School District is a Type II school district serving the students of the City of Orange Township, in the County of Essex, State of New Jersey (the "City"). The School District provides a full range of educational services appropriate to grades pre-kindergarten (Pre-K) through twelve (12), including regular and special education programs. The School District operates fifteen (15) schools. See "APPENDIX A – Certain Economic and Demographic Information Relating to the School District and the City of Orange Township, in the County of Essex, State of New Jersey."

THE STATE'S ROLE IN PUBLIC EDUCATION

The Constitution of the State of New Jersey provides that the State shall provide for the maintenance and support of a thorough and efficient ("T&E") system of free public schools for the instruction of all children between the ages of 5 and 18 years. Case law has expanded the responsibility to include children between the ages of 3 and 21.

The responsibilities of the State with respect to the general supervision and control of public education have been delegated to the New Jersey Department of Education (the "Department"), which is a part of the executive branch of the State government and was created by the State Legislature. The Department is governed and guided by the policies set forth by the New Jersey State Board of Education (the "State Board"). The State Board is responsible for the general supervision and control of public education and is obligated to formulate plans and to make recommendations for the unified, continuous and efficient development of public education of all people of all ages within the State. To fulfill these responsibilities, the State Board has the power, *inter alia*, to adopt rules and regulations that have the effect of law and that are binding upon school districts, to acquire land and other property.

The Commissioner of Education (the "Commissioner") is the chief executive and administrative officer of the Department. The Commissioner is appointed by the Governor of the State with the advice and consent of the State Senate, and serves at the pleasure of the Governor during the Governor's term of office. The Commissioner is Secretary and Chief Executive Officer of the State Board and is responsible for the supervision of all school districts in the State and is obligated to enforce the rules and regulations of the State Board. The Commissioner has the authority to recommend the withholding of State financial aid and the Commissioner's consent is required for authorization to sell school bonds that exceed the debt limit of the municipality in which the school district is located and may also set the amount to be raised by taxation for a board of education if a school budget has not been approved by a board of school estimate or by the voters.

An Executive County Superintendent of Schools (the "County Superintendent") is appointed for each county in the State by the Governor, upon the recommendation of the Commissioner with the advice and consent of the State Senate. The County Superintendent is the local representative of the Commissioner. The County Superintendent is responsible for the daily supervision of the school districts in the county and is charged with the enforcement of rules pertaining to the certification of teachers, pupil registers and financial reports and the review of budgets. Under the Uniform Shared Services and Consolidation Act, P.L. 2007, c. 63, effective April 3, 2007, the role of the County Superintendent was changed to create the post of the Executive County Superintendent with expanded powers for the operation and management of school districts to, among other things, promote administrative and operational efficiencies, eliminate non-operating school districts and recommend a school district consolidation plan to eliminate districts through the establishment or enlargement of regional school districts, subject to voter approval.

STRUCTURE OF SCHOOL DISTRICTS IN NEW JERSEY

Categories of School Districts

State school districts are characterized by the manner in which the board of education or the governing body takes office. School districts are principally classified in the following categories:

(1) Type I, in which the mayor or chief executive officer ("CEO") of a municipality appoints the members of a board of education and a board of school estimate. The board of school estimate

consists of two (2) members of the board of education, two (2) members of the governing body of the municipality and the mayor or CEO of the municipality comprising the school district, and approves all fiscal matters;

(2) Type II, in which the registered voters within a school district elect the members of a board of education and either (a) the registered voters also vote upon all fiscal matters with the exception set forth in the new Budget Election Law (as hereinafter defined in "School Budgetary Process"), or (b) a board of school estimate, consisting of two (2) members of the governing body of and the CEO of each municipality within the school district and the president of and one member of the board of education, and approves all fiscal matters;

(3) Regional and consolidated school districts comprising the territorial boundaries of more than one municipality in which the registered voters within the school district elect members of the board of education and vote upon all fiscal matters with certain exceptions. Regional school districts may be "All Purpose Regional School Districts" or "Limited Purpose Regional School Districts";

(4) State-operated school districts created by the State Board, pursuant to State law, when a local board of education cannot or will not correct severe educational deficiencies;

(5) County vocational school districts have boards of education consisting of the County Superintendent and four (4) members unless it is a county of the first class, which adopted an ordinance, in which case it can have a board consisting of seven (7) appointed members which the board of county commissioners of the county appoints. Such vocational school districts shall also have a board of school estimate, consisting of two (2) members appointed by the board of education of the school district, two (2) members appointed by the board of county commissioners and a fifth member being the county executive or the director of the board of county commissioners of the county, which approves all fiscal matters; and

(6) County special services school districts have boards of education consisting of the County Superintendent and six (6) persons appointed by the board of county commissioners of the county. Such special services school districts shall also have a board of school estimate, consisting of two (2) members appointed by the board of education of the school, two (2) members appointed by the board of county commissioners and a fifth member being the commissioner-director of the board of county commissioners, which approves all fiscal matters.

There is a procedure whereby a Type I school district or a Type II school district may change from one type to the other after an approving public referendum. Such a public referendum must be held whenever directed by the municipal governing body or board of education in a Type I district, or the board of education in a Type II district, or when petitioned for by fifteen percent (15%) of the voters of any school district. The School District is a Type II school district with a board of school estimate.

School Budgetary Process (N.J.S.A. 18A:22-1 et seq.)

In a Type I school district and a Type II school district with a board of school estimate, a separate body from the school district, known as the board of school estimate, examines the budget requests and fixes the appropriation amounts for the next year's operating budget at or after a public hearing. This board, whose composition is fixed by statute, certifies the budget to the municipal governing body or board of education. If the board of education disagrees with the certified budget of the board of school estimate, then it can appeal to the Commissioner to request changes.

In a Type II school district, the elected board of education develops the budget proposal and, at or after a public hearing, submits it for voter approval unless the Board has moved its annual election to November, as discussed below. Debt service provisions are not subject to public referendum. If approved, the budget goes into effect. If defeated, the governing bodies of the constituent municipalities must develop the school budget by May 19 of each year. Should the governing bodies be unable to do so, the Commissioner establishes the local school budget.

The Budget Election Law, P.L. 2011, c. 202, effective January 17, 2012 (the "Budget Election Law") establishes procedures that allow the date of the annual school election of a Type II school district, without a board of school estimate, to be moved from April to the first Tuesday after the first Monday in November, to be held simultaneously with the general election. Such change in the annual school election date must be authorized by resolution of either the board of education or the governing body of the municipality, or by an affirmative vote of a majority of the voters whenever a petition, signed by at least fifteen percent (15%) of the legally qualified voters, is filed with the board of education. Once the annual school election is moved to November, such election may not be changed back to an April annual school election for four (4) years.

School districts that opt to move the annual school election to November are no longer required to submit the budget to the voters for approval if the budget is at or below the two percent (2%) property tax levy cap as provided in the Tax Levy Cap Law (as hereinafter defined).

The Board conducts its annual election in November.

SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF SCHOOL DEBT

Levy and Collection of Taxes

School districts in the State do not levy or collect taxes to pay those budgeted amounts which are not provided by the State. The municipality within which a school district is situated levies or collects the required taxes and must remit them in full to the school district.

Budgets and Appropriations

School districts in the State must operate on an annual modified accrual basis budget. Each school district must adopt an annual budget in such detail and upon forms as prescribed by the Commissioner, to which must be attached an itemized statement showing revenues, including State and Federal aid, and expenditures. The Commissioner must approve a budget prior to its final adoption and has the power to increase or decrease individual line items in a budget. Any amendments to a school district's budget must be approved by the board of education or the board of school estimate, as the case may be. Every budget submitted must provide no less than the minimum permissible amount deemed necessary under State law to provide for a thorough and efficient education as mandated by the State Constitution. The Commissioner may not approve any budget unless the Commissioner is satisfied that the school district has adequately implemented within the budget the Core Curriculum Content Standards (as defined herein) required by State law. If necessary, the Commissioner is authorized to order changes in the local school district's budget. The Commissioner will also ensure that other provisions of law are met including the limitations on taxes and spending explained below.

Tax and Spending Limitations

The Public School Education Act of 1975, N.J.S.A. 18A:7A-1 et seq., P.L. 1975, c. 212 (as amended and partially repealed), first limited the amount of funds that could be raised by a local school district. It limited the annual increase of any school district's net current expense budget. The budgetary limitations were known as a "CAP" on expenditures. The "CAP" was intended to control the growth in local property taxes. Subsequently there have been numerous legislative changes as to how the spending limitations would be applied.

The Quality Education Act of 1990, N.J.S.A. 18A:7D-1 et seq., P.L. 1990, c. 52 (the "QEA") (now repealed), also limited the annual increase in the school district's current expense and capital outlay budgets by a statutory formula linked to the annual percentage increase in per capita income. The QEA was amended and revised by chapter 62 of the Laws of New Jersey of 1991, and further amended by chapter 7 of the Laws of New Jersey of 1993.

The Comprehensive Educational Improvement and Financing Act of 1996, N.J.S.A. 18A:7F-1 et seq., P.L. 1996, c. 138 (the "CEIFA"), as amended by P.L. 2004, c. 732, effective July 1, 2004, also limited

the annual increase in a school district's net budget by a spending growth limitation. The CEIFA limited the amount school districts can increase their annual current expense and capital outlay budgets (the "Spending Growth Limitations"). Generally, budgets could increase either by two and one-half percent (2.5%) or the consumer price index, whichever is greater. Amendments to the CEIFA decreased the budget cap to two and one-half percent (2.5%) from three percent (3%). Budgets could also increase because of certain adjustments for enrollment increases, certain capital outlay expenditures, pupil transportation costs, and special education costs that exceeded \$40,000 per pupil. Waivers were available from the Commissioner based on increasing enrollments and other fairly narrow grounds and increases higher than the cap could be approved by a vote of sixty percent (60%) at the annual school election.

P.L. 2007, c. 62, effective April 3, 2007, provided additional limitations on school district spending by limiting the amount a school district could raise for school district purposes through the property tax levy by four percent (4%) over the prior budget year's tax levy. P.L. 2007, c. 62 provided for adjustments to the cap for increases in enrollment, reductions in State aid and increased health care costs and for certain other extraordinary cost increases that required approval by the Commissioner. The bill granted discretion to the Commissioner to grant other waivers from the cap for increases in special education costs, capital outlay, and tuition charges. The Commissioner also had the ability to grant extraordinary waivers to the tax levy cap for certain other cost increases beginning in fiscal year 2009 through 2012.

P.L. 2007, c. 62 was deemed to supersede the prior limitations on the amount school districts could increase their annual current expense and capital outlay budgets created by CEIFA (as amended by P.L. 2004, c. 73, effective July 1, 2004). However, chapter 62 was in effect only through fiscal year 2012. Without an extension of chapter 62 by the legislature, the Spending Growth Limitations on the general fund and capital outlay budget would be in effect.

Debt service was not limited either by the Spending Growth Limitations or the four percent (4%) cap on the tax levy increase imposed by chapter 62.

The previous legislation was amended by P.L. 2010, c. 44, effective July 13, 2010 and became applicable to the next local budget year following enactment. This law limits the school district tax levy for the general fund budget to increases of two percent (2%) over the prior budget year with exceptions only for enrollment increases, increases for certain normal and accrued liability for pension contributions in excess of two percent (2%), certain healthcare increases, and amounts approved by a simple majority of voters voting at a special election (the "Tax Levy Cap Law"). Additionally, also becoming effective in the 2011-2012 fiscal year, a school district that has not been granted approval to exceed the tax levy cap by a separate proposal can bank the unused tax levy for use in any of the next three (3) succeeding budget years. A school district can request a use of "banked cap" only after it has fully exhausted all eligible statute spending authority in the budget year. The process for obtaining waivers from the Commissioner for additional increases over the tax levy cap or Spending Growth Limitations was eliminated under chapter 44. Notwithstanding the foregoing, under P.L. 2018, c. 67, effective July 24, 2018, which increases State school aid to underfunded school districts and decreases state school aid to overfunded school districts, during the 2018-2019 through 2024-2025 fiscal years, SDA Districts, which are certain urban districts formerly referred to as Abbott Districts referred to herein under "SUMMARY OF STATE AID TO SCHOOL DISTRICTS", are permitted increases in the tax levy over the two percent (2%) limit to raise a general fund tax levy to an amount that does not exceed its local share of the adequacy budget.

The restrictions are solely on the tax levy for the general fund and are not applicable to the debt service fund. There are no restrictions on a local school district's ability to raise funds for debt service, and nothing would limit the obligation of a school district to levy *ad valorem* taxes upon all taxable real property within the school district to pay debt service on its bonds or notes with one exception. School districts are subject to GAAP accounting, and under GAAP interest on obligations maturing within one (1) year must be treated as operating expenses. Accordingly, under the Department of Education's Chart of Accounts, interest on notes is raised in the General Fund of a school district and therefore is counted within its two percent (2%) tax levy cap on spending.

Issuance of Debt

Among the provisions for the issuance of school debt are the following requirements (i) bonds must mature in serial installments within the statutory period of usefulness of the projects being financed but not exceeding forty (40) years, (ii) debt must be authorized by a resolution of a board of education (and approved by a board of school estimate in a Type I school district and a Type II school district with a board of school estimate), and (iii) there must be filed with the State by each municipality comprising a school district a Supplemental Debt Statement and a school debt statement setting forth the amount of bonds and notes authorized but unissued and outstanding for such school district.

Annual Audit (N.J.S.A. 18A:23-1 et seq.)

Every board of education is required to provide an annual audit of the school district's accounts and financial transactions. The audit must be performed by a licensed public school accountant no later than five (5) months after the end of the school fiscal year or by the date extended by statute or by the State of New Jersey Department of Education. The audit, in conformity with statutory requirements, must be filed with the board of education and the Commissioner. Additionally, the audit must be summarized and discussed at a regular public meeting of the local board of education within thirty (30) days following receipt of the annual audit by such board of education.

Temporary Financing (N.J.S.A. 18A:24-3)

Temporary notes may be issued in anticipation of the issuance of permanent bonds for a capital improvement or capital project. Such temporary notes may not exceed in the aggregate the amount of bonds authorized for such improvement or project. A school district's temporary notes may be issued for one (1) year periods, with the final maturity not exceeding five (5) years from the date of original issuance; provided, however, that no such notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which said notes are issued, is paid and retired subsequent to such third anniversary date from funds other than the proceeds of obligations. School districts must include in each annual budget the amount of interest due and payable in each fiscal year on all outstanding temporary notes.

Capital Lease Financing

School districts are permitted to enter into lease purchase agreements for the acquisition of equipment or for the improvement of school buildings. Generally, lease purchase agreements cannot exceed five (5) years except for certain energy-saving equipment which may be leased for up to fifteen (15) years if paid from energy savings. Lease purchase agreements for a term of five (5) years or less must be approved by the Commissioner. The Educational Facilities Construction and Financing Act, P.L. 2000, c. 72 (the "EFCFA"), repealed the authorization to enter into facilities leases in excess of five (5) years. The payment of rent on an equipment lease and on a five (5) year and under facilities lease is treated as a current expense and within the cap on the school district's budget. Under the CEIFA, lease purchase payments on leases in excess of five (5) years issued under prior law are treated as debt service payments and, therefore, will receive debt service aid if the school district is entitled and are outside the school district's tax levy cap.

Debt Limitation (N.J.S.A. 18A:24-19)

Except as provided below, no additional debt shall be authorized if the principal amount, when added to the net debt previously authorized, exceeds a statutory percentage of the average equalized valuation of taxable property in a school district. As a grades pre-kindergarten (Pre-K) through twelve (12) school district, the School District can borrow up to four percent (4%) of the average equalized valuation of taxable property in the School District. The School District has not exceeded its four percent (4%) debt limit. See "APPENDIX A – Certain Economic and Demographic Information Relating to the School District and the City of Orange Township, in the County of Essex, State of New Jersey."

Exceptions to Debt Limitation

A Type II school district (other than a regional district) may also utilize its constituent municipality's remaining statutory borrowing power (i.e. the excess of three and one-half percent (3.5%) of the average equalized valuation of taxable property within the constituent municipality over the constituent municipality's net debt). A school district may also authorize debt in excess of this limit with the consent of the Commissioner and the Local Finance Board.

Energy Saving Obligations

Under P.L. 2009, c. 4, approved January 21, 2009 and effective sixty (60) days thereafter, school districts may issue "energy savings obligations" without voter approval to fund certain improvements that result in reduced energy use, facilities for production of renewable energy or water conservation improvements provided that the amount of the savings will cover the cost of the improvements.

SUMMARY OF STATE AID TO SCHOOL DISTRICTS

In 1973, the Supreme Court of the State of New Jersey (the "Court") ruled in *Robinson v. Cahill* that the method then used to finance public education principally through property taxation was unconstitutional. Pursuant to the Court's ruling, the Legislature enacted the Public School Education Act of 1975, N.J.S.A. 18A:7A-1 *et seq.*, P.L. 1975, c. 212 (the "Public School Education Act") (as amended and partially repealed), which required funding of the State's school aid through the New Jersey Gross Income Tax Act, P.L. 1976, c. 47, as amended and supplemented, enacted for the purpose of providing property tax relief.

On June 5, 1990, the Court ruled in *Abbott v. Burke* that the school aid formula enacted under the Public School Education Act was unconstitutional as applied. The Court found that poorer urban school districts (previously called "Abbott Districts", now referred to as "SDA Districts") were significantly disadvantaged under that school funding formula because school revenues were derived primarily from property taxes. The Court found that wealthy school districts were able to spend more, yet tax less for educational purposes.

Since that time there has been much litigation and many cases affecting the State's responsibilities to fund public education and many legislative attempts to distribute State aid in accordance with the court cases and the constitutional requirement. The cases addressed not only current operating fund aid but also addressed the requirement to provide facilities aid as well. The legislation has included QEA, CEIFA and EFCFA. For many years aid has simply been determined in the State Budget, which itself is an act of the legislature, based upon amounts provided in prior years. The school funding formula, provided in the School Funding Reform Act of 2008, P.L. 2007, c. 260, effective January 1, 2008, attempts to remove the special status given to certain school districts known as Abbott Districts after the school funding cases and instead has funding follow students with certain needs and provides aid in a way that takes into account the ability of the local school district to raise local funds to support the budget in amounts deemed adequate to provide for a thorough and efficient education as required by the State constitution. This legislation was challenged in the Court, and the Court held that the State's then current plan for school aid was a "constitutionally adequate scheme." However, the State continued to underfund certain school districts and to overfund other school districts in its budgets based on the statutory scheme. Since 2019 and in accordance with the enactment of P.L. 2018, c. 67, effective July 24, 2018, the State has increased funding for underfunded school districts and decreased funding for overfunded school districts, and will continue to do so as set forth therein. It has also provided cap relief for overfunded school districts to enable them to pick up more of the local share.

Notwithstanding over thirty-five (35) years of litigation, the State provides State aid to school districts of the State in amounts provided in the State budget each year. These now include equalization aid, special education categorical aid, transportation aid, preschool education aid, instructional supplement aid, supplemental core curriculum standards aid, distance learning network aid, bilingual aid, security aid, adjustment aid and other aid determined in the discretion of the Commissioner.

State law requires that the State will provide aid for the construction of school facilities in an amount equal to the greater of the district aid percentage or forty percent (40%) times the eligible costs determined by the Commissioner either in the form of a grant or debt service aid as determined under the EFCFA. The amount of aid to which a school district is entitled is established prior to the authorization of the project. Grant funding is provided by the State upfront and debt service aid must be appropriated annually by the State.

The State has reduced debt service aid by fifteen percent (15%) annually since fiscal year 2011. As a result of the debt service aid reduction for those fiscal years, school districts received eighty-five percent (85%) of the debt service aid that they would have otherwise received. In addition, school districts which received grants under the EFCFA, which grants were financed through the New Jersey Economic Development Authority (the "EDA"), were assessed an amount in each fiscal year budget since 2011 representing fifteen percent (15%) of the school district's proportionate share of the principal and interest payments on the outstanding EDA bonds issued to fund such grants.

Pursuant to P.L. 2018, c. 67, effective July 24, 2018, the School Funding Reform Act has been modified to adjust the distribution of State aid to school districts in the State ("SFRA Modification Law"). In particular, the SFRA Modification Law revises the School Funding Reform Act so that, after calculating the amount of State aid available per pupil, State aid will be distributed to each school district based on student enrollment. The SFRA Modification Law also eliminates the application of the State aid growth limit and adjustment aid, but includes a transition period for school districts that will receive less State aid. Under the SFRA Modification Law, most school districts that will receive reduced State aid resulting from the revised funding formula will be provided a seven (7) year transition period during which funding will be reduced. For those school districts where State aid will increase under the SFRA Modification Law, the transition period to increase funding will be one (1) year.

SUMMARY OF FEDERAL AID TO SCHOOL DISTRICTS

Federal funds are available for certain programs approved by the Federal government with allocation decided by the State, which assigns a proportion to each local school district. The Every Student Succeeds Act of 2015, enacted December 10, 2015, is a Federal assistance program for which a school district qualifies to receive aid. A remedial enrichment program for children of low income families is available under Chapter 1 Aid. Such Federal aid is generally received in the form of block grants. Aid is also provided under the Individuals with Disabilities Education Act although never in the amounts federal law required.

MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

Local Bond Law (N.J.S.A. 40A:2-1 et seq.)

The Local Bond Law, N.J.S.A. 40A:2-1 et seq. (the "Local Bond Law"), governs the issuance of bonds and notes to finance certain municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects financed and that bonds be retired in serial installments. A five percent (5%) cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds and notes issued by the City are general full faith and credit obligations.

The authorized bonded indebtedness of the City is limited by statute, subject to certain exceptions noted below, to an amount equal to three and one-half percent (3.5%) of its average equalized valuation basis. The average for the last three (3) years of the equalized value of all taxable real property and improvements and certain Class II railroad property within the City as annually determined by the New Jersey Board of Taxation is set forth in APPENDIX A.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

A municipality may exceed its debt limit with the approval of the Local Finance Board, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, a municipality may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the municipality or substantially reduce the ability of the municipality to meet its obligations or to provide essential public improvements and services, or makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the municipality to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

A municipality may sell "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the bond ordinance, as it may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued for periods not exceeding one (1) year. Generally, bond anticipation notes may not be outstanding for longer than ten (10) years. An additional period may be available following the tenth anniversary date equal to the period from the notes' maturity to the end of the tenth fiscal year in which the notes mature plus four (4) months in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

Local Budget Law (N.J.S.A. 40A:4-1 et seq.)

The foundation of the State local finance system is the annual cash basis budget. Every local unit must adopt an annual operating budget in the form required by the Division of Local Government Services, New Jersey Department of Community Affairs (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget cannot be finally adopted until it has been certified by the Director of the Division (the "Director"), or in the case of a local unit's examination of its own budget, such budget cannot be finally adopted until a local examination certificate has been approved by the Chief Financial Officer and governing body of the local unit. The Local Budget Law, N.J.S.A. 40A:4-1 et seq. (the "Local Budget Law") requires each local unit to appropriate sufficient funds for the payment of current debt service, and the Director or, in the case of local examination, the local unit, may review the adequacy of such appropriations.

Tax anticipation notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year in which they were issued.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the budgetary review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations. N.J.S.A. 40A:4-22. If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

A provision in the Local Budget Law, N.J.S.A. 40A:4-26, provides that: "[n]o miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit."

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval of such anticipated revenues, except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely

coincide with a municipality's calendar fiscal year. However, grant revenue is generally not realized until received in cash.

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the local unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body. However, with minor exceptions, such appropriations must be included in full in the following year's budget. When such appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director must be obtained.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as (i) the repair and reconstruction of streets, roads or bridges damaged by snow, ice, frost, or floods, which may be amortized over three (3) years, and (ii) the repair and reconstruction of streets, roads, bridges or other public property damaged by flood or hurricane, where such expense was unforeseen at the time of budget adoption, the repair and reconstruction of private property damaged by flood or hurricane, tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparations, drainage map preparation for flood control purposes, studies and planning associated with the construction and installation of sanitary sewers, authorized expenses of a consolidated commission, contractually required severance liabilities resulting from the layoff or retirement of employees and the preparation of sanitary and storm system maps, all of which projects set forth in this section (ii) may be amortized over five (5) years. N.J.S.A. 40A:4-53, -54, -55, -55.1. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project as described above.

Budget transfers provide a degree of flexibility and afford a control mechanism. Pursuant to N.J.S.A. 40A:4-58, transfers between appropriation accounts are prohibited until the last two (2) months of the year. Appropriation reserves may be transferred during the first three (3) months of the year, to the previous year's budget. N.J.S.A. 40A:4-59. Both types of transfers require a 2/3 vote of the full membership of the governing body. Although sub-accounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval. Certain types of appropriations are excluded from the provisions permitting transfers. Generally, transfers cannot be made from the down payment account, interest or debt redemption charges or the capital improvement fund or for contingent expenses.

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities, in addition to the general taxing power upon taxable property. For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six (6) years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next six (6) years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

Fiscal Year Adjustment Law (1991 N.J. Laws c. 75)

Chapter 75 of the Laws of New Jersey of 1991, requires certain municipalities and permits all other municipalities to adopt the State fiscal year in place of the existing calendar fiscal year. Municipalities that change fiscal years must adopt a six (6) month transition budget for January 1 through June 30. Since expenditures would be expected to exceed revenues primarily because State aid for the calendar year would not be received by the municipality until after the end of the transition year budget, the act authorizes the issuance of Fiscal Year Adjustment Bonds to fund the one time deficit for the six (6) month transition budget. The law provides that the deficit in the six (6) month transition budget may be funded initially with bond anticipation notes based on the estimated deficit in the six (6) month transition budget. Notes issued in anticipation of Fiscal Year Adjustment Bonds, including renewals, can only be issued for up to one (1) year unless the Local Finance Board permits the municipality to renew them for a longer period of time. The Local Finance Board must confirm the actual deficit experienced by the municipality. The municipality then may issue Fiscal Year Adjustment Bonds to finance the deficit on a permanent basis. The purpose of the act is to assist municipalities that are heavily dependent on State aid and that have had to issue tax anticipation notes to fund operating cash flow deficits each year. While the law does not authorize counties to change their fiscal years, it does provide that counties with cash flow deficits may issue Fiscal Year Adjustment Bonds as well.

State Supervision

State law authorizes State officials to supervise fiscal administration in any municipality which is in default on its obligations; which experiences severe tax collection problems for two (2) successive years; which has a deficit greater than four percent (4%) of its tax levy for two (2) successive years; which has failed to make payments due and owing to the State, county, school district or special district for two (2) consecutive years; which has an appropriation in its annual budget for the liquidation of debt which exceeds twenty-five percent (25%) of its total operating appropriations (except dedicated revenue appropriations) for the previous budget year; or which has been subject to a judicial determination of gross failure to comply with the Local Bond Law, the Local Budget Law, or the Local Fiscal Affairs Law, N.J.S.A. 40A:5-1 et seq., which substantially jeopardizes its fiscal integrity. State officials are authorized to continue such supervision for as long as any of the conditions exist and until the municipality operates for a fiscal year without incurring a cash deficit.

Appropriations “Cap”

The New Jersey “Cap Law” (the “Cap Law”) (N.J.S.A. 40A:4-45.1 et seq.) places limits on municipal tax levies and expenditures. The Cap Law provides that a local unit shall limit any increase in its budget to two and one-half percent (2.5%) or the Cost-Of-Living Adjustment (as defined in the Cap Law), whichever is less, of the previous year’s final appropriations, subject to certain exceptions. The Cost-Of-Living Adjustment is defined as the rate of annual percentage increase, rounded to the nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the United States Department of Commerce for the year preceding the current year as announced by the Director. However, in each year in which the Cost-Of-Living Adjustment is equal to or less than two and one-half percent (2.5%), a local unit may, by ordinance, approved by a majority vote of the full membership of the governing body, provide that the final appropriations of the local unit for such year be increased by a percentage rate that is greater than the Cost-Of-Living Adjustment, but not more than three and one-half percent (3.5%) over the previous year’s final appropriations. In addition, N.J.S.A. 40A:4-45.15a restored “cap” banking to the Local Budget Law. Municipalities are permitted to appropriate available “cap bank” in either of the next two (2) succeeding years’ final appropriations. Along with the permitted increases for total general appropriations there are certain items that are allowed to increase outside the “cap”.

Additionally, P.L. 2010, c. 44, effective July 13, 2010, imposes a two percent (2%) cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of two percent (2%), certain increases in health care over two percent (2%), and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through

a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above two percent (2%) not otherwise permitted under the law by an affirmative vote of fifty percent (50%).

The Division has advised that counties and municipalities must comply with both the budget "cap" and the tax levy limitation. Neither the tax levy limitation nor the Cap Law, however, limits the obligation of the county or municipality to levy *ad valorem* taxes upon all taxable property within its boundaries to pay debt service on its bonds and notes.

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income (where appropriate). Current assessments are the result of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. However, a divergence of the assessment ratio to true value is typically due to changes in market value over time.

Upon the filing of certified adopted budgets by the local unit, the local school district and the county, the tax rate is struck by the county Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provisions for the assessment of property, the levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in the State for various special services rendered to the properties located within the special districts.

Generally, tax bills are mailed annually in June of the current fiscal year. The taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. The August and November tax bills are determined as the full tax levied for municipal, county and school purposes for the current municipal fiscal year, less the amount charged for the February and May installments for municipal, county and school purposes in the current fiscal year. The amounts due for the February and May installments are determined by the municipal governing body as either one-quarter or one-half of the full tax levied for municipal, county and school purposes for the preceding fiscal year.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent (8%) per annum on the first \$1,500.00 of the delinquency and eighteen percent (18%) per annum on any amount in excess of \$1,500.00. Pursuant to 1991 N.J. Laws c. 75, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent (6%) of the amount of the delinquency. These penalties and interest rates are the highest permitted under State statutes. Delinquent taxes open for one (1) year or more are annually included in a tax sale in accordance with State statutes.

Tax Appeals

State statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the county Board of Taxation on or before April 1 of the current year for review. The county Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the county Board of Taxation, appeal may be made to the Tax Court of the State of New Jersey (the "State Tax Court") for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)

This law regulates the nonbudgetary financial activities of local governments. The chief financial officer of every local unit must file annually with the Director a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division's "Requirements of Audit," includes recommendations for improvement of the local unit's financial procedures. The audit report must be filed with the Director. A synopsis of the report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of the local unit's receipt of the audit report.

FINANCIAL STATEMENTS

The audited financial statements of the Board as of and for the year ended June 30, 2023 together with the notes to the financial statements have been audited by PKF O'Connor Davies, LLP, Cranford, New Jersey (the "Auditor") and are presented in APPENDIX B to this Official Statement (the "Financial Statements"). See "APPENDIX B – Financial Statements of The Board of Education of the City of Orange Township in the County of Essex, New Jersey.

MUNICIPAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey, has served as Municipal Advisor to the Board with respect to the issuance of the Bonds (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and the Appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

LITIGATION

To the knowledge of the Board Attorney, Machado Law Group, Springfield, New Jersey (the "Board Attorney"), there is no litigation of any nature now pending or threatened against the Board, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Board or the School District or the title of any of the present officers. To the knowledge of the Board Attorney, no litigation is presently pending or threatened that, in the opinion of the Board Attorney, would have a materially adverse impact on the financial condition of the Board if adversely decided. A certificate to such effect will be executed by the Board Attorney and delivered to the Underwriter (as hereinafter defined) of the Bonds at the closing.

TAX EXEMPTION

Federal Income Tax Treatment

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance of the Bonds in order for the interest thereon to be and remain excluded from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause such interest to be included in gross income for Federal income tax purposes retroactive to the date of issuance of the Bonds. The Board has covenanted to comply with the provisions of the Code applicable to the Bonds, and has covenanted not to take any action or fail to take any action that would cause interest on the Bonds to lose the exclusion from gross income under Section 103 of the Code.

In the opinion of Wilentz, Goldman & Spitzer, P.A., Bond Counsel, under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Board with the requirements of the Code described above, interest on the Bonds is not includable in gross income for Federal income tax purposes pursuant to Section 103 of the Code and is not treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

Premium Bonds

[The Bonds [maturing on October 15 in the years 20__ through 20__, inclusive (collectively, the "Premium Bonds")], have been sold to the public at a premium. Section 171 of the Code provides rules under which a bond premium may be amortized and a deduction allowed for the amount of the amortizable bond premium for a taxable year. Under Section 171(a)(2) of the Code, however, no deduction is allowable for the amortizable bond premium in the case of bonds, like the [Premium] Bonds, the interest on which is excludable from gross income. Under Section 1016(a)(5) of the Code, the purchaser's basis in a [Premium] Bond will be reduced by the amount of the amortizable bond premium disallowable as a deduction under Section 171(2) of the Code. Proceeds received from the sale, exchange, redemption or payment of a [Premium] Bond in excess of the owner's adjusted basis (as reduced pursuant to Section 1016(a)(5) of the Code), will be treated as a gain from the sale or exchange of such [Premium] Bonds and not as interest.]

Discount Bonds

[Bond Counsel is also of the opinion that the difference between the stated principal amount of the Bonds maturing on October 15 in the years 20__ through 20__, inclusive (collectively, the "Discount Bonds") and their respective initial public offering prices to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which prices a substantial amount of the [Discount] Bonds of the same maturity and interest rate were sold, constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Bonds. In the case of any holder of the [Discount] Bonds, the amount of such original issue discount which is treated as having accrued with respect to the [Discount] Bonds is added to the cost basis of the holder in determining, for federal income tax purposes, gain or loss upon disposition (including sale, redemption or payment at maturity). Holders of the [Discount] Bonds should consult their tax advisors for an explanation of the original issue discount rules.]

Additional Federal Income Tax Consequences Relating to Bonds

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds, may have additional Federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Bonds should also consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

State Taxation

Bond Counsel is also of the opinion that interest on the Bonds, and any gain on the sale of the Bonds, are not includable in gross income under the existing New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended. Except as provided above, no opinion is expressed with respect to other State and local tax consequences of owning the Bonds. See "APPENDIX C – Form of Approving Legal Opinion" for the complete text of the proposed form of Bond Counsel's approving legal opinion.

Prospective Tax Law Changes

Federal, state or local legislation, administrative pronouncements or court decisions may affect the Federal and State tax-exempt status of interest on the Bonds and the State tax-exempt status of interest on the Bonds, gain from the sale or other disposition of the Bonds, the market value of the Bonds or the marketability of the Bonds. The effect of any legislation, administrative pronouncements or court decisions cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding such matters.

Other Tax Consequences

Except as described above, Bond Counsel expresses no opinion with respect to any Federal, State, local or foreign tax consequences of ownership of the Bonds. Bond Counsel renders its opinion under existing statutes, regulations, rulings and court decisions as of the date of issuance of the Bonds and assumes no obligation to update its opinion after such date of issuance to reflect any future action, fact, circumstance, change in law or interpretation, or otherwise. Bond Counsel expresses no opinion as to the effect, if any, on the tax status of the interest on the Bonds paid or to be paid as a result of any action hereafter taken or not taken in reliance upon an opinion of other counsel.

See APPENDIX C for the complete text of the proposed form of Bond Counsel's legal opinion with respect to the Bonds.

PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO ALL TAX CONSEQUENCES (INCLUDING BUT NOT LIMITED TO THOSE LISTED ABOVE) OF HOLDING THE BONDS.

RISK TO HOLDERS OF BONDS

It is understood that the rights of the holders of the Bonds, and the enforceability thereof, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Municipal Bankruptcy

THE BOARD HAS NOT AUTHORIZED THE FILING OF A BANKRUPTCY PETITION. THIS REFERENCE TO THE BANKRUPTCY CODE OR THE STATE STATUTE SHOULD NOT CREATE ANY IMPLICATION THAT THE BOARD EXPECTS TO UTILIZE THE BENEFITS OF ITS PROVISIONS, OR THAT IF UTILIZED, SUCH ACTION WOULD BE APPROVED BY THE LOCAL FINANCE BOARD, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY FOR THE BONDS, OR THAT THE BANKRUPTCY CODE COULD NOT BE AMENDED AFTER THE DATE HEREOF.

The undertakings of the Board should be considered with reference to 11 U.S.C. §101 et seq., as amended and supplemented (the "Bankruptcy Code"), and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to certain debts owed, and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of at least one (1) impaired class. The Bankruptcy Code specifically does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a political subdivision must follow in order to take advantage of the provisions of the Bankruptcy Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, special revenues acquired by the debtor after commencement of the case shall continue to be available to pay debt service secured by those revenues. Furthermore, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may be avoided pursuant to certain preferential transfer provisions set forth in such act.

Reference should also be made to N.J.S.A. 52:27-40 et seq. which provides that a political subdivision, including the Board, has the power to file a petition in bankruptcy with any United States Court

or court in bankruptcy under the provisions of the Bankruptcy Code, for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts; provided, however, the approval of the Local Finance Board, as successor to the Municipal Finance Commission, must be obtained.

Cyber Security

The School District relied on a large and complex technology environment to conduct its various operations. As a result, the School District faces certain cyber security threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the School District has invested in multiple forms of cybersecurity and operations safeguards. Specifically, the School District has an extensive security system in place, including network firewalls and established administrative rights and restrictions, with varying level of approvals, implemented entity-wide, for access to network drives and applications that are reviewed regularly to ensure proper internal control and protections and provide relevant employees and staff with cyberattack training.

Climate Change

The State of New Jersey is naturally susceptible to the effects of extreme weather events and natural disasters, which could result in negative economic impacts on communities. Such effects can be exacerbated by a longer term shift in the climate over several decades (commonly referred to as climate change), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could impact local infrastructure that provides essential services to the School District, as well as resulting in economic impacts such as loss of ad valorem tax revenue, interruption of services, and escalated recovery costs. No assurance can be given as to whether future extreme weather events will occur that could materially adversely affect the financial condition of the School District.

RECENT HEALTHCARE DEVELOPMENTS

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

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

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by the President of the United States on March 11, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. The Plan, in part, provides funding for State and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the Board.

The Board has been awarded a total of \$27,923,144 in federal aid to address the effects of the COVID-19 pandemic. Plan funds may not, however, be utilized for debt service, legal settlements or judgments or financial reserves.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds are subject to the approval of Bond Counsel to the Board, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as APPENDIX C. Certain legal matters will be passed upon for the Board by its Board Attorney.

PREPARATION OF OFFICIAL STATEMENT

The Board hereby states that the descriptions and statements herein, including the Financial Statements, are true and correct in all material respects, and it will confirm same to the Underwriter by a certificate signed by the Board President and Business Administrator/Board Secretary. See "CERTIFICATE WITH RESPECT TO THE OFFICIAL STATEMENT" herein.

Bond Counsel has participated in the preparation and review of this Official Statement but has not participated in the collection of financial, statistical or demographic information contained in this Official Statement nor verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto.

The Municipal Advisor has participated in the review of this Official Statement and in the collection of financial, statistical and demographic information contained in APPENDIX A to this Official Statement but has not verified the accuracy, completeness or fairness thereof, and, accordingly, takes no responsibility and expresses no opinion with respect thereto.

The Auditor has not participated in the preparation of the information contained in this Official Statement, nor has the Auditor verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto. The Auditor takes responsibility for the Financial Statements to the extent specified in the Independent Auditors' Report appearing in APPENDIX B hereto.

The Board Attorney has not participated in the preparation of the information contained in this Official Statement, nor has the Board Attorney verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but has reviewed the section under the caption entitled "LITIGATION" and expresses no opinion or assurance other than that which is specifically set forth therein with respect thereto.

All other information has been obtained from sources which the Board considers to be reliable, but it makes no warranty, guarantee or other representation with respect to the accuracy and completeness of such information.

RATINGS

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC (the "Rating Agency"), has assigned an underlying rating of "A" to the Bonds based upon the creditworthiness of the School District. The Rating Agency is expected to assign its rating of "AA" to the Bonds subject to the issuance of the Policy by AG at the time of the delivery of the Bonds. The Bonds are additionally secured by the New Jersey School Bond Reserve Act.

The ratings reflect only the view of the Rating Agency and an explanation of the significance of such ratings may only be obtained from the Rating Agency. The Board forwarded to the Rating Agency certain information and materials concerning the Bonds and the School District. There can be no assurance that the ratings will be maintained for any given period of time or that the ratings will not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change

in or withdrawal of such ratings may have an adverse effect on the marketability or market price of the Bonds.

UNDERWRITING

The Bonds are being purchased from the Board by Raymond James & Associates, Inc. (the "Underwriter"), at a price of \$_____. The Underwriter is obligated to purchase all of the Bonds if any Bonds are so purchased.

The Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the inside cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) at yields higher than the public offering yields set forth on the inside cover page, and such public offering yields may be changed, from time to time, by the Underwriter without prior notice.

SECONDARY MARKET DISCLOSURE

The Board has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Board by no later than each January 31 after the end of each fiscal year, commencing with the fiscal year ending June 30, 2024 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the Board with the Municipal Securities Rulemaking Board (the "MSRB") or any other entity designated by the MSRB. The notices of material events will be filed by the Board with the MSRB through its Electronic Municipal Market Access ("EMMA") system and with any other entity designated by the MSRB, as applicable. The nature of the information to be contained in the Annual Report or the notices of material events is set forth in "APPENDIX D – Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "SEC Rule").

Within the five (5) years immediately preceding the date of this Official Statement, the Board previously failed to file, in accordance with the SEC Rule, in a timely manner, under previous filing requirements, audited financial information for the fiscal year ending June 30, 2020. Additionally, due to an administrative oversight as a result of a change of administration, the September 1, 2021 debt service payment due on the Board's School Bonds, Series 2018 by the Board to DTC, was not timely paid. The funds were available for such payment. However, the payment was not made until September 22, 2021. Notice of the occurrence of such late payment has since been filed on EMMA in accordance with the Rule. The Board appointed Phoenix Advisors, LLC in November of 2018 to serve as continuing disclosure agent.

NO DEFAULT

There is no record of default in the payment of the principal of or interest in the bonds or notes of the School District.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to the Business Administrator/Board Secretary, Jason Ballard, (973) 677-4190, ext. 6000 or to Charles Anthony Solimine, Esq., Wilentz, Goldman & Spitzer, P.A., Bond Counsel to the Board, (732) 855-6430.

CERTIFICATE WITH RESPECT TO THE OFFICIAL STATEMENT

At the time of the original delivery of the Bonds, the Board will deliver a certificate of one or more of its authorized officials to the effect that he/she has examined this Official Statement (including the Appendices) and the financial and other data concerning the School District contained herein and that, to

the best of his knowledge and belief, (i) this Official Statement, both as of its date and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading and (ii) between the date of this Official Statement and the date of delivery of the Bonds, there has been no material adverse change in the affairs (financial or otherwise), financial condition or results or operations of the Board except as set forth in or contemplated by this Official Statement.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement among the Board, the Underwriter and the holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs (financial or otherwise) of the Board since the date hereof.

The Board has authorized the preparation of this final Official Statement containing pertinent information relative to the Bonds, and this Official Statement is deemed to be the final Official Statement as required by Rule 15c2-12, promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented. By awarding the Bonds to the Underwriter, the Board agrees that, within the earlier of seven (7) business days following the date of such award or to accompany the purchasers' confirmations requesting payment for the Bonds, it shall provide without cost to the Underwriter, for distribution purposes, copies of this final Official Statement. The Underwriter agrees that (i) it shall accept such designation, and (ii) it shall assure the distribution of the final Official Statement.

**THE BOARD OF EDUCATION OF THE CITY OF ORANGE
TOWNSHIP IN THE COUNTY OF ESSEX, NEW JERSEY**

**JASON BALLARD,
Business Administrator/Board Secretary**

DATED: _____, 2024

APPENDIX A

**Certain Economic and Demographic Information Relating to the
School District and the City of Orange Township,
in the County of Essex, State of New Jersey**

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INFORMATION REGARDING THE SCHOOL DISTRICT¹

Type

The School District is a Type II school district that is coterminous with the borders of the City of Orange Township (the “Board”). The School District provides a full range of educational services appropriate to prekindergarten (PreK) through grade twelve (12).

The Board is composed of nine (9) members elected by the legally qualified voters in the School District to terms of three (3) years on a staggered basis. The President and Vice President are chosen for one (1) year terms from among the members of the Board.

The Board is the policy making body of the School District and has the general responsibility for providing an education program, the power to establish policies and supervise the public schools in the School District and the responsibility to develop the annual School District budget and present it to the legally registered voters in the School District. The Board's fiscal year ends each June 30.

The Board appoints a Superintendent and Business Administrator/Board Secretary who are responsible for budgeting, planning and the operational functions of the School District. The administrative structure of the Board gives final responsibility for both the educational process and the business operation to the Superintendent.

Description of Facilities

The Board presently operates the following school facilities:

Facility	Construction Date	Grade Level	Student Enrollment (As of 6/30/23)
Central	1913	K-2	359
Cleveland Street School	1910	PreK-7	286
Forest Street School	1918	PreK-7	378
Heywood Avenue School	1930	PreK-7	367
Lincoln Avenue School	1900	PreK-7	698
Oakwood Avenue Community School	1888	PreK-7	302
Park Avenue School	1914	PreK-8	392
Rosa Parks Community School (Main Street School)	2006	3-7	556
Orange Preparatory Academy (Middle School)	1925	8	430
Orange High School	1974	9-12	1,283
STEM Academy of the Oranges	2021	9-12	N/A

Source: Annual Comprehensive Financial Report of the School District

¹ Source: The Board, unless otherwise indicated.

Staff

The Superintendent is the chief executive officer of the Board and is in charge of carrying out Board policies. The Business Administrator/Board Secretary is the chief financial officer of the Board and must submit monthly financial reports to the Board and annual reports to the New Jersey Department of Education.

The following table presents the number of full and part-time teaching professionals and support staff of the School District as of June 30, for each of the past five (5) years.

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Teaching Professionals	602	585	561	585	602
Support Staff	<u>258</u>	<u>237</u>	<u>244</u>	<u>237</u>	<u>228</u>
Total Full & Part Time Employees	<u>860</u>	<u>822</u>	<u>805</u>	<u>822</u>	<u>830</u>

Source: Annual Comprehensive Financial Report of the School District

Pupil Enrollments

The following table presents the historical average daily pupil enrollments for the past five (5) school years.

Pupil Enrollments	
<u>School Year</u>	<u>Enrollment</u>
2024-2025	5,775
2023-2024	5,736
2022-2023	5,894
2021-2022	5,620
2020-2021	5,595

Source: School District and Annual Comprehensive Financial Report of the School District

Pensions

Those employees of the School District who are eligible for pension coverage are enrolled in one of the two State-administered multi-employer pension systems (the “Pension System”). The Pension System was established by an act of the State Legislature. The Board of Trustees for the Pension System is responsible for the organization and administration of the Pension System. The two State-administered pension funds are: (1) the Teacher's Pension and Annuity Fund (“TPAF”) and (2) the Public Employee's Retirement System (“PERS”). The Division of Pensions and Benefits, within the State of New Jersey Department of the Treasury (the “Division”), charges the participating school districts annually for their respective contributions. The School District raises its contributions through taxation and the State contributes the employer's share of the annual Social Security and Pension contribution for employees enrolled in the TPAF. The Pension System is a cost sharing multiple employer contributory defined benefit plan. The Pension System's designated purpose is to provide retirement and medical benefits for qualified retirees and other benefits to its members. Membership in the Pension System is mandatory for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State administered retirement system or other state or local jurisdiction.

Fiscal 2024-25 Budget

Prior to the passage of P.L. 2011, c. 202 a type I board of education was required to submit its budget for voter approval on an annual basis. Under the Election Law (P.L. 2011, c. 202, effective January 17, 2012) if a school district has opted to move its annual election to November, it is no longer required to submit the budget to voters for approval if the budget is at or below the two-percent (2%) property tax levy cap as provided for under New Cap Law (P.L. 2010, c. 44). If a school district proposes to spend above the two-percent (2%) property tax levy cap, it is then required to submit its budget to voters at the annual school election in November. The Board has chosen under the Election Law to hold its annual school election in November.

The General Fund budget is the sum of all state aid (exclusive of pension aid and social security aid) and the local tax levy (exclusive of debt service). The Board’s General Fund Budget for the 2024-2025 fiscal year is \$155,692,502. The major sources of revenue are \$13,023,999 from the local tax levy and \$127,087,467 from state aid.

Source: Annual User-Friendly Budget of the School District

Budget History

A summary of the last five (5) budget years of the Board is presented below:

<u>Budget Year</u>	<u>Amount Raised in Taxes</u>	<u>Budget Amount</u>
2024-2025	\$13,023,999	\$155,692,502
2023-2024	13,023,999	126,622,861
2022-2023	13,023,999	116,771,479
2021-2022	13,023,999	109,719,720
2020-2021	12,768,626	102,794,947

Source: Annual User-Friendly Budget of the School District

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Financial Operations

The following table summarizes information on the changes in general fund revenues and expenditures for the school years ending June 30, 2019 through June 30, 2023 for the general fund. Beginning with the 1993-94 fiscal year, school districts in the State of New Jersey have begun to prepare their financial statements in accordance with Generally Accepted Accounting Principles in the United States.

GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEARS ENDED JUNE 30:

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
REVENUES					
Local Sources:					
Local Tax Levy	\$13,023,999	\$12,956,900	\$12,768,626	\$12,407,957	\$12,164,664
Other Local Revenue	<u>879,723</u>	<u>9,407,710</u>	<u>591,420</u>	<u>812,706</u>	<u>823,742</u>
Total Revenues-Local Sources	13,903,722	22,364,610	13,360,046	13,220,663	12,988,406
State Sources	126,981,844	116,275,730	101,858,957	95,456,031	92,960,823
Federal Sources	<u>404,835</u>	<u>146,861</u>	<u>119,564</u>	<u>221,752</u>	<u>225,695</u>
Total Revenues	\$141,290,401	\$138,787,201	\$115,338,567	\$108,898,446	\$106,174,924
EXPENDITURES					
General Fund:					
Instruction	\$42,474,660	\$40,722,481	\$39,569,263	\$37,804,904	\$36,771,800
Undistributed Expenditures	100,089,243	86,395,185	74,117,383	69,723,911	69,026,112
Capital Outlay	<u>3,241,279</u>	<u>1,570,840</u>	<u>1,924,005</u>	<u>1,580,813</u>	<u>1,585,398</u>
Total Expenditures	145,805,182	128,688,506	115,610,651	109,109,628	107,383,310
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(4,514,781)	10,098,695	(272,084)	(211,182)	(1,208,386)
Other Financing Sources (Uses):					
Proceeds of Capital Lease	2,482,016	0	0	0	0
Transfers In	1,246,560	1,346,905	703,194	1,064,788	1,304,190
Transfers Out	<u>(537,773)</u>	<u>(833,540)</u>	<u>(324,528)</u>	<u>(491,693)</u>	<u>(445,094)</u>
Total Other Financing Sources (Uses)	3,190,803	513,365	378,666	573,095	859,096
Net Change in Fund Balance	(1,323,978)	10,612,060	106,582	361,913	(349,290)
Fund Balance, July 1	<u>12,028,882</u>	<u>1,416,822</u>	<u>1,310,240</u>	<u>440,449</u>	<u>789,739</u>
Fund Balance, June 30	<u>\$10,704,904</u>	<u>\$12,028,882</u>	<u>\$1,416,822</u>	<u>\$802,362</u>	<u>\$440,449</u>

Source: Annual Comprehensive Financial Report of the School District. Statement of Revenues, Expenditures Governmental Funds and Changes In Fund Balances on a GAAP basis

Capital Leases

As of June 30, 2023, the Board does not have any capital leases outstanding.

Operating Leases

As of June 30, 2023, the Board has operating leases outstanding payable through fiscal year end June 30, 2042 totaling \$15,360,426.

Short-Term Debt

As of June 30, 2023, the Board has no short-term debt outstanding.

Source: Annual Comprehensive Financial Report of the School District

Long-Term Debt

As of June 30, 2023, the Board has the following long-term debt outstanding.

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$285,000	\$98,963	\$383,963
2025	295,000	88,813	383,813
2026	310,000	78,225	388,225
2027	320,000	67,200	387,200
2028	330,000	55,825	385,825
2029	340,000	44,100	384,100
2030	350,000	32,025	382,025
2031	365,000	19,513	384,513
2032	<u>375,000</u>	<u>6,563</u>	<u>381,563</u>
TOTALS	<u>\$2,970,000</u>	<u>\$491,225</u>	<u>\$3,461,225</u>

Source: Annual Comprehensive Financial Report of the School District

Debt Limit of the Board

The debt limitation of the Board is established by statute (N.J.S.A. 18A:24-19). The Board is permitted to incur debt up to 4% of the average equalized valuation for the past three years (See “SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF SCHOOL DEBT-Exceptions to Debt Limitation” herein). The following is a summation of the Board’s debt limitation as of June 30, 2023:

Average Equalized Real Property Valuation (2020, 2021, and 2022)	\$1,689,684,178
School District Debt Analysis	
Permitted Debt Limitation (4% of AEVP)	\$67,587,367
Less: Bonds and Notes Authorized and Outstanding	<u>2,970,000</u>
Remaining Limitation of Indebtedness	\$64,617,367
Percentage of Net School Debt to Average Equalized Valuation	0.18%

Source: Annual Comprehensive Financial Report of the School District

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INFORMATION REGARDING THE CITY¹

The following material presents certain economic and demographic information of the City of Orange Township (the “City”), in the County of Essex (the “County”), State of New Jersey (the “State”).

General Information

The City originally settled in 1780 and incorporated in 1806, encompasses approximately 2.2 square miles in the County. The New Jersey Turnpike, Garden State Parkway, and Interstate 280 have not only opened the entire State to the City, but also made the greater metropolitan area market only minutes away.

Form of Government

The City is governed under the Faulkner Act (Mayor-Council) form of municipal government, with a directly elected mayor and a City Council consisting of four ward representatives and three at-large representatives. Council members serve four-year terms of office on a staggered basis with the four ward seats and the three at-large seats coming up for election on an alternating cycle and are elected on a non-partisan basis every two years.

The City Council meets the second Tuesday of the month for Conference Agenda and Regular Meetings; both meetings are open to the public in compliance with the State's Sunshine Law. The public's role at all City Council meetings allows for residents' opportunity to speak on proposed ordinances, resolutions, or other issues of concern.

Transportation

The City is fortunate to have two New Jersey Transit train stations: Orange and Highland stations provide service along the Morris & Essex Lines. Service is available via the Kearny Connection to Secaucus Junction and Penn Station in Midtown Manhattan and to Hoboken Terminal. Passengers can transfer at Newark Broad Street or Summit to reach other destinations.

Retirement Systems

All full-time permanent or qualified City employees who began employment after 1944 must enroll in one of two retirement systems depending upon their employment status. These systems were established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are set by State law. The Division of Pensions, within the New Jersey Department of Treasury (the “Division”), is the administrator of the funds with the benefit and contribution levels set by the State. The City is enrolled in the Public Employees' Retirement System (“PERS”) and the Police and Firemen's Retirement System (“PFRS”).

¹ Source: The City, unless otherwise indicated.

Pension Information²

Employees who are eligible to participate in a pension plan are enrolled in PERS or PFRS, administered by the Division. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations. The employees contribute a portion of the cost.

Employment and Unemployment Comparisons

For the following years, the New Jersey Department of Labor reported the following annual average employment information for the City, the County, and the State:

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>City</u>				
2023	14,860	13,912	948	6.4%
2022	14,559	13,712	847	5.8%
2021	14,536	13,097	1,439	9.9%
2020	14,669	12,740	1,929	13.2%
2019	14,481	13,731	750	5.2%
<u>County</u>				
2023	397,420	375,401	22,019	5.5%
2022	388,290	369,991	18,299	4.7%
2021	385,589	353,407	32,182	8.3%
2020	387,334	343,775	43,559	11.2%
2019	386,125	369,380	16,745	4.3%
<u>State</u>				
2023	4,829,671	4,615,722	213,949	4.4%
2022	4,736,213	4,552,563	183,650	3.9%
2021	4,648,814	4,337,793	311,021	6.7%
2020	4,638,386	4,200,980	437,406	9.4%
2019	4,687,390	4,525,044	162,346	3.5%

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

² Source: State of New Jersey Department of Treasury, Division of Pensions and Benefits

Income (as of 2022)

	<u>City</u>	<u>County</u>	<u>State</u>
Median Household Income	\$50,607	\$73,785	\$97,126
Median Family Income	58,349	97,380	119,240
Per Capita Income	27,556	45,946	50,995

Source: US Bureau of the Census, 2022 American Community Survey 5-Year Estimates

Population

The following tables summarize population increases and the decreases for the City, the County, and the State.

<u>Year</u>	<u>City</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2022 est.	33,678	-2.2%	849,477	-1.6%	9,261,699	-0.3%
2020	34,447	14.3	863,728	10.2	9,288,994	5.7
2010	30,134	-8.3	783,969	-1.2	8,791,894	4.5
2000	32,868	9.8	793,633	2.0	8,414,350	8.9
1990	29,925	-3.9	778,206	-8.6	7,730,188	5.0

Source: United States Department of Commerce, Bureau of the Census

Largest Taxpayers

The ten largest taxpayers in the City and their assessed valuations are listed below:

<u>Taxpayers</u>	<u>2023 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Orange Portfolio Holdings, LLC	\$29,500,000	1.30%
Arec 29, LLC	18,004,700	0.79%
RHHE Associates LLC	16,000,000	0.71%
PD South Orange Towers, LLC	15,370,000	0.68%
Scroll Properties, LLC	15,280,000	0.67%
Orange Senior Citizens Residence Co.	15,180,000	0.67%
High Properties, LLC	14,400,000	0.64%
Ben Central, LLC	12,720,000	0.56%
South Center St Realty, LLC	12,220,000	0.54%
Ridge Garden Apt Inc.	<u>11,960,000</u>	<u>0.53%</u>
Total	<u>\$160,634,700</u>	<u>7.09%</u>

Source: Comprehensive Annual Financial Report of the School District and Municipal Tax Assessor

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2023U	\$84,658,982	\$83,901,326	99.11%
2022	79,041,410	77,830,359	98.47%
2021	75,789,307	74,971,210	98.92%
2020	73,432,446	71,681,229	97.62%
2019	69,812,978	68,166,558	97.64%

U: Unaudited
Source: Annual Audit Reports of the City

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2023U	\$3,387,493	\$167,752	\$3,555,245	4.20%
2022	4,829,433	143,208	4,972,641	6.29%
2021	4,785,921	210,028	4,995,949	6.59%
2020	4,435,640	601,763	5,037,403	6.86%
2019	3,872,527	955,078	4,827,605	6.92%

U: Unaudited
Source: Annual Audit Reports of the City

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2023U	\$856,500
2022	856,500
2021	856,500
2020	856,500
2019	856,500

U: Unaudited
Source: Annual Audit Reports of the City

Tax Rates per \$100 of Net Valuations Taxable and Allocations

The table below lists the tax rates for City residents for the past five (5) years.

<u>Year</u>	<u>Municipal</u>	<u>Local School</u>	<u>County</u>	<u>County Open Space</u>	<u>Total</u>
2023	\$2.743	\$0.591	\$0.376	\$0.017	\$3.727
2022R	2.548	0.589	0.312	0.017	3.466
2021	4.266	0.993	0.504	0.017	5.780
2020	4.069	1.004	0.516	0.018	5.607
2019	3.793	0.951	0.553	0.018	5.315

R - Revaluation

Source: Abstract of Ratables and State of New Jersey – Property Taxes

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2023	\$2,263,039,100	\$2,253,798,526	100.41%	\$3,512,500	\$2,257,311,026
2022R	2,271,410,300	2,069,622,141	109.75	3,493,800	2,073,115,941
2021	1,301,645,200	1,591,837,104	81.77	3,125,582	1,594,962,686
2020	1,287,807,100	1,407,593,289	91.49	3,015,611	1,410,608,900
2019	1,300,525,900	1,421,029,174	91.52	2,526,100	1,423,555,274

R - Revaluation

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

Classification of Ratables

The table below lists the comparative assessed valuation for each classification of real property within the City for the past five (5) years.

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2023	\$65,944,300	\$1,260,871,500	\$0	\$357,040,700	\$66,625,600	\$512,557,000	\$2,263,039,100
2022R	57,236,400	1,259,983,300	0	357,714,600	69,645,600	526,830,400	2,271,410,300
2021	25,204,400	723,262,400	0	257,893,800	42,318,600	252,966,000	1,301,645,200
2020	24,731,100	715,089,600	0	257,569,100	40,686,700	249,730,600	1,287,807,100
2019	26,590,500	716,495,700	0	263,950,300	40,200,100	253,289,300	1,300,525,900

R - Revaluation

Source: Abstract of Ratables and State of New Jersey – Property Value Classification

Financial Operations

The following table summarizes the City's Current Fund budget for the past five (5) fiscal years ending December 31. The following summary should be used in conjunction with the tables in the sourced documents from which it is derived.

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Fund Balance Utilized	\$4,700,000	\$3,700,000	\$3,700,000	\$3,000,000	\$4,680,000
Miscellaneous Revenues	18,303,023	19,486,710	20,089,644	23,751,435	21,430,421
Receipts from Delinquent Taxes	2,500,000	900,000	642,000	601,300	1,440,000
Amount to be Raised by Taxation	<u>52,133,037</u>	<u>55,271,707</u>	<u>57,288,513</u>	<u>61,492,188</u>	<u>65,730,430</u>
Total Revenue:	<u>\$77,636,060</u>	<u>\$79,358,417</u>	<u>\$81,720,157</u>	<u>\$88,844,923</u>	<u>\$93,280,851</u>
<u>Appropriations</u>					
General Appropriations	\$61,628,581	\$64,453,022	\$66,563,015	\$69,523,568	\$73,490,925
Operations (Excluded from CAPS)	9,505,540	7,683,413	7,232,411	9,298,480	9,023,563
Deferred Charges and Statutory Expenditures	2,010,000	990,000	1,200,000	3,420,000	2,680,000
Judgements	0	0	0	0	0
Local School District Purposes	0	0	0	0	0
Capital Improvement Fund	0	1,000,000	1,000,000	1,000,000	1,600,000
Municipal Debt Service	2,241,939	2,981,982	3,474,731	3,352,875	4,236,363
Reserve for Uncollected Taxes	<u>2,250,000</u>	<u>2,250,000</u>	<u>2,250,000</u>	<u>2,250,000</u>	<u>2,250,000</u>
Total Appropriations:	<u>\$77,636,060</u>	<u>\$79,358,417</u>	<u>\$81,720,157</u>	<u>\$88,844,923</u>	<u>\$93,280,851</u>

Source: Annual Adopted Budgets of the City

Fund Balance

Current Fund

The following table lists the City's fund balance and the amount utilized in the succeeding year's budget for the Current Fund for the past five (5) fiscal years ending December 31.

Fund Balance - Current Fund

<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2023U	\$5,812,866	\$4,680,000
2022	4,134,248	3,000,000
2021	4,584,972	3,700,000
2020	4,183,289	3,700,000
2019	5,245,321	4,700,000

U: Unaudited

Source: Annual Audit Reports of the City

Water/Sewer Utility Operating Fund

The following table lists the City's fund balance and the amount utilized in the succeeding year's budget for the Water/Sewer Utility Operating Fund for the past five (5) fiscal years ending December 31.

	Fund Balance	
	<u>Water/Sewer Utility Operating Fund</u>	
<u>Year</u>	Balance	Utilized in Budget
	<u>12/31</u>	<u>of Succeeding Year</u>
2023U	\$2,550,932	\$0
2022	4,550,932	0
2021	2,035,293	0
2020	2,329,201	500,000
2019	2,721,643	500,000

U: Unaudited
Source: Annual Audit Reports of the City

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City Indebtedness as of December 31, 2023

General Purpose Debt	
Serial Bonds	\$10,585,000
Bond Anticipation Notes	18,993,021
Bonds and Notes Authorized but Not Issued	7,064,041
Other Bonds, Notes and Loans	457,686
Total:	<u>\$37,099,748</u>
Local School District Debt	
Serial Bonds	\$2,685,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	<u>\$2,685,000</u>
Self-Liquidating Debt	
Serial Bonds	\$19,620,000
Bond Anticipation Notes	18,006,000
Bonds and Notes Authorized but Not Issued	22,119,527
Other Bonds, Notes and Loans	2,196,256
Total:	<u>\$61,941,783</u>
TOTAL GROSS DEBT	<u>\$101,726,531</u>
Less: Statutory Deductions	
General Purpose Debt	\$2,140,000
Local School District Debt	2,685,000
Self-Liquidating Debt	33,916,623
Total:	<u>\$38,741,623</u>
TOTAL NET DEBT	<u>\$62,984,908</u>

Source: Annual Debt Statement of the City

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Overlapping Debt (as of December 31, 2023)³

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>City Percentage</u>	<u>City Share</u>
Local School District	\$2,685,000	100.00%	\$2,685,000
County	1,011,892,947	1.68%	<u>16,977,484</u>
Net Indirect Debt			\$19,662,484
Net Direct Debt			<u>62,984,908</u>
Total Net Direct and Indirect Debt			<u>\$82,647,392</u>

Debt Limit

Average Equalized Valuation Basis (2021, 2022, 2023)	\$1,971,752,590
Permitted Debt Limitation (3 1/2%)	69,011,341
Less: Net Debt	<u>62,984,908</u>
Remaining Borrowing Power	<u>\$6,026,433</u>
Percentage of Net Debt to Average Equalized Valuation	3.194%
Gross Debt Per Capita based on 2020 population of 34,447	\$2,953
Net Debt Per Capita based on 2020 population of 34,447	\$1,828

Source: Annual Debt Statement of the City

³ City percentage of County debt is based on the City's share of total equalized valuation in the County.

APPENDIX B

**Financial Statements of The Board of Education of the
City of Orange Township
in the County of Essex, New Jersey**

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**City of Orange Township
School District**



**City of Orange Township
Board of Education
Orange, New Jersey 07050**

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023**

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**Orange Public Schools
County of Essex, New Jersey**

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Financial Section

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Independent Auditors' Report

**Honorable President and Members
of the Board of Education
Orange Public Schools
City of Orange Township, New Jersey**

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Orange Public Schools (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business – type Activities	Qualified
General Fund	Unmodified
Special Revenue Fund	Unmodified
Capital Projects Fund	Unmodified
Debt Service Fund	Unmodified
Food Service Enterprise Fund	Qualified

Qualified Opinion on the Governmental Activities, Business – Type Activities and Food Service Enterprise Fund

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the District as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**The Honorable President and Members
of the Board of Education
Orange Public Schools**

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Unmodified Opinions on General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund, special revenue fund, capital projects fund and debt service fund as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matter Giving Rise to the Qualified Opinion on the Governmental Activities, Business – type Activities and Food Service Enterprise Fund

Management has not recorded certain capital assets in governmental activities, business – type activities and food service enterprise fund and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require those capital assets to be capitalized and depreciated, which would increase the assets, net position, and change the expenses of governmental activities, business – type activities and the food service enterprise fund. The amount by which this departure would affect the assets, net positions and expenses of the governmental activities, business – type activities and food service enterprise fund has not been determined.

Responsibilities of Management for the Financial Statements

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

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

**The Honorable President and Members
of the Board of Education
Orange Public Schools**

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Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with

**The Honorable President and Members
of the Board of Education
Orange Public Schools**

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GAAS, 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.

PKF O'Connor Davies, LLP

Cranford, New Jersey
May 8, 2024

Scott A Clelland

Scott A. Clelland, CPA
Licensed Public School Accountant, No. 1049

Required Supplementary Information - Part I

Management's Discussion and Analysis

**ORANGE PUBLIC SCHOOLS
ORANGE, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The Management's Discussion and Analysis of the Orange Public Schools' financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements including the notes to enhance their understanding of the School District's financial performance. Certain comparative information between the current year (2022-2023) and the prior year (2021-2022) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2023 are as follows:

- In total, net position increased by \$7,524,265. Net position of governmental activities increased by \$7,602,243, which represents a 6.05% increase over the June 30, 2022 net position. Net position of the business-type activities, which represents the food service operation, decreased by \$77,978 or 3.23% from the June 30, 2022 net position.
- General Revenues accounted for \$133,052,724 or 77.60% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions and capital grants and contributions accounted for \$38,412,997 or 22.40% of total revenues of \$171,465,721.
- The School District had \$163,941,456 in expenses: only \$38,412,997 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily unrestricted state aid and property taxes) of \$133,052,724 were adequate to provide for these programs.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Orange Public Schools as a financial whole, or as an entire reporting entity.

The Statement of Net Position and Statement of Activities provide information about the activities of the entire School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School district's most significant funds. The District considers all of its governmental funds and its sole enterprise fund to be major funds. For the Orange Public Schools, the general fund is the most significant fund.

**ORANGE PUBLIC SCHOOLS
ORANGE, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this report contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions-and ask the question, "How did we do financially during fiscal year ended June 30, 2023?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, liabilities and deferred outflows/inflows of resources using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

These two statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader that, for the school district as a whole, the financial position of the School district has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth and limits on reserves, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- **Governmental Activities-** All of the School District's programs and services are reported here including instruction, student and instruction related services, general and school administration services, operation and maintenance of plant facilities, pupil transportation, and business/central services.
- **Business-Type Activities -** This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business type activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transactions. The School District's governmental funds are the General, Special Revenue, Capital Projects, and Debt Service Funds. The School District's enterprise fund is the Food Service Fund. Each of these funds is more fully described in the Notes to the Financial Statements.

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School district's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the Statement of Net Position and the Statement of Activities and the governmental funds are reconciled in the financial statements.

**ORANGE PUBLIC SCHOOLS
ORANGE, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The School District as a Whole

The Statement of Net Position provides the perspective of the District as a whole. Table A-1 provides a summary of the District's net position as of June 30, 2023 and 2022.

**Table A-1
Statement of Net Position
as of June 30, 2023 and 2022**

	Governmental Activities		Business-Type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Assets						
Current and Other Assets	\$ 24,360,400	\$ 21,557,754	\$ 2,869,918	\$ 3,084,778	\$ 27,230,318	\$ 24,642,532
Capital Assets, Net	<u>154,264,919</u>	<u>146,253,867</u>	<u>147,181</u>	<u>-</u>	<u>154,412,100</u>	<u>146,253,867</u>
Total Assets	<u>178,625,319</u>	<u>167,811,621</u>	<u>3,017,099</u>	<u>3,084,778</u>	<u>181,642,418</u>	<u>170,896,399</u>
Deferred Outflow of Resources						
Pension Deferrals	<u>2,921,829</u>	<u>2,831,323</u>	<u>-</u>	<u>-</u>	<u>2,921,829</u>	<u>2,831,323</u>
Total Deferred Outflow of Resources	<u>2,921,829</u>	<u>2,831,323</u>	<u>-</u>	<u>-</u>	<u>2,921,829</u>	<u>2,831,323</u>
Liabilities:						
Other Liabilities	16,784,957	11,929,483	677,194	666,895	17,462,151	12,596,378
Non-Current Liabilities	<u>28,272,618</u>	<u>25,206,469</u>	<u>-</u>	<u>-</u>	<u>28,272,618</u>	<u>25,206,469</u>
Total Liabilities	<u>45,057,575</u>	<u>37,135,952</u>	<u>677,194</u>	<u>666,895</u>	<u>45,734,769</u>	<u>37,802,847</u>
Deferred Inflow of Resources						
Pension Deferrals	<u>3,316,852</u>	<u>7,936,504</u>	<u>-</u>	<u>-</u>	<u>3,316,852</u>	<u>7,936,504</u>
Total Deferred Inflow of Resources	<u>3,316,852</u>	<u>7,936,504</u>	<u>-</u>	<u>-</u>	<u>3,316,852</u>	<u>7,936,504</u>
Net Position:						
Net Investment in						
Capital Assets	141,064,684	134,383,781	147,181		141,211,865	134,383,781
Restricted	17,554,958	1,553,031			17,554,958	1,553,031
Unrestricted	<u>(25,446,921)</u>	<u>(10,366,334)</u>	<u>2,192,724</u>	<u>2,417,883</u>	<u>(23,254,197)</u>	<u>(7,948,451)</u>
Total Net Position	<u>\$ 133,172,721</u>	<u>\$ 125,570,478</u>	<u>\$ 2,339,905</u>	<u>\$ 2,417,883</u>	<u>\$ 135,512,626</u>	<u>\$ 127,988,361</u>

**ORANGE PUBLIC SCHOOLS
ORANGE, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The School District as a Whole (Continued)

Current and Other Assets increased due to the positive results in the current year and the increase in cash.

Capital assets, net increased due to entering into copier leases that were capitalized and other capital additions that exceeded depreciation/amortization during the year.

The increase in the deferred outflow of resources is primarily the result of the increase in the net pension liability recorded on the full accrual financial statements, recorded under Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

Other liabilities increased mainly due to the District becoming self insured for medical during the 2023 fiscal year and the increase in claims outstanding at the end of the 2023 fiscal year.

Non current liabilities increased mainly due to copier leases that were entered into during the 2023 fiscal year.

Restricted net position increased due to the generation of excess fund balance during the year that did not occur in the prior year.

**ORANGE PUBLIC SCHOOLS
ORANGE, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The School District as a Whole

Table A-2 shows changes in net position for the fiscal years ended June 30, 2023 and 2022.

**Table A-2
Changes in Net Position
For the Fiscal Years Ended June 30, 2023 and 2022**

	Governmental Activities		Business-Type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues						
Program Revenues						
Charges for Services	\$ -	\$ 1,638,165	\$ 244,926	\$ 68,484	\$ 244,926	\$ 1,706,649
Operating Grants and Contributions	24,748,634	21,531,858	4,328,767	5,932,348	29,077,401	27,464,206
Capital Grants and Contributions	9,090,670	3,876,814			9,090,670	3,876,814
General Revenues and Transfers						
Property Taxes	13,393,139	13,326,300			13,393,139	13,326,300
Grants and Entitlements	118,779,862	113,471,138			118,779,862	113,471,138
Miscellaneous	879,723	7,769,545			879,723	7,769,545
Transfers	(99,171)	(509,012)	99,171	509,012	-	-
Total Revenues and Transfers	<u>166,792,857</u>	<u>161,104,808</u>	<u>4,672,864</u>	<u>6,509,844</u>	<u>171,465,721</u>	<u>167,614,652</u>
Program Expenses						
Instruction						
Regular	96,766,170	90,554,656			96,766,170	90,554,656
Support Services						
Student and Instruction Related Services	21,756,817	17,963,901			21,756,817	17,963,901
General Administration Services	1,775,159	1,473,871			1,775,159	1,473,871
School Administration Services	8,050,850	7,739,195			8,050,850	7,739,195
Plant Operations and Maintenance	17,627,003	10,568,164			17,627,003	10,568,164
Pupil Transportation	8,260,756	9,763,594			8,260,756	9,763,594
Charter Schools	4,825,670	5,102,459			4,825,670	5,102,459
Special Schools	16,766	246,145			16,766	246,145
Interest on Long-Term Debt	111,423	154,975			111,423	154,975
Food Service			4,750,842	4,087,281	4,750,842	4,087,281
Total Expenses	<u>159,190,614</u>	<u>143,566,960</u>	<u>4,750,842</u>	<u>4,087,281</u>	<u>163,941,456</u>	<u>147,654,241</u>
Change in Net Position	7,602,243	17,537,848	(77,978)	2,422,563	7,524,265	19,960,411
Beginning of Year, Net Position (Deficit)	<u>125,570,478</u>	<u>108,032,630</u>	<u>2,417,883</u>	<u>(4,680)</u>	<u>127,988,361</u>	<u>108,027,950</u>
End of Year, Net Position	<u>\$ 133,172,721</u>	<u>\$ 125,570,478</u>	<u>\$ 2,339,905</u>	<u>\$ 2,417,883</u>	<u>\$ 135,512,626</u>	<u>\$ 127,988,361</u>

**ORANGE PUBLIC SCHOOLS
ORANGE, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The School District as a Whole

Capital grants and contributions increased mainly due to special revenue funds expended in the current year for construction services and other capital related items.

Grants and entitlements increased due to an overall increase in state aid.

Miscellaneous revenue decreased from the prior year due to certain accounts payable and outstanding check cancelled in the prior year.

Instruction and support services expenses increased due to additional expenses provided to benefit students and increase in funds spent on plant operations and maintenance.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table A-3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

**Table A-3
Total and Net Cost of Services for Governmental Activities
For the Fiscal Years Ended June 30, 2023 and 2022**

	<u>Total Cost of Services</u>		<u>Net Cost (Revenue) of Services</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Program Expenses				
Instruction				
Regular	\$ 96,766,170	\$ 90,554,656	\$ 81,783,642	\$ 79,868,224
Support Services				
Student and Instruction Related Services	21,756,817	17,963,901	4,456,680	2,267,341
General Administration Services	1,775,159	1,473,871	1,704,181	1,443,602
School Administration Services	8,050,850	7,739,195	7,755,193	7,613,109
Plant Operations and Maintenance	17,627,003	10,568,164	17,031,658	10,314,273
Pupil Transportation	8,260,756	9,763,594	7,666,097	9,509,995
Charter Schools	4,825,670	5,102,459	4,825,670	5,102,459
Special Schools	16,766	246,145	16,766	246,145
Interest on Long-Term Debt	<u>111,423</u>	<u>154,975</u>	<u>111,423</u>	<u>154,975</u>
Total Governmental Activities	<u>\$ 159,190,614</u>	<u>\$ 143,566,960</u>	<u>\$ 125,351,310</u>	<u>\$ 116,520,123</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Student and instruction related service expenses include the activities involved with assisting staff with the content and process of teaching to students, including curriculum, staff development and guidance.

General and school administration and central services include expenses associated with administrative and financial supervision of the District.

**ORANGE PUBLIC SCHOOLS
ORANGE, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Governmental Activities (Continued)

Plant operations and maintenance involve keeping the school grounds, buildings, and equipment in good working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school activities.

Interest and other charges involve the transactions associated with the payment of interest and other related charges to servicing the debt of the School District.

The District's total revenues for governmental activities were \$166,792,857 and \$161,104,808 for the years ended June 30, 2023 and 2022, respectively. Property taxes made up 8.03% and 8.27% of revenues for governmental activities for the Orange Public Schools for fiscal years 2023 and 2022, respectively. Federal, State, and local grants accounted for another 92% and 86% of revenue for the years ended June 30, 2023 and 2022, respectively.

Business - Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- Food Service expenses exceeded revenues and transfers in by \$77,978.
- Charges for services represents \$244,926 or 5.36% of revenue. This represents amounts paid by Patrons for daily food service.
- Transfers in from the general fund totaled \$99,171.
- Federal and state reimbursements for meals, including payments for free and reduced lunches, breakfast and snacks and donated commodities was \$4,328,767 or 94.64% of revenue.

School District's Funds

Information about the School District's major funds follows this report. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$175,364,075 and \$164,565,273 and expenditures of \$179,070,929 and \$153,495,337 for the fiscal years ended June 30, 2023 and 2022, respectively.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

**ORANGE PUBLIC SCHOOLS
ORANGE, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

School District's Funds (Continued)

The following schedule presents a summary of the revenues of the governmental funds for the fiscal years ended June 30, 2023 and 2022:

**Table A-4
Summary of Governmental Funds Revenues
For the Fiscal Years Ended June 30, 2023 and 2022**

	<u>Year Ended June 30</u>		<u>(Decrease) Increase</u>	<u>Percentage Change</u>
	<u>2023</u>	<u>2022</u>		
Revenues				
Local Sources	\$ 14,533,274	\$ 22,962,331	\$ (8,429,057)	-36.7%
State Sources	146,061,508	129,750,210	16,311,298	12.6%
Federal Sources	<u>14,769,293</u>	<u>11,852,732</u>	<u>2,916,561</u>	24.6%
Total Revenues	<u>\$ 175,364,075</u>	<u>\$ 164,565,273</u>	<u>\$ 10,798,802</u>	6.6%

Local sources decreased due to old canceled checks and refunds of prior year expenditures being cancelled in the 2022 fiscal year that did not recur in the current fiscal year.

State sources increased due to a significant increase in state aid during the 2023 fiscal year.

Federal sources increased due to the spending of additional funds related to ESSER grants in the 2023 fiscal year.

The following schedule presents a summary of governmental funds expenditures for the fiscal years ended June 30, 2023 and 2022:

**Table A-5
Summary of Governmental Funds Expenditures
For the Fiscal Years Ended June 30, 2023 and 2022**

	<u>Year Ended June 30</u>		<u>Increase</u>	<u>Percentage Change</u>
	<u>2023</u>	<u>2022</u>		
Expenditures				
Instruction	\$ 50,654,730	\$ 46,869,766	\$ 3,784,964	8.1%
Support Services	118,182,847	100,816,021	17,366,826	17.2%
Capital Outlay	9,849,933	5,437,518	4,412,415	81.1%
Debt Service	<u>383,419</u>	<u>372,032</u>	<u>11,387</u>	3.1%
Total Expenditures	<u>\$ 179,070,929</u>	<u>\$ 153,495,337</u>	<u>\$ 25,575,592</u>	16.7%

**ORANGE PUBLIC SCHOOLS
ORANGE, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

School District's Funds (Continued)

Expenditures increased in instruction and support services to address the needs of the students and in line with the District budget.

General Fund Budgetary Highlights

The District budget is prepared according to New Jersey Statutes. The most significant budgeted fund is the general fund. During the fiscal year, there were several differences between the original budget and the final amended budget as a result of transfers being applied to certain line items. These transfers were made between line items as part of the normal process as permitted by State guidelines. Readers should refer to Section C of the financial report for comparisons between actual and budgeted amounts.

State sources exceeded anticipated revenues by \$24,844,830 as a result of the District not anticipating revenues related to Extraordinary Aid, State on-behalf TPAF pension, medical and disability contributions, and State reimbursed TPAF social security contributions.

Significant budgetary transfers were made between budgetary line items and approved by the Board for various reasons including:

- Regular Program Undistributed Instruction - General Supplies, - approximately \$3.6 million was transferred out. The District had an increased budget in the account line as they did in the prior year in the event of any unexpected large supply costs occurred. However, no such major expenses did occur and actual expenses were in line with prior years.
- Student Transportation Services – Contracted Services (Special Ed.) - ESC - approximately \$5.0 million transferred in as a result of a need to cover increased transportation rates.
- Unallocated benefits – employee benefits – health benefits - approximately \$1.1 million transferred in as a result of increased health benefit costs.

**ORANGE PUBLIC SCHOOLS
ORANGE, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Capital Assets

As of June 30, 2023 and 2022, the School District had invested in land, construction in progress, land improvements, buildings and building improvements and machinery and equipment for governmental activities as reflected on Table A-6:

**Table A-6
Capital Assets
Governmental Activities
as of June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Land	\$ 1,511,880	\$ 1,511,880
Construction in Progress	17,098,289	10,048,335
Building and Building Improvements	163,819,821	161,287,519
Right to Use assets- buildings	9,211,548	9,211,548
Right to Use assets – machinery and equipment	2,482,016	
Machinery and Equipment	<u>10,293,055</u>	<u>10,025,378</u>
	204,416,609	192,084,660
Less: Accumulated Depreciation/Amortization	<u>(50,151,690)</u>	<u>(45,830,793)</u>
Capital Assets, Net	<u>\$ 154,264,919</u>	<u>\$ 146,253,867</u>

Overall, capital assets for governmental activities increased \$8,011,052 from fiscal year 2022 to fiscal year 2023 due to capital outlay additions exceeding depreciation/amortization.

Additional information pertaining to the District's capital assets can be found in Note 4 to the financial statements.

**Table A-7
Capital Assets
Business-Type Activities
as of June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Machinery and Equipment	\$ 825,890	\$ 672,004
Less: Accumulated Depreciation	<u>(678,709)</u>	<u>(672,004)</u>
Capital Assets, Net	<u>\$ 147,181</u>	<u>\$ -</u>

Overall, capital assets for business-type activities increased \$147,181 from fiscal year 2022 to fiscal year 2023 due to capital outlay additions exceeding depreciation/amortization.

**ORANGE PUBLIC SCHOOLS
ORANGE, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Debt Administration

At June 30, 2023 and 2022, the School District had \$27,536,138 and \$25,813,622 in long-term liabilities, respectively. Table A-8 shows the breakdown of outstanding debt owed.

**Table A-8
Long-Term Debt
Outstanding Long-Term Liabilities
as of June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Bonds Payable	\$ 2,970,000	\$ 3,245,000
Compensated Absences	1,667,336	1,762,007
Lease payable	10,488,389	8,883,240
Net Pension Liability	<u>14,380,469</u>	<u>11,923,375</u>
Total	<u>\$ 29,506,194</u>	<u>\$ 25,813,622</u>

At June 30, 2023, the School District's remaining legal debt margin was \$75,900,104. Additional information pertaining to the District's long-term debt can be found in Note 5 to the financial statements.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the money it receives. Questions about this report or additional financial information needs should be directed to Jason Ballard, Business Administrator, City of Orange Township School District, 451 Lincoln Avenue, Orange, New Jersey 07050.

Basic Financial Statements

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Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the year ended June 30, 2023.

Orange Public Schools
Statement of Net Position

June 30, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 12,144,520	\$ 4,437,247	\$ 16,581,767
Accounts receivable	10,397,292	219,648	10,616,940
Internal balances	1,818,588	(1,818,588)	-
Inventories		31,611	31,611
Capital assets, non-depreciable	18,610,169		18,610,169
Capital assets, depreciable, net	135,654,750	147,181	135,801,931
Total assets	<u>178,625,319</u>	<u>3,017,099</u>	<u>181,642,418</u>
Deferred Outflow of Resources			
Pension deferrals	<u>2,921,829</u>		<u>2,921,829</u>
Liabilities			
Accounts payable	9,398,472	664,428	10,062,900
Claims payable	1,132,580		1,132,580
Payroll deductions and withholdings payable	1,493,399		1,493,399
Accrued interest payable	34,939		34,939
Intergovernmental accounts payable:			
State	1,384		1,384
Unearned revenue	3,490,607	12,766	3,503,373
Net pension liability	14,380,469		14,380,469
Current portion of long-term obligations	1,233,576		1,233,576
Noncurrent portion of long-term obligations	13,892,149		13,892,149
Total liabilities	<u>45,057,575</u>	<u>677,194</u>	<u>45,734,769</u>
Deferred Inflow of Resources			
Pension deferrals	<u>3,316,852</u>		<u>3,316,852</u>
Net Position			
Net investment in capital assets	141,064,684	147,181	141,211,865
Restricted for:			
Excess surplus - current year	14,916,973		14,916,973
Capital reserve	1,483,089		1,483,089
Scholarships	159,119		159,119
Student activities	118,771		118,771
Unemployment compensation reserve	877,006		877,006
Unrestricted (deficit)	(25,446,921)	2,192,724	(23,254,197)
Total net position	<u>\$ 133,172,721</u>	<u>\$ 2,339,905</u>	<u>\$ 135,512,626</u>

See accompanying notes to basic financial statements.

Orange Public Schools

Statement of Activities

Year ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities							
Instruction	\$ 96,766,170		\$ 8,180,070	\$ 6,802,458	\$ (81,783,642)		\$ (81,783,642)
Support services:							
Attendance/social work	628,572			19,220	(609,352)		(609,352)
Health services	1,478,709			53,343	(1,425,366)		(1,425,366)
Other support services	397,305		16,568,564	31,115	16,202,374		16,202,374
Guidance services	2,051,043			70,067	(1,980,976)		(1,980,976)
Child study teams/special education	4,726,807			153,127	(4,573,680)		(4,573,680)
Improvement of instruction	4,953,789			180,322	(4,773,467)		(4,773,467)
School library	2,198,598			77,655	(2,120,943)		(2,120,943)
Instructional staff training	415,289			8,599	(406,690)		(406,690)
School administration	8,050,850			295,657	(7,755,193)		(7,755,193)
General administration	1,775,159			70,978	(1,704,181)		(1,704,181)
Business/central services	4,906,705			138,125	(4,768,580)		(4,768,580)
Plant operations and maintenance	17,627,003			595,345	(17,031,658)		(17,031,658)
Pupil transportation	8,260,756			594,659	(7,666,097)		(7,666,097)
Charter schools	4,825,670				(4,825,670)		(4,825,670)
Special schools	16,766				(16,766)		(16,766)
Interest on long-term debt	111,423				(111,423)		(111,423)
Total governmental activities	<u>159,190,614</u>		<u>24,748,634</u>	<u>9,090,670</u>	<u>(125,351,310)</u>		<u>(125,351,310)</u>
Business-type activities							
Food Service	<u>4,750,842</u>	\$ <u>244,926</u>	<u>4,328,767</u>			\$ <u>(177,149)</u>	<u>(177,149)</u>
Total business-type activities	<u>4,750,842</u>	<u>244,926</u>	<u>4,328,767</u>			<u>(177,149)</u>	<u>(177,149)</u>
Total primary government	<u>\$ 163,941,456</u>	<u>\$ 244,926</u>	<u>\$ 29,077,401</u>	<u>\$ 9,090,670</u>	<u>(125,351,310)</u>	<u>(177,149)</u>	<u>(125,528,459)</u>
General revenues and transfers:							
Property taxes, levied for general purposes					13,023,999		13,023,999
Property taxes, levied for debt service					369,140		369,140
State Sources (Unrestricted)					118,375,027		118,375,027
Federal Sources (Unrestricted)					404,835		404,835
Miscellaneous Income					879,723		879,723
Transfers					(99,171)	99,171	-
Total general revenues and transfers					<u>132,953,553</u>	<u>99,171</u>	<u>133,052,724</u>
Change in net position					7,602,243	(77,978)	7,524,265
Net position, beginning					<u>125,570,478</u>	<u>2,417,883</u>	<u>127,988,361</u>
Net position, ending					<u>\$ 133,172,721</u>	<u>\$ 2,339,905</u>	<u>\$ 135,512,626</u>

See accompanying notes to basic financial statements.

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Fund Financial Statements

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Governmental Funds

Orange Public Schools
Governmental Funds

Balance Sheet

June 30, 2023

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Assets					
Cash and cash equivalents	\$ 11,608,476	\$ 277,890	\$ 258,154		\$ 12,144,520
Accounts receivable:					
Intergovernmental—local	5,299	19,817		\$ 308,813	333,929
Intergovernmental—state	1,485,227	1,611,338			3,096,565
Intergovernmental—federal		6,966,798			6,966,798
Interfund receivable	6,522,306	421,691			6,943,997
Total assets	\$ 19,621,308	\$ 9,297,534	\$ 258,154	\$ 308,813	\$ 29,485,809
Liabilities and Fund balances					
Liabilities:					
Accounts payable	\$ 5,868,734	\$ 2,237,962			\$ 8,106,696
Claims payable	1,132,580				1,132,580
Intergovernmental accounts payable:					
State		1,384			1,384
Interfund payable	421,691	4,394,905		\$ 308,813	5,125,409
Payroll deductions and withholdings payable	1,493,399				1,493,399
Unearned revenue		3,490,607			3,490,607
Total liabilities	8,916,404	10,124,858		308,813	19,350,075
Fund balances:					
Restricted for:					
Excess surplus current year	14,916,973				14,916,973
Capital reserve	1,483,089				1,483,089
Capital projects			\$ 258,154		258,154
Scholarships		159,119			159,119
Student activities		118,771			118,771
Unemployment compensation reserve	877,006				877,006
Unassigned (deficit)	(6,572,164)	(1,105,214)			(7,677,378)
Total fund balances (deficit)	10,704,904	(827,324)	258,154	-	10,135,734
Total liabilities and fund balances	\$ 19,621,308	\$ 9,297,534	\$ 258,154	\$ 308,813	
Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$204,416,609 and the accumulated depreciation/amortization is \$50,151,690.					154,264,919
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.					(34,939)
Long-term liabilities, including bonds payable, leases payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.					(15,125,725)
Deferred pension costs in governmental activities are not financial resources and therefore are not reported in the funds.					(395,023)
Accrued pension contributions for the June 30, 2023 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.					(1,291,776)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.					(14,380,469)
Net position of governmental activities					\$ 133,172,721

See accompanying notes to basic financial statements.

Orange Public Schools
Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balance

Year ended June 30, 2023

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Revenues					
Local sources:					
Local tax levy	\$ 13,023,999			\$369,140	\$ 13,393,139
Miscellaneous	879,723	\$ 260,412			1,140,135
Total revenues—local sources	<u>13,903,722</u>	<u>260,412</u>		<u>369,140</u>	<u>14,533,274</u>
State sources	126,981,844	12,029,710	\$ 7,049,954		146,061,508
Federal sources	404,835	14,364,458			14,769,293
Total revenues	<u>141,290,401</u>	<u>26,654,580</u>	<u>7,049,954</u>	<u>369,140</u>	<u>175,364,075</u>
Expenditures					
Current:					
Instruction	42,474,660	8,180,070			50,654,730
Undistributed:					
Instruction	7,259,280	15,746,358			23,005,638
Attendance/social work	387,024				387,024
Health services	914,796				914,796
Guidance services	1,262,338				1,262,338
Speech, OT, PT and related services	383,111				383,111
Child study teams / special education	2,917,301				2,917,301
Improvement of instruction	3,247,638				3,247,638
School library	1,372,255				1,372,255
Instructional staff training	330,190				330,190
School administration	4,976,869				4,976,869
General administration	1,419,563				1,419,563
Central services	3,982,701				3,982,701
Administrative information technology	1,985,081				1,985,081
Required maintenance	1,943,350				1,943,350
Custodial services	8,524,289				8,524,289
Security	1,351,478				1,351,478
Student transportation	7,965,631				7,965,631
Personnel services-					
unallocated employee benefits	20,484,885				20,484,885
On-behalf payments-TPAF, FICA, long term					
disability, medical and pension	24,539,027				24,539,027
Contribution to charter schools	4,825,670				4,825,670
Special schools	16,766				16,766
Capital outlay	3,241,279	1,905,946	7,049,954		12,197,179
Debt service payment - principal				275,000	275,000
Debt service payment - interest				108,419	108,419
Total expenditures	<u>145,805,182</u>	<u>25,832,374</u>	<u>7,049,954</u>	<u>383,419</u>	<u>179,070,929</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	(4,514,781)	822,206	-	(14,279)	(3,706,854)
Other financing sources (uses):					
Transfers in	1,246,560	421,691		16,911	1,685,162
Transfers out	(537,773)	(1,246,560)			(1,784,333)
Proceeds from leases (nonbudgeted)	2,482,016				2,482,016
Total other financing sources (uses)	<u>3,190,803</u>	<u>(824,869)</u>	<u>-</u>	<u>16,911</u>	<u>2,382,845</u>
Net change in fund balances	(1,323,978)	(2,663)	-	2,632	(1,324,009)
Fund balances (deficit), July 1	12,028,882	(824,661)	258,154	(2,632)	11,459,743
Fund balances (deficit), June 30	<u>\$ 10,704,904</u>	<u>\$ (827,324)</u>	<u>\$ 258,154</u>	<u>\$ -</u>	<u>\$ 10,135,734</u>

The reconciliation of the fund balances of governmental funds to the net position of governmental activities in the statement of activities is presented in an accompanying schedule (B-3).

See accompanying notes to basic financial statements.

Orange Public Schools
Governmental Funds

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities

Year ended June 30, 2023

Total net change in fund balances - governmental funds (B-2) \$ (1,324,009)

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

Capital outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.

This is the amount by which capital additions exceeded depreciation expense in the period.

	Depreciation/Amortization expense	\$ (4,320,897)	
	Capital additions	<u>12,331,949</u>	8,011,052

The issuance of long-term debt for general and refunding purposes provides current financial resources to governmental funds, however has no effect on net position.

	Leases payable		(2,482,016)
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The repayment of the principal of long-term debt, including leases payable and bonds paid consume the current financial resources of governmental funds. These transactions, however, have no effect on net position.

	Lease payment	876,867	
	Payment of bond principal	<u>275,000</u>	1,151,867

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. This amount reflects the change from the prior year.

3,004

In the statement of activities, certain operating expenses, e.g., compensated absences (sick and vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). The amount represents the net change.

94,671

Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures or revenues in governmental funds.

	Pension expense		2,147,674
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Change in net position of governmental activities (A-2)

		<u>\$ 7,602,243</u>	
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See accompanying notes to basic financial statements.

Proprietary Fund

Orange Public Schools
Proprietary Fund

Statement of Net Position

June 30, 2023

	Business-Type Activities Major Enterprise Fund
	Food Service
Assets	
Current assets:	
Cash and cash equivalents	\$ 4,437,247
Accounts receivable:	
State	6,072
Federal	213,576
Inventories	31,611
Total current assets	<u>4,688,506</u>
Noncurrent assets:	
Capital assets	825,890
Accumulated Depreciation	<u>(678,709)</u>
Total capital assets	<u>147,181</u>
Total assets	<u>4,835,687</u>
Liabilities	
Current liabilities:	
Accounts payable	664,428
Interfund payable	1,818,588
Unearned revenue	12,766
Total current liabilities	<u>2,495,782</u>
Total liabilities	<u>2,495,782</u>
Net position	
Investment in capital assets	147,181
Unrestricted	2,192,724
Total net position	<u>\$ 2,339,905</u>

See accompanying notes to basic financial statements.

Orange Public Schools
Proprietary Fund

Statement of Revenues, Expenses and
Changes in Fund Net Position

Year ended June 30, 2023

	Business-Type Activities Major Enterprise Fund
	Food Service
Operating revenues:	
Local sources:	
Daily food sales-non-reimbursable programs	\$ 244,926
Total operating revenues	244,926
Operating expenses:	
Salaries	1,593,049
Employee benefits and taxes	471,577
Insurance	37,475
Supplies and materials	279,237
Cost of sales - reimburseable programs	2,103,705
Depreciation	6,705
Management fees	136,782
Purchased property services	79,443
Miscellaneous	42,869
Total operating expenses	4,750,842
Operating (loss)	(4,505,916)
Nonoperating revenues:	
State sources:	
School lunch program	46,437
School breakfast program	50,886
Federal sources:	
National school breakfast program	1,165,541
National school lunch program	2,340,314
Fresh fruits and vegetable program	81,419
U.S.D.A. Commodities Program	374,525
COVID Supply Chain	142,546
Local Food For Schools Cooperative Program	2,737
Child and Adult Food Care Program	124,362
Total nonoperating revenues	4,328,767
Change in net position prior to transfers	(177,149)
Transfer In	99,171
Change in net position	(77,978)
Total net position, beginning	2,417,883
Total net position, ending	\$ 2,339,905

See accompanying notes to basic financial statements.

Orange Public Schools
Proprietary Fund

Statement of Cash Flows

Year ended June 30, 2023

	Business-Type Activities Major Enterprise Fund
	Food Service
Cash flows from operating activities	
Receipts from customers	\$ 244,926
Payments to employees	(1,593,049)
Payments for employee benefits	(509,052)
Payments to management company	(136,782)
Payments to suppliers	(2,505,674)
Net cash (used in) operating activities	(4,499,631)
Cash flows from noncapital financing activities	
Receipts from other funds	1,264,479
Cash received from state and federal sources	4,762,426
Cash received from operating subsidies from the Board	99,171
Net cash provided by noncapital financing activities	6,126,076
Cash flows from capital and related financing activity	
Purchase of capital assets	(153,886)
Net cash (used in) capital and related financing activity	(153,886)
Net increase in cash and cash equivalents	1,472,559
Cash and cash equivalents, beginning of year	2,964,688
Cash and cash equivalents, end of year	\$ 4,437,247
Reconciliation of operating (loss) to net cash (used in) operating activities	
Operating (loss)	\$ (4,505,916)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:	
Depreciation	6,705
Change in assets and liabilities:	
(Increase) in inventory	(6,710)
Increase in accounts payable	6,290
Net cash (used in) operating activities	\$ (4,499,631)

Noncash noncapital financing activities

The District received \$3,745,255 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2023.

See accompanying notes to basic financial statements.

Orange Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies

The financial statements of the City of Orange Township School District (“the District”) have been prepared in conformity with accounting principles generally accepted in the United States (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District’s accounting policies are described below.

A. Reporting Entity

The financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The District, as the primary government for financial reporting entity purposes, has oversight responsibility and control over all activities related to the City of Orange Township School District in Orange, New Jersey. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The District has no component units that are required to be included within the reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

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 applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. The New Jersey Department of Education (NJDOE) requires that all funds be reported as major with the exception of internal service funds. Each major individual funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is 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 as soon as 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 District considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences, leases, bonds, deferred pension liability, and the net pension liability are recorded only when payment is due.

Property taxes, interest, and state aid associated with the current fiscal period are all considered to be susceptible to accrual and have been so recognized as revenues of the current fiscal year. All other revenues are considered to be measurable and available only when the District receives cash.

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

The District reports the following major governmental funds:

General Fund: The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment, which are classified in the capital outlay sub fund.

Special Revenue Fund: The District maintains one special revenue fund, which includes the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

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

Debt Service Fund: The debt service fund accounts for and reports financial resources that are restricted, committed, or assigned to an expenditure for the principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary fund:

Enterprise Funds: Enterprise Funds are utilized to account for the District's ongoing activities that are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration.

Food Service Enterprise Fund: The food service fund accounts for all revenues and expenses pertaining to cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the costs (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students or other entities on a continuing basis are financed or recovered primarily through user charges.

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges 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 taxes.

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 District's enterprise fund are charges to customers for sales of food to offset the cost of operations. Operating expenses for the enterprise fund include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District reports unearned revenue on its balance sheets and statement of net position. Unearned revenue arises when resources are received by the District before it has legal claim to them, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheets and statements of net position and revenue is recognized.

Revenues and other governmental fund financial resources should be recognized in the accounting period in which they become both measurable and available. When an asset is recorded in governmental fund financial statements, but the revenue is not available, the government should report a deferred inflow of resources until such time the revenue becomes available.

Ad Valorem (property) taxes are susceptible to accrual, as under New Jersey State Statute a municipality is required to remit to its School Board the entire balance of taxes, in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The Board is entitled to receive moneys under the established payment schedule, and the uncollected amount is considered to be an "accounts receivable."

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

The County Board of Taxation is responsible for the assessment of properties, and the Township Tax Collector is responsible for collection of taxes. Assessments are certified and taxes are levied on January 1; taxes are due February 1, May 1, August 1 and November 1. Unpaid taxes are considered delinquent the following January 1 and are then subject to lien.

D. Budgets/Budgetary Control

Annual appropriated budgets are adopted each year for the general and special revenue funds. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line-item accounts within each fund. Line-item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2023 were made and properly approved by School Board Resolution and were made in accordance with statutory guidelines. The amendments made by the District were not deemed significant and were part of the normal course of operations. The over-expenditure in the general fund due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures are offset by related revenues and as such do not represent budgetary over-expenditures. However, several instances of over-expenditure were noted in the general fund and special revenue fund that were not offset by related revenues.

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, with the exception of the legally mandated revenue recognition of the last state aid payments for budgetary purposes only and the special revenue fund. Encumbrance accounting is also employed as an extension of formal budgetary integration in governmental fund types. Open encumbrances at year-end are re-appropriated in the subsequent year's budget. Unencumbered appropriations lapse at fiscal year-end. Except for the student activity and scholarship funds, the accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

E. Deposits and Investments

Cash and cash equivalents include petty cash, change funds, amounts on deposit and short-term investments with original maturities of three months or less. Investments are stated at fair value. The District classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase as investments and are stated at cost. All other investments are stated at fair value.

F. Interfund Receivables/Payables

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

G. Inventories

Inventories which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method and the District uses the consumption method for expensing inventory. At June 30, 2023, the unused Food Donation Program commodities of \$12,766 are reported as unearned revenue.

H. Capital Assets

Capital assets, which include land, construction in progress, building and building improvements, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their acquisition value on the date of acquisition.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized.

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

Capital assets of the District are depreciated/amortized using the straight-line method, except for land and construction in progress, which are not depreciated. The following estimated useful lives are used to compute depreciation/amortization:

	<u>Years</u>
Land improvements	10-20
Machinery and equipment	2-20
Right-to-use machinery and equipment	4-20
Buildings	50
Right-to-use Buildings	14-20
Building improvements	20
Furniture and equipment	5-15
Food Service Equipment	7-20
Vehicles	6-8

I. Compensated Absences

The District records a liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. The District uses the “vesting method” for estimating its accrued sick and vacation leave liability.

Board employees are granted vacation and sick leave in varying amounts under the Board’s personnel policies and according to negotiated contracts. In the event of retirement, according to contract, an employee is reimbursed for accumulated vacation and sick leave.

The liability for vested compensated absences of the District recorded in the government-wide financial statements amounted to \$1,667,336 at June 30, 2023. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

J. Unearned Revenue

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. Unearned revenue in the food service enterprise fund represents the unused portion of Food Donation Program commodities.

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

K. Long-Term Obligations

In the government-wide financial statements, and the proprietary fund type 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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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 either capital projects fund or debt service fund expenditures.

L. Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") 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. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories.

- 1) Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
- 2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- 3) Committed - includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revises or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
- 4) Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

- 5) Unassigned - includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

Of the \$10,704,904 fund balance in the General Fund, \$990,363 of assigned for year-end encumbrances and the unassigned portion of \$7,562,527 are included in the unassigned deficit of (\$6,572,164), \$1,483,089 has been restricted for capital reserve, \$877,006 has been restricted for unemployment compensation, and \$14,916,973 has been restricted for current year excess surplus.

M. Net Position

Net Position represents the difference between assets, deferred outflows of resources, deferred inflows of resources, and liabilities in the government-wide financial statements. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

N. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses assets, liabilities, deferred inflows and outflows of resources during the reporting period. Actual results could differ from those estimates.

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

O. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security and post-retirement pension and medical contributions for certified teacher and other members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses related to on-behalf pension contributions in the government-wide financial statements have been decreased by \$20,957,606 to adjust for the full accrual basis expense incurred by the State of New Jersey during the most recent measurement period. The amounts are not required to be included in the District's annual budget.

P. Calculation of Excess Surplus

The designation for restricted fund balance - excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget.

The excess fund balance at June 30, 2023 was \$14,916,973, which will be appropriated in the 2024-2025 budget. The District did not generate excess surplus during the 2021-2022 school year.

Q. GASB Pronouncements

Recently Issued Accounting Principles

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* in May 2020. This Statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement are effective for periods beginning after June 15, 2022. Management has reviewed the requirements of GASB Statement No. 96 and has determined there is no material impact to the financial statements.

The GASB issued Statement No. 99, *Omnibus 2022* in April 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective for periods beginning after June 15, 2022. Management has implemented the Statement on the financial statements.

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

The GASB issued Statement No. 101, *Compensated Absences* in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for periods beginning after December 15, 2023. Management has not determined the impact of the Statement on the financial statements.

R. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

S. Leases

The District is a lessee for noncancellable leases of buildings and machinery and equipment. The District recognizes lease liabilities and intangible right-to-use building and machinery and equipment ("lease assets") in the government-wide financial statements. The District recognizes lease liabilities with an initial, collective value of \$200,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the right to use lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgements related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that the District is reasonably certain to exercise. The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the Statement of Net Position.

T. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2023 and May 8, 2024, the date that the financial statements were available for issuance. The effect of those events and transactions that provide additional pertinent information about conditions that exists at the balance sheet and statement of net position date, have been recognized in the accompanying financial statements.

2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable, leases payable and compensated absences, are not due and payable in the current period and therefore are not reported in the funds. The details of this \$15,125,725 difference are as follows:

Bonds payable	\$ 2,970,000
Leases payable	10,488,389
Compensated absences payable	<u>1,667,336</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$15,125,725</u>

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

3. Deposits and Investments

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

Investments are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and Statement No. 72, *Fair Value Measurement and Application*. The District classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and are stated at cost. All other investments are stated at fair value. New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at last equal to 5% of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Deposits

New Jersey statutes require that school boards deposit public funds in public depositories located in New Jersey that are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School boards are also permitted to deposit public funds in the State of New Jersey Cash Management Fund ("NJ CMF") and the New Jersey Asset and Rebate Management Fund ("NJ ARM").

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

3. Deposits and Investments (continued)

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

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

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

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

The District's cash and cash equivalents are classified below to inform financial statement users about the extent to which the District's deposits and investments are exposed to custodial credit risk.

Operating cash accounts are held in the District's name by several commercial banking institutions. At June 30, 2023, the carrying amount of the District's deposits was \$16,581,767, and the bank balance was \$17,328,365. Of the bank balance, \$608,839 of the District's cash deposits on June 30, 2023 was secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$12,089,465. \$4,630,061 held in the District agency accounts are not covered by GUDPA.

Pursuant to GASB Statement No. 40, "*Deposit and Investment Risk Disclosures*" ("GASB 40"), the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

The District does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by the financial institution, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

3. Deposits and Investments (continued)

Investments

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

- a. Bonds and other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States for Cooperatives, which have a maturity date not greater than twelve months from the date of purchase.
- c. New Jersey Cash Management Fund ("NJ CMF") and New Jersey Asset and Rebate Management Fund ("NJ ARM").

In order to maximize liquidity, the District utilizes the New Jersey Cash Management Fund ("NJ CMF") as its sole investment. The NJ CMF is administered by the State of New Jersey, Department of the Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. The fair value of the position in the pool is the same as the fair value of the pool shares.

These investments include U.S. Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit. Agencies that participate in the NJ CMF typically earn returns that mirror short-term investments rates. Monies can be freely added or withdrawn from the NJ CMF on a daily basis without penalty.

All investments in the Fund are governed by the regulations of the Investment Council, which prescribes specific standards designed to ensure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

Custodial Credit Risk: Pursuant to GASB 40, the NJ CMF, which is a pooled investment, is exempt from custodial credit risk exposure. The District does not have a policy for custodial credit risk.

Credit Risk: The District does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The District did not have any funds invested in debt securities.

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

3. Deposits and Investments (continued)

Interest Rate Risk: The District does not have a policy to limit interest rate risk. The average maturity of the District's sole investment, the NJCMF, is less than one year.

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer. At June 30, 2023, all of the District's investments were invested in NJCMF.

All of the District's investments are classified as cash equivalents at June 30, 2023.

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2023:

	Beginning Balance	Increases	Ending Balance
Capital assets, not being depreciated:			
Land	\$ 1,511,880		\$ 1,511,880
Construction in progress	10,048,335	\$ 7,049,954	17,098,289
Total capital assets, not being depreciated	11,560,215	7,049,954	18,610,169
Capital assets, being depreciated/amortized:			
Site Improvements and Buildings	161,287,519	2,532,302	163,819,821
Right to use assets – buildings	9,211,548		9,211,548
Right to use assets – machinery and equipment		2,482,016	2,482,016
Machinery, equipment and vehicles	10,025,378	267,677	10,293,055
Total capital assets being depreciated/amortized	180,524,445	5,281,995	185,806,440
Less accumulated depreciation/amortization for:			
Site Improvements and Buildings	42,257,214	2,957,880	45,215,094
Right to use assets - buildings	515,842	547,747	1,063,589
Right to use assets – machinery and equipment		650,194	650,194
Machinery, equipment and vehicles	3,057,737	166,075	3,222,812
Total accumulated depreciation/amortization	45,830,793	4,320,897	50,151,690
Total capital assets being depreciated/amortized, net	134,693,652	961,098	135,654,750
Governmental activities capital assets, net	<u>\$ 146,253,867</u>	<u>\$ 8,011,052</u>	<u>\$ 154,264,919</u>

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

4. Capital Assets (continued)

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

Instruction	\$2,729,105
Attendance and social work	14,339
Health services	33,893
Other support services	14,194
Guidance Services	46,769
Child study teams/special education	108,085
Improvement of instruction	120,324
School library	50,842
Instructional staff training	12,233
School administration	184,392
General administration	52,595
Business/Central services	147,558
Plant operations and maintenance	511,443
Pupil transportation	295,125
Total allocated depreciation/amortization expense	<u>\$4,320,897</u>

The following is a summary of business-type changes in capital assets for the year ended June 30, 2023:

	Beginning Balance	Increases	Ending Balance
Capital assets, being depreciated/amortized:			
Machinery, equipment and vehicles	\$ 672,004	\$ 153,886	\$ 825,890
Total capital assets being depreciated/amortized	672,004	153,886	825,890
Less accumulated depreciation/amortization for:			
Machinery, equipment and vehicles	672,004	6,705	678,709
Total accumulated depreciation/amortization	672,004	6,705	678,709
Total capital assets being depreciated/amortized, net	-	147,181	147,181
Business – type activities capital assets, net	<u>\$</u>	<u>\$ 147,181</u>	<u>\$ 147,181</u>

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

5. Long-Term Liabilities

Bonds Payable

Bonds are authorized in accordance with State law or by the voters of the municipalities through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds and were issued as a result of an approved public referendum to provide resources for the additions and renovations of various schools throughout the District. The general obligation bonds are a direct borrowing of the District for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the District. Principal and interest due on all bonds outstanding is as follows:

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2024	\$ 285,000	\$	98,963	\$	383,963
2025	295,000		88,813		383,813
2026	310,000		78,225		388,225
2027	320,000		67,200		387,200
2028	330,000		55,825		385,825
2029-2032	<u>1,430,000</u>		<u>102,200</u>		<u>1,532,200</u>
	<u>\$ 2,970,000</u>	\$	<u>491,226</u>	\$	<u>3,461,226</u>

Leases Payable

The District has remaining leases payable totaling \$10,488,389 with interest rates from 5.00% to 8.00%. The terms of the leases are from four to twenty-five years, including all extensions. The following is a schedule of the future minimum lease payments at June 30, 2023:

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2024	\$ 853,576	\$	595,314	\$	1,448,890
2025	911,579		537,311		1,448,890
026	959,007		475,138		1,434,145
2027	804,960		419,240		1,224,200
2028	439,676		369,394		809,070
2029-2033	2,550,958		1,494,386		4,045,344
2034-2038	2,881,786		789,604		3,671,390
2039-2042	<u>1,086,847</u>		<u>191,650</u>		<u>1,278,497</u>
	<u>\$ 10,488,389</u>	\$	<u>4,872,037</u>	\$	<u>15,360,426</u>

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

5. Long-Term Liabilities (continued)

Changes in long-term liabilities

The following presents the change in long-term liabilities.

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
School bonds payable	\$ 3,245,000		\$ 275,000	\$ 2,970,000	\$ 285,000
Leases payable	8,883,240	\$ 2,482,016	876,867	10,488,389	853,576
Compensated absences	1,762,007		94,671	1,667,336	95,000
Net pension liability	11,923,375	2,457,094		14,380,469	
Governmental activities long-term liabilities	<u>\$ 25,813,622</u>	<u>\$ 4,939,110</u>	<u>\$ 1,246,538</u>	<u>\$29,506,194</u>	<u>\$ 1,233,576</u>

Compensated absences, leases payable and the net pension liability are liquidated by the general fund. Bonds payable is liquidated by the debt service fund.

6. Pension Plans

Description of Systems

Substantially all of the District’s employees participate in one of the following contributory defined benefit public employee retirement systems, which have been established by State statute: the Teachers’ Pension and Annuity Fund (TPAF) or the Public Employees’ Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers’ Pension and Annuity Fund Retirement System is considered a cost-sharing multiple-employer plan, with a special funding situation, as, under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system’s other related non-contributing employers. The Public Employees’ Retirement System is considered a cost-sharing multiple-employer plan.

Teachers’ Pension and Annuity Fund

The Teachers’ Pension and Annuity Fund was 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 fulltime public-school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89,

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

6. Pension Plans (continued)

P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the

average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above-mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Public Employees' Retirement System

The Public Employees' Retirement System was 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 fulltime 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. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above-mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

6. Pension Plans (continued)

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS are 7.5%. Employers are required to contribute at an actuarially determined rate to both the TPAF and PERS. The actuarially determined contribution includes funding for noncontributory death benefits and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

During the year ended June 30, 2023, the State of New Jersey contributed \$20,957,606 to the TPAF for on-behalf medical benefits, long-term disability insurance and pension contributions on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$3,581,421 during the year ended June 30, 2023 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the Government-wide and fund financial statements.

The District's actuarially determined contributions to PERS for the years ended June 30, 2023, 2022 and 2021 were \$1,201,644, \$1,178,716, and \$1,053,309, respectively, equal to the required contributions for each year.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For the purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Public Employees' Retirement System (PERS)

At June 30, 2023, the District reported a liability of \$14,380,469 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2021, which was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the District's proportion was 0.0952893133 percent, which was a decrease of 0.0053596210 from its proportion measured as of June 30, 2021.

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

6. Pension Plans (continued)

For the year ended June 30, 2023, the District recognized full accrual pension benefit of \$2,147,674, in the government-wide financial statements. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 103,792	\$ 91,529
Changes of assumptions	44,555	2,153,326
Net difference between projected and actual earnings on pension plan investments	595,195	
Changes in proportion and differences between District contributions and proportionate share contributions	871,253	1,071,997
District contributions subsequent to the measurement date	1,307,034	
	<u>\$ 2,921,829</u>	<u>\$ 3,316,852</u>

\$1,307,034 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024	\$ (1,303,800)
2025	(629,723)
2026	(319,281)
2027	558,635
2028	(7,888)
	<u>\$ (1,702,057)</u>

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

6. Pension Plans (continued)

Actuarial Assumptions

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

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	2.75 - 6.55%
	based on years of service
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

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

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

6. Pension Plans (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	100.00%	

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

6. Pension Plans (continued)

projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<u>At 1% Decrease (6.00%)</u>	<u>At Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
State's proportionate share of the net pension liability associated with the District	\$ 18,474,690	\$ 14,380,469	\$ 10,896,112

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

Additional Information

Collective balances of the Local Group at June 30, 2022 are as follows:

Deferred outflows of resources	\$ 1,660,772,008
Deferred inflows of resources	\$ 3,236,303,935
Net pension liability	\$ 15,219,184,920
District's Proportion	0.0952893133%

Collective pension benefit for the Local Group for the measurement period ended June 30, 2022 is \$1,032,778,934.

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

6. Pension Plans (continued)

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2022, 2021, 2020, 2019, 2018, 2017, and 2016 is 5.04, 5.13, 5.16, 5.21, 5.63, 5.48 and 5.57 years, respectively.

Teachers Pensions and Annuity Fund (TPAF) – Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2022 was \$198,562,773. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2022, the State's proportionate share of the TPAF net pension liability associated with the District was 0.3848532255 percent, which was an increase of 0.0103670788 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$9,711,589 for contributions incurred by the State.

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

6. Pension Plans (continued)

Actuarial assumptions

The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	2.75 - 6.55%
	based on years of service
Investment rate of return	7.00%

Mortality Rates

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

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

6. Pension Plans (continued)

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	100.00%	

Discount Rate

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

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

6. Pension Plans (continued)

Sensitivity of the State's proportionate share of the net pension liability associated with the District to changes in the discount rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2022 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's proportionate share of the net pension liability associated with the District	\$ 232,819,071	\$ 198,562,773	\$ 169,706,146

Pension plan fiduciary net position

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

Additional Information

Collective balances of the Local Group at June 30, 2022 are as follows:

Deferred outflows of resources	\$ 4,996,491,160
Deferred inflows of resources	\$ 19,532,696,776
Net pension liability	\$ 51,594,415,806
District's Proportion	0.3848532255%

Collective pension expense or benefit-Local Group for the plan for the measurement period ended June 30, 2022 is \$1,424,884,581.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015 is 7.83, 7.93, 8.04, 8.29, 8.30, 8.30 and 8.30, years, respectively.

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

7. Post-Retirement Benefits

General Information about the OPEB Plan

State Health Benefit State Retired Employees Plan

Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability.

The State's share of the net pension liability, based on a measurement date of June 30, 2022, which is required to be recorded on the financial statements, is \$75.1 billion. The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds the post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2022, the State contributed \$1.9 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State's contribution to fund increases in prescription drugs and medical claims costs.

In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

7. Post-Retirement Benefits (continued)

is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Total OPEB Liability

The Nonemployer OPEB liability from the State of New Jersey's plan is \$50,646,462,966.

Changes in Total Non-employer OPEB Liability

Below represents the changes in the District's total OPEB liability for the year ended June 30, 2022:

	<u>Total OPEB Liability</u>
Beginning Total OPEB Liability June 30, 2021	\$ 163,275,086
Changes for the year:	
Service cost	10,113,715
Interest	3,688,502
Difference between expected and actual changes of assumptions	2,979,080
Member contributions	(37,337,074)
Benefit payments	117,208
Net Changes	<u>(3,653,570)</u>
Ending Total OPEB Liability, June 30, 2022	<u>\$ 139,182,947</u>

Employees covered by benefit terms

The following employees were covered by the benefit terms:

<u>Local Education Group</u>	<u>June 30, 2022</u>
Active Plan Members	213,148
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	151,669
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
	<u>364,817</u>

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

7. Post-Retirement Benefits (continued)

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective total OPEB liability on the Statement of Net Position. The State's proportionate share of the total OPEB liability associated with the District as of June 30, 2022 was \$139,182,947. Additional information can be obtained from the State of New Jersey's annual comprehensive financial report.

Actuarial assumptions and other inputs

The total non-employer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	TPAF	PERS
Inflation rate	2.50%	2.50%
Salary increases:		
Through 2026	2.75 - 4.25%	2.75 - 6.55%
	based on years of service	based on years of service

Mortality Rates

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

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

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

7. Post-Retirement Benefits (continued)

Discount Rate

The discount rate for June 30, 2022 was 3.54%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Health Care Trend Assumptions

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

The following represents sensitivity of total non-employer OPEB liability to changes in the discount rate and health care cost rate

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2022 calculated using a discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current rate:

	At 1% decrease (2.54%)	At current discount rate (3.54%)	At 1% increase (4.54%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 163,594,913	\$ 139,182,947	\$ 119,617,976

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

7. Post-Retirement Benefits (continued)

The following represents sensitivity of the Total Non-employer OPEB liability associated with the District to changes in the discount rate and healthcare cost trend rate

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2022 calculated using a healthcare cost trend rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	At 1% decrease	At Healthcare Cost Trend Rate	At 1% increase
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 115,043,213	\$ 139,182,947	\$ 170,891,954

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$6,991,320 for OPEB expenses incurred by the State.

Collective balances of the Education Group at June 30, 2022 are as follows:

Deferred outflows of resources	\$ 20,104,625,333
Deferred inflows of resources	\$ 34,996,842,046
Collective OPEB expense	\$ 1,595,653,562
District's Proportion	0.27%

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State, therefore, the District records an expense and corresponding revenue for its respective share of total OPEB expense and revenue attributable to the State of New Jersey.

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

8. Interfund Receivables and Payables

The total interfund accounts receivable and payable balances for the District amounted to the following as of June 30, 2023:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 6,522,306	\$ 421,691
Special Revenue Fund	421,691	4,394,905
Debt Service Fund		308,813
Food Service Enterprise Fund		1,818,588
	\$ 6,943,997	\$ 6,943,997

The interfund payable in the debt service fund represents a cash loan from the general fund not returned at June 30, 2023. The interfund payable in the general fund is for the contribution to preschool education in the special revenue fund which was not liquidated by year end. The interfund payable in the food service enterprise fund represents the balance due to refund the general fund for expenditures paid on behalf of the food service fund by the general fund. The interfund payable in the special revenue fund represents the balance due to refund the general fund for expenditures paid on behalf of the special revenue fund by the general fund.

All interfunds are expected to be repaid within one year.

9. Transfers

The following presents a reconciliation of transfers made during the 2023 fiscal year:

Fund	Transfers In	Transfers Out
General Fund	\$1,246,560	\$ 537,773
Special Revenue Fund	421,691	1,246,560
Debt Service Fund	16,911	
Food Service Enterprise Fund	99,171	
	\$1,784,333	\$1,784,333

The transfer into the General Fund represents the Special Revenue Fund contribution to school-based budgets. The transfer into the Special Revenue Fund represents the General Fund Contribution to the Pre-School Education Aid Program. The transfer into the Food Service Enterprise Fund represents the board contribution. The transfer into the Debt Service Fund represents a transfer from the Capital Reserve for the payment of debt service.

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

10. Economic Dependency

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

11. Deferred Compensation

The District offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457(b). The plans, which are administered by Equitable, Fidelity and the Seely Agency, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or an unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with the amounts, and all income attributable to these amounts are held in trust for the exclusive benefit of participating employees and their beneficiaries.

12. Contingencies

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2023 may be impaired. In addition, the District is receiving funding from the New Jersey Schools Development Authority (NJSDA) in connection with approved projects. The costs associated with the funding received from the NJSDA are subject to a final review of eligible costs and compliance by the New Jersey Department of Education and the NJSDA. To the extent that the District has not complied with the rules and regulations governing the NJSDA funds or has not met the final eligible costs requirements, refunds of any money received may be required and the collectability of any related receivable at June 30, 2023 may be impaired. In the opinion of District management, there are no material accounts receivable that are not collectible. The District has received funding under the Elementary and Secondary School Emergency Relief (ESSER) Fund and American Recovery Program (ARP). To the extent that the District has not complied with the rules and regulations governing the ESSER and ARP funds, money may be required to be returned. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying financial statements for such contingencies.

During the 2023 fiscal year, the District was involved in various lawsuits that have been settled, resulting in damages being awarded to the defendants. In addition, there are several pending complaints involving disability claims, discrimination, and negligence matters. The statuses of the cases are still in the early stages of litigation; however, management intends to vigorously defend against each complaint.

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

12. Contingencies (continued)

In the opinion of the District, there are no other significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying basic financial statements for such contingencies.

13. Risk Management

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

Property and Liability Insurance

The District maintains commercial insurance coverage for property, liability, student accident and surety bonds and does not retain the risk of loss. A complete schedule of insurance can be found in the statistical Section of this Annual Comprehensive Financial Report. There have been no significant reductions in insurance coverage from the prior year and no settlements have exceeded insurance coverage over the past three years.

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The District's withholdings are recorded in the Unemployment Compensation Reserve in the general fund.

Self-Insurance

The District converted from a traditional plan to a self-insured plan for medical, prescription and dental benefits commencing May 1, 2023. The District has opted for the traditional monthly per employee premium plan for its health benefit coverage. The cost to the District is the billed amount less employee required contributions. At June 30, 2023, the claims payable of \$1,132,580 has been recorded in the General Fund for unpaid medical, prescription and dental claims, which is subject to modification and/or assessment of existing or additional claims. The plan is being administered by the Horizon Blue Cross Blue Shield of New Jersey.

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

14. Deficit Fund Balance – GAAP Basis

The District has a deficit fund balance of \$827,324 in the special revenue fund at June 30, 2023 as reported in the fund financial statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made available until the following budget year, districts must record the last state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides the legal authority for school districts to recognize this revenue in the current budget year.

For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability).

Since the State is recording the last state aid payments in the subsequent fiscal year, the school district cannot recognize the last state aid payments on the GAAP financial statements until the year the State records the payable. The deficit amounts listed above in the special revenue fund represents deficits that were incurred as a direct result of the State of New Jersey's deferral of the District's final two state aid payments in the amount of \$1,105,214 offset by the restricted fund balance for student activities and scholarships.

15. Net Position – Net Investment in Capital Assets

Net investment in capital assets, Governmental Activities, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. The net investment in capital assets of \$141,064,684 indicated as part of the Governmental Activities net position is calculated as follows:

Capital assets, net of depreciation/amortization	\$ 154,264,919
Capital Projects Fund Fund Balance - Bonds payable portion - unspent proceeds	258,154
Bonds payable	(2,970,000)
Leases payable	(10,488,389)
	<hr/>
	\$ 141,064,684

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

16. Commitments-General Fund

The District has contractual commitments at June 30, 2023 to various vendors, which are recorded as part of the unassigned deficit in the general fund in the amount of \$990,363.

During the 2023 fiscal year, the New Jersey Department of Labor has been delayed in issuing bills to New Jersey governmental units and as such the District has not been billed for any quarters during the fiscal year. Unemployment claims for the fiscal year cannot be estimated, however, it is expected that the Federal Government, through the CARES Act will reimburse the State of New Jersey between 50 and 75 percent of all claims incurred. Since the District has not received a bill related to fiscal year 2023, and the amounts due are not known, no provision has been made in the District's financial statements for any liability.

17. GASB 77 Tax Abatements

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

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provision at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

The City of Orange Township provides for long-term tax exemptions, as authorized by New Jersey State Statutes. N.J.S.A. 40A:20-1 et seq. sets forth the criteria and mechanism by which property taxes can and are abated. The exemptions provided by the City of Orange Township are for affordable housing projects. Taxes abated include municipal, local school and county taxes.

The City of Orange Township recognized revenue of \$2,057,529 from the annual service charge in lieu of payment of taxes in 2022 and taxes in 2022 that otherwise would have been due on these long-term tax exemptions amounted to \$11,035,586 based upon the assessed valuations of the long-term tax exemptions properties. A portion of the abatement, \$8,978,057 would have been allocated to the District.

Orange Public Schools

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

18. Over-expenditures

For the year ended June 30, 2023, expenditures exceed appropriations on various budgetary accounts in the general fund. The over-expenditures were generated by the reclassification of budgetary line items to conform with State requirements and by recording of certain adjustments, provided by the District after the books and records were closed, to accrue liabilities for certain outstanding invoices related to the current year under audit that were not previously recorded in the District's accounts payable records. These over-expenditures were offset by greater than anticipated revenues.

19. Capital Reserve Account

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long-Range Facilities Plan (LRFP). Upon submission of the LRFP to the 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 (July 1 to June 30) 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. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the period July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance, July 1, 2022	\$ 500,000
Increases:	
Board approved deposit – Board resolution	1,000,000
Decreases:	
Transfer to Debt Service Fund for the payment of debt service	16,911
Ending balance, June 30, 2023	<u>\$ 1,483,089</u>

The June 30, 2023 LRFP balance of local support costs of uncompleted capital projects exceeded the June 30, 2023 capital reserve balance.

Required Supplementary Information

Part II

Schedules Related to Accounting and Reporting for Pensions and
OPEBs (GASB 68 and 75)

Orange Public Schools
 Schedule of the District's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System
 Required Supplementary Information

Last Ten Fiscal Years

	Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's proportion of the net pension liability (asset) - Local Group	0.0806909729%	0.0860858098%	0.088543399%	0.0911099750%	0.095208277%	0.09908393100%	0.09424004080%	0.09628496920%	0.1006489343%	0.0952893133%
District's proportionate share of the net pension liability (asset)	\$ 16,117,618	\$ 15,421,648	\$ 19,856,016	\$ 26,984,161	\$ 22,162,965	\$ 19,509,132	\$ 16,980,626	\$ 15,701,560	\$ 11,923,375	\$ 14,380,469
District's covered-employee payroll	Not available	\$ 5,907,087	\$ 6,127,758	\$ 6,313,234	\$ 6,455,321	\$ 6,585,154	\$ 6,660,352	\$ 7,045,385	\$ 6,977,427	\$ 7,013,975
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Not available	261.07%	324.03%	427.42%	343.33%	296.26%	254.95%	222.86%	170.88%	205.03%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	48.72%	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

Note to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

There was no change to the discount rate from June 30, 2021 to June 30, 2022.

See accompanying notes to required supplementary information.

Orange Public Schools
Schedule of District Contributions
Public Employees' Retirement System
Required Supplementary Information

Last Ten Fiscal Years

	2014	2015	2016	2017	Year Ended June 30,		2020	2021	2022	2023
					2018	2019				
Contractually required contribution	\$ 709,679	\$ 760,462	\$ 883,913	\$ 931,894	\$ 882,003	\$ 948,824	\$ 916,678	\$ 1,053,309	\$ 1,178,716	\$ 1,201,644
Contributions in relation to the contractually required contribution	(709,679)	(760,462)	(883,913)	(931,894)	(882,003)	(948,824)	(916,678)	(1,053,309)	(1,178,716)	(1,201,644)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 5,907,087	\$ 6,127,758	\$ 6,313,234	\$ 6,455,321	\$ 6,585,154	\$ 6,660,352	\$ 7,045,385	\$ 6,977,427	\$ 7,013,975	\$ 8,282,716
Contributions as a percentage of covered-employee payroll	12.01%	12.41%	14.00%	14.44%	13.39%	14.25%	13.01%	15.10%	16.81%	14.51%

See accompanying notes to required supplementary information.

Orange Public Schools
 Schedule of the State's Proportionate Share of the Net Pension Liability Associated With the District
 Teachers' Pension and Annuity Fund
 Required Supplementary Information

Last Ten Fiscal Years

	Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.3848532255%	0.3744861467%	0.3491124259%	0.3704254068%	0.3700990320%	0.3708666684%	0.3820455260%	0.3684639546%	0.3788665177%	0.3572028027%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 198,562,773	\$ 180,034,921	\$ 229,886,332	\$ 227,333,568	\$ 235,449,055	\$ 250,051,681	\$ 300,541,336	\$ 232,884,954	\$ 202,491,823	\$ 180,527,487
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 198,562,773</u>	<u>\$ 180,034,921</u>	<u>\$ 229,886,332</u>	<u>\$ 227,333,568</u>	<u>\$ 235,449,055</u>	<u>\$ 250,051,681</u>	<u>\$ 300,541,336</u>	<u>\$ 232,884,954</u>	<u>\$ 202,491,823</u>	<u>\$ 180,527,487</u>
Plan fiduciary net position as a percentage of the total pension liability	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

Covered payroll information is not presented since the Teachers' Pension and Annuity Fund is a special funding situation in which the District does not make contributions to this plan.

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

There were none.

See accompanying notes to required supplementary information.

Orange Public Schools
 Schedule of the State's Proportionate Share of the Net OPEB Liability Associated with the District
 and Changes in the Total OPEB Liability and Related Ratios
 Public Employees' Retirement System and Teachers' Pension and Annuity Fund
 Required Supplementary Information

Last Ten Fiscal Years*

	Year Ended June 30,					
	2023	2022	2021	2020	2019	2018
State's proportion of the net OPEB liability (asset) associated with the District	0.27%	0.27%	0.28%	0.27%	0.27%	0.28%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District	\$ 139,182,947	\$ 163,275,086	\$ 187,584,558	\$ 113,339,516	\$ 125,173,847	\$ 147,685,817
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 139,182,947</u>	<u>\$ 163,275,086</u>	<u>\$ 187,584,558</u>	<u>\$ 113,339,516</u>	<u>\$ 125,173,847</u>	<u>\$ 147,685,817</u>
	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 10,113,715	\$ 12,365,077	\$ 6,681,972	\$ 6,637,666	\$ 7,554,943	\$ 9,098,628
Interest cost	3,688,502	4,235,528	4,145,811	5,036,399	5,500,285	4,711,481
Change of benefit terms	-	(173,786)				
Differences between expected and actual experience	2,979,080	(37,669,247)	32,318,716	(21,822,245)	(17,971,450)	
Changes of assumptions	(37,337,074)	161,083	34,265,253	1,689,901	(14,364,325)	(20,681,843)
Member contributions	117,208	108,282	98,983	103,133	115,681	125,959
Gross benefit payments	(3,653,570)	(3,336,409)	(3,265,693)	(3,479,185)	(3,347,104)	(3,420,717)
Net change in total OPEB liability	(24,092,139)	(24,309,472)	74,245,042	(11,834,331)	(22,511,970)	(10,166,492)
Total OPEB liability - beginning	163,275,086	187,584,558	113,339,516	125,173,847	147,685,817	157,852,309
Total OPEB liability - ending	<u>\$ 139,182,947</u>	<u>\$ 163,275,086</u>	<u>\$ 187,584,558</u>	<u>\$ 113,339,516</u>	<u>\$ 125,173,847</u>	<u>\$ 147,685,817</u>
Covered-employee payroll	<u>\$ 55,166,011</u>	<u>\$ 51,735,646</u>	<u>\$ 52,278,350</u>	<u>\$ 48,837,719</u>	<u>\$ 44,748,079</u>	<u>\$ 62,146,786</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>252.30%</u>	<u>315.59%</u>	<u>358.82%</u>	<u>232.07%</u>	<u>279.73%</u>	<u>237.64%</u>

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 2.21% as of June 30, 2021 to 3.54% as of June 30, 2022.

See accompanying notes to required supplementary information.

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Required Supplementary Information

Part III

Budgetary Comparison Schedules

Orange Public Schools
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources:					
Local tax levy	\$ 13,023,999		\$ 13,023,999	\$ 13,023,999	
Tuition	200,000		200,000		\$ (200,000)
Miscellaneous	261,000		261,000	879,723	618,723
Total - local sources	13,484,999		13,484,999	13,903,722	418,723
State sources:					
Categorical special education aid	4,633,802		4,633,802	4,633,802	
Equalization aid	87,005,953		87,005,953	87,005,953	
Categorical security aid	2,473,511		2,473,511	2,473,511	
Educational Adequacy Aid	7,152,931		7,152,931	7,152,931	
Categorical transportation aid	1,195,106		1,195,106	1,195,106	
Extraordinary aid	650,000		650,000	955,803	305,803
On-behalf TPAF pension and disability insurance				16,589,896	16,589,896
On-behalf TPAF post retirement medical				4,358,126	4,358,126
On-behalf TPAF long-term disability				9,584	9,584
Reimbursed TPAF social security contributions				3,581,421	3,581,421
Total - state sources	103,111,303		103,111,303	127,956,133	24,844,830
Federal sources:					
Medical reimbursement	175,177		175,177	404,835	229,658
Total - federal sources	175,177		175,177	404,835	229,658
Total revenues	116,771,479		116,771,479	142,264,690	25,493,211
Expenditures					
Current expense:					
Instruction:					
Regular programs:					
Salaries of teachers:					
Kindergarten	1,446,480	\$ (2,850)	1,443,630	1,385,670	57,960
Grades 1-5	10,892,456	(604,107)	10,288,349	10,204,942	83,407
Grades 6-8	8,433,335	(972,028)	7,461,307	7,330,756	130,551
Grades 9-12	7,927,946	(1,171,838)	6,756,108	6,713,958	42,150
Instruction- home instruction:					
Salaries of teachers		50,000	50,000	50,000	
Purchased prof. educational services	134,732		134,732	110,069	24,663
Regular programs - undistributed instruction:					
Other salaries for instruction	869,550	(29,938)	839,612	753,125	86,487
Purchased professional-educational services	406,749	78,109	484,858	430,727	54,131
Purchased technical services	17,388	28,010	45,398	24,730	20,668
Other purchased services	68,710	(65,757)	2,953	2,953	
General supplies	5,447,598	(3,631,997)	1,815,601	1,642,884	172,717
Textbooks	443,500	(160,496)	283,004	279,319	3,685
Other objects	54,000	13,200	67,200	31,787	35,413
Total regular programs	36,142,444	(6,469,692)	29,672,752	28,960,920	711,832
Special education:					
Intellectual disability - mild:					
Salaries of teachers	305,335		305,335	305,335	
General supplies		1,402	1,402	564	838
Other objects	5,000	4,487	9,487	2,048	7,439
Total intellectual disability - mild	310,335	5,889	316,224	307,947	8,277

Orange Public Schools
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current expense (continued):					
Instruction (continued):					
Special education (continued):					
Learning and/or language disabilities:					
Salaries of teachers	\$ 844,748		\$ 844,748	\$ 844,748	
Other salaries for instruction	523,262	\$ 11,986	535,248	458,972	\$ 76,276
Other purchased services	5,400	(500)	4,900	500	4,400
General supplies	53,656	(39,203)	14,453	12,185	2,268
Textbooks	2,631	(1,000)	1,631	616	1,015
Other objects	2,500		2,500		2,500
Total learning and/or language disabilities	<u>1,432,197</u>	<u>(28,717)</u>	<u>1,403,480</u>	<u>1,317,021</u>	<u>86,459</u>
Emotional regulation impairments:					
Salaries of teachers	273,139		273,139	244,280	28,859
Other salaries for instruction	108,126		108,126	105,627	2,499
General supplies	12,600		12,600	4,485	8,115
Total emotional regulation impairments	<u>393,865</u>		<u>393,865</u>	<u>354,392</u>	<u>39,473</u>
Multiple disabilities:					
Salaries of teachers	750,086		750,086	720,628	29,458
Other salaries for instruction	337,756		337,756	318,333	19,423
Other purchased services	5,400	(500)	4,900	1,182	3,718
General supplies	33,767	(2,500)	31,267	27,433	3,834
Other objects	8,500	3,740	12,240	3,093	9,147
Total multiple disabilities	<u>1,135,509</u>	<u>740</u>	<u>1,136,249</u>	<u>1,070,669</u>	<u>65,580</u>
Resource room/center:					
Salaries of teachers	3,526,191		3,526,191	3,475,487	50,704
Other salaries for instruction	404,923		404,923	392,339	12,584
Purchased professional-educational services	3,000		3,000		3,000
Other purchased services	2,000	(2,000)			
General supplies	76,412	(12,295)	64,117	59,068	5,049
Textbooks	2,940	(2,000)	940	940	
Other objects	8,800	3,649	12,449	1,428	11,021
Total resource room/center	<u>4,024,266</u>	<u>(12,646)</u>	<u>4,011,620</u>	<u>3,929,262</u>	<u>82,358</u>
Autism:					
Salaries of teachers	314,854		314,854	313,517	1,337
Other salaries for instruction	257,666	16,560	274,226	271,881	2,345
Other purchased services		1,130	1,130	1,128	2
General supplies	4,000		4,000	3,074	926
Total autism	<u>576,520</u>	<u>17,690</u>	<u>594,210</u>	<u>589,600</u>	<u>4,610</u>
Preschool disabilities-full time:					
Salaries of teachers	615,955	(180,000)	435,955	434,260	1,695
Other salaries for instruction	211,869		211,869	211,657	212
Other purchased services		18	18		18
General supplies	2,600		2,600	2,227	373
Other objects	500		500		500
Total preschool disabilities - full time	<u>830,924</u>	<u>(179,982)</u>	<u>650,942</u>	<u>648,144</u>	<u>2,798</u>
Total special education	<u>8,703,616</u>	<u>(197,026)</u>	<u>8,506,590</u>	<u>8,217,035</u>	<u>289,555</u>

Orange Public Schools
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Bilingual education:					
Salaries of teachers	\$ 3,548,246	\$ 81,260	\$ 3,629,506	\$ 3,629,506	
Other salaries for instruction	191,766	4,935	196,701	179,606	\$ 17,095
Purchased professional-educational services	13,500	(10,000)	3,500		3,500
Purchased technical services	3,000	(2,000)	1,000		1,000
General supplies	86,845	(6,228)	80,617	69,542	11,075
Textbooks	1,880	(1,000)	880	880	
Other objects	6,750		6,750		6,750
Total bilingual education	<u>3,851,987</u>	<u>66,967</u>	<u>3,918,954</u>	<u>3,879,534</u>	<u>39,420</u>
School sponsored co-curricular activities:					
Salaries	296,257	(20,966)	275,291	245,954	29,337
Purchased services	29,350		29,350	11,992	17,358
Supplies and materials	76,069	(4,100)	71,969	48,822	23,147
Other objects	5,250		5,250		5,250
Total school sponsored co-curricular activities	<u>406,926</u>	<u>(25,066)</u>	<u>381,860</u>	<u>306,768</u>	<u>75,092</u>
School sponsored athletic activities:					
Salaries	99,917	175,204	275,121	275,121	
Purchased services	-	11,500	11,500	11,500	
Supplies and materials	282,130	(24,335)	257,795	228,644	29,151
Other objects	2,199	14,308	16,507	14,308	2,199
Total school sponsored athletic activities	<u>384,246</u>	<u>176,677</u>	<u>560,923</u>	<u>529,573</u>	<u>31,350</u>
Before / after school programs - instruction:					
Salaries	270,489	(203,000)	67,489	61,198	6,291
Supplies and materials	3,200		3,200	1,250	1,950
Other objects	50,265	(12,000)	38,265	19,090	19,175
Total before / after school programs - instruction	<u>323,954</u>	<u>(215,000)</u>	<u>108,954</u>	<u>81,538</u>	<u>27,416</u>
Before / after school programs - support services:					
Salaries		4,100	4,100	4,100	
Total before / after school programs - support services		<u>4,100</u>	<u>4,100</u>	<u>4,100</u>	
Alternative education programs - instruction:					
Salaries of teachers	553,963	(128,000)	425,963	424,486	1,477
General supplies	6,700	(4,500)	2,200		2,200
Other objects		4,500	4,500	2,066	2,434
Total alternative education programs - instruction	<u>560,663</u>	<u>(128,000)</u>	<u>432,663</u>	<u>426,552</u>	<u>6,111</u>
Alternative education programs - support services:					
Salaries of teachers	54,080	8,000	62,080	62,080	
Purchased services	2,500		2,500		2,500
Total alternative education programs - support services	<u>56,580</u>	<u>8,000</u>	<u>64,580</u>	<u>62,080</u>	<u>2,500</u>
Community Services Programs/Operations					
General Supplies	19,900	(9,735)	10,165	6,560	3,605
	<u>19,900</u>	<u>(9,735)</u>	<u>10,165</u>	<u>6,560</u>	<u>3,605</u>
Total instruction	<u>50,450,316</u>	<u>(6,788,775)</u>	<u>43,661,541</u>	<u>42,474,660</u>	<u>1,186,881</u>

Orange Public Schools
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Current expense (continued):					
Undistributed expenditures:					
Instruction:					
Tuition to other school districts in the state-special	\$ 171,609	\$ (16,148)	\$ 155,461	\$ 154,856	\$ 605
Tuition to county vocational - regular	730,844	(68,812)	662,032	653,757	8,275
Tuition to county vocational - special	143,793	11,310	155,103	155,103	
Tuition to county spec. svcs. & rds	356,072	(170,458)	185,614	176,898	8,716
Tuition to private school - hand in state	5,525,272	891,465	6,416,737	6,118,666	298,071
Tuition to state facilities	13,500		13,500		13,500
Total undistributed expenditures - instruction	<u>6,941,090</u>	<u>647,357</u>	<u>7,588,447</u>	<u>7,259,280</u>	<u>329,167</u>
Attendance and social work services:					
Salaries	309,378		309,378	283,489	25,889
Salaries of family liaisons/comm parent inv. specialist	173,561		173,561	99,727	73,834
Supplies and material	7,950	(1,000)	6,950	3,808	3,142
Total attendance and social work services	<u>490,889</u>	<u>(1,000)</u>	<u>489,889</u>	<u>387,024</u>	<u>102,865</u>
Health services:					
Salaries	940,656		940,656	893,946	46,710
Purchased professional and technical services	1,840	10,600	12,440	8,550	3,890
Supplies and materials	32,352	(7,500)	24,852	12,300	12,552
Total health services	<u>974,848</u>	<u>3,100</u>	<u>977,948</u>	<u>914,796</u>	<u>63,152</u>
Other support services - student OT, PT, speech and related services:					
Purchased professional educational services	260,000	200,125	460,125	383,111	77,014
Total other support services - student OT, PT, speech and related services	<u>260,000</u>	<u>200,125</u>	<u>460,125</u>	<u>383,111</u>	<u>77,014</u>
Other support services - guidance:					
Salaries of other prof. staff	1,359,141	(120,000)	1,239,141	1,212,868	26,273
Other salaries	4,830	80,160	84,990	38,500	46,490
Other purchased services	7,000		7,000	476	6,524
Supplies and materials	16,850	(4,500)	12,350	6,650	5,700
Other objects	5,425		5,425	3,844	1,581
Total other support services - guidance	<u>1,393,246</u>	<u>(44,340)</u>	<u>1,348,906</u>	<u>1,262,338</u>	<u>86,568</u>

Orange Public Schools
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current expense (continued):					
Undistributed expenditures (continued)					
Other support services - students special (child study teams):					
Salaries of other prof. staff	\$ 2,650,196		\$ 2,650,196	\$ 2,650,196	
Salaries secretary/clerical assts.	219,464		219,464	219,464	
Other purchased professional and technical services	135,695	\$ (108,441)	27,254	26,485	\$ 769
Misc. purchased services	4,175		4,175	1,264	2,911
Supplies and materials	20,000		20,000	19,892	108
Total other support services - students special (child study teams)	<u>3,029,530</u>	<u>(108,441)</u>	<u>2,921,089</u>	<u>2,917,301</u>	<u>3,788</u>
Improvement of instruction services/instructional staff:					
Salaries of supervisors of instruction	2,408,326	(300,000)	2,108,326	2,108,326	
Salaries of other professional staff	203,256		203,256	203,256	
Salaries of secretarial and clerical assistants	150,411		150,411	150,411	
Other salaries	125,405	8,742	134,147	134,147	
Salaries of facilitators, math & literacy coaches		78,556	78,556	78,556	
Purchased professional educational services	3,500	1,600	5,100	1,760	3,340
Other purchased professional and technical services		8,500	8,500	7,267	1,233
Other purchased services	80,700		80,700	21,607	59,093
Supplies and materials	93,082		93,082	71,556	21,526
Other objects	370,939	192,647	563,586	470,752	92,834
Total improvement of instruction services/instructional staff	<u>3,435,619</u>	<u>(9,955)</u>	<u>3,425,664</u>	<u>3,247,638</u>	<u>178,026</u>
Educational media services/school library:					
Salaries	538,202		538,202	514,585	23,617
Other salaries	805,660		805,660	793,395	12,265
Purchased prof. and tech. services	13,287	(10,000)	3,287	90	3,197
Supplies and materials	101,509	275	101,784	57,070	44,714
Other objects	16,378	(9,263)	7,115	7,115	
Total educational media services/school library	<u>1,475,036</u>	<u>(18,988)</u>	<u>1,456,048</u>	<u>1,372,255</u>	<u>83,793</u>
Instructional staff training services:					
Salaries of other professional staff	322,898	(200,000)	122,898	122,898	
Purchased professional educational services	110,537	113,344	223,881	195,897	27,984
Other purchased services	48,000	(8,161)	39,839	11,118	28,721
Supplies and materials	5,610		5,610	277	5,333
Total instructional staff training services	<u>487,045</u>	<u>(94,817)</u>	<u>392,228</u>	<u>330,190</u>	<u>62,038</u>
Support services - general administration:					
Salaries	511,051		511,051	511,051	
Legal services	193,784	10,000	203,784	164,058	39,726
Other purchased prof. services	79,360	124,704	204,064	185,108	18,956
Communications/telephone	239,360	5,677	245,037	238,942	6,095
Miscellaneous purchased services	7,500		7,500	7,500	
General supplies	15,600	16,728	32,328	27,129	5,199
Judgments against the school district				276,452	(276,452)
Miscellaneous expenditures	15,499	2,362	17,861	16,823	1,038
Total support services - general administration	<u>1,062,154</u>	<u>159,471</u>	<u>1,221,625</u>	<u>1,419,563</u>	<u>(197,938)</u>
Support services -school administration:					
Salaries of principals/asst. principals	3,585,053		3,585,053	3,532,875	52,178
Salaries secretary/clerical assts.	1,183,101		1,183,101	1,170,180	12,921
Other salaries	52,170	147,616	199,786	170,599	29,187
Purchased professional and technical services	1,200		1,200	1,200	
Other purchased services	4,800		4,800	4,800	
Supplies and materials	124,400	193	124,593	100,620	23,973
Other objects	15,845	(11,500)	4,345	2,595	1,750
Total support services - school administration	<u>4,966,569</u>	<u>136,309</u>	<u>5,102,878</u>	<u>4,976,869</u>	<u>126,009</u>

Orange Public Schools
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current expense (continued):					
Undistributed expenditures (continued)					
Central services:					
Salaries	\$ 1,422,608		\$ 1,422,608	\$ 1,309,574	\$ 113,034
Purchased professional services	1,509,324	\$ 165,777	1,675,101	1,605,302	69,799
Misc purchased services	47,000	806,382	853,382	771,143	82,239
Supplies and materials	52,107	21,893	74,000	64,595	9,405
Miscellaneous expenditures	188,755	47,772	236,527	232,087	4,440
Total central services	<u>3,219,794</u>	<u>1,041,824</u>	<u>4,261,618</u>	<u>3,982,701</u>	<u>278,917</u>
Admin info technology:					
Salaries	408,540		408,540	408,540	
Purchased technical services	508,582	7,355	515,937	475,932	40,005
Other purchased services	429,060	689,577	1,118,637	1,093,655	24,982
Supplies and materials	7,078		7,078	6,954	124
Total admin info technology	<u>1,353,260</u>	<u>696,932</u>	<u>2,050,192</u>	<u>1,985,081</u>	<u>65,111</u>
Required maintenance for school facilities:					
Cleaning, repair and maintenance services	1,091,609	929,967	2,021,576	1,817,234	204,342
General supplies		125,000	125,000	126,116	(1,116)
Total required maintenance for school facilities	<u>1,091,609</u>	<u>1,054,967</u>	<u>2,146,576</u>	<u>1,943,350</u>	<u>203,226</u>
Custodial services:					
Salaries	26,265	240,030	266,295	266,295	
Purchased professional and technical services	3,100,000	769,486	3,869,486	3,511,704	357,782
Cleaning, repair and maintenance services	705,695	175,000	880,695	775,385	105,310
Rental of land & buildings other than lease purchase agreements		379,166	379,166	659,750	(280,584)
Insurance	495,000	284,280	779,280	775,429	3,851
General supplies	6,602		6,602	2,289	4,313
Energy (electricity)	1,622,760	(470,000)	1,152,760	2,067,629	(914,869)
Energy (natural gas)	1,060,449	(805,765)	254,684	350,964	(96,280)
Energy (oil)	10,000	90,000	100,000	83,844	16,156
Gasoline (vehicles)		31,000	31,000	31,000	
Total custodial services	<u>7,026,771</u>	<u>693,197</u>	<u>7,719,968</u>	<u>8,524,289</u>	<u>(804,321)</u>
Security:					
Salaries	1,369,294	25,900	1,395,194	1,339,423	55,771
Purchased professional and technical services		10,000	10,000	8,483	1,517
General supplies	10,375		10,375	3,572	6,803
Total security	<u>1,379,669</u>	<u>35,900</u>	<u>1,415,569</u>	<u>1,351,478</u>	<u>64,091</u>
Student transportation services:					
Cleaning, repair and maintenance services	10,501	40,647	51,148	41,463	9,685
Contracted services (between home and sch.) - vendor	55,000	(19,432)	35,568	30,732	4,836
Contracted services (other than home to sch.) - vendor	601,153	(242,708)	358,445	203,940	154,505
Contracted services (special ed.) - vendor	550,000	(550,000)			
Contracted services (special ed.) - esc	2,660,375	5,003,823	7,664,198	7,662,715	1,483
Contracted services - aid in lieu of payments - charter		28,966	28,966	26,781	2,185
Total student transportation services	<u>3,877,029</u>	<u>4,261,296</u>	<u>8,138,325</u>	<u>7,965,631</u>	<u>172,694</u>

Orange Public Schools
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current expense (continued):					
Undistributed expenditures (continued)					
Unallocated benefits - employee benefits:					
Social security contributions	\$ 908,678	\$ 197,237	\$ 1,105,915	\$ 1,105,915	
T.P.A.F. Contributions - ERIP (Early Retirement Incentive Program)	21,000		21,000		\$ 21,000
Other retirement contributions-regular	1,012,600		1,012,600	531,973	480,627
Unemployment compensation	311,000	(311,000)		86,455	(86,455)
Worker's compensation	503,037	(149,267)	353,770	353,769	1
Health benefits	14,892,060	1,101,691	15,993,751	18,317,484	(2,323,733)
Tuition reimbursement	160,000	(60,000)	100,000	89,289	10,711
Total unallocated benefits	<u>17,808,375</u>	<u>778,661</u>	<u>18,587,036</u>	<u>20,484,885</u>	<u>(1,897,849)</u>
On-behalf payments:					
On-behalf TPAF pension and annuity fund				16,589,896	(16,589,896)
On-behalf TPAF post retirement medical				4,358,126	(4,358,126)
On-behalf TPAF long-term disability				9,584	(9,584)
Reimbursed TPAF social security contributions				3,581,421	(3,581,421)
Total on-behalf payments				<u>24,539,027</u>	<u>(24,539,027)</u>
Total undistributed expenditures	<u>60,272,533</u>	<u>9,431,598</u>	<u>69,704,131</u>	<u>95,246,807</u>	<u>(25,542,676)</u>
Total current expense	<u>110,722,849</u>	<u>2,642,823</u>	<u>113,365,672</u>	<u>137,721,467</u>	<u>(24,355,795)</u>
Capital outlay					
Equipment:					
Regular programs - instruction:					
Grades 1-5	49,026	(34,051)	14,975	44,240	(29,265)
Grades 6-8	10,000	2,310	12,310	7,852	4,458
Grades 9-12		7,107	7,107	9,619	(2,512)
Undistributed expenditures:					
Non-Instructional				17,220	(17,220)
Support services school administration	88,400	(12,182)	76,218	43,091	33,127
Central services	4,700	11,000	15,700	11,821	3,879
Required maintenance for school facilities				2,559	(2,559)
Total equipment	<u>152,126</u>	<u>(25,816)</u>	<u>126,310</u>	<u>136,402</u>	<u>(10,092)</u>
Facilities acquisition and construction services:					
Construction services	1,125,945	(396,918)	729,027	622,861	106,166
Total facilities acquisition and construction services	<u>1,125,945</u>	<u>(396,918)</u>	<u>729,027</u>	<u>622,861</u>	<u>106,166</u>
Assets acquired under leases (non-budgeted)				2,482,016	(2,482,016)
Total capital outlay	<u>1,278,071</u>	<u>(422,734)</u>	<u>855,337</u>	<u>3,241,279</u>	<u>(2,385,942)</u>
Special schools:					
Summer school - support services:					
Salaries	441,220	(390,000)	51,220	16,766	34,454
Total summer school - support services	<u>441,220</u>	<u>(390,000)</u>	<u>51,220</u>	<u>16,766</u>	<u>34,454</u>
Total summer school	<u>441,220</u>	<u>(390,000)</u>	<u>51,220</u>	<u>16,766</u>	<u>34,454</u>
Total special schools	<u>441,220</u>	<u>(390,000)</u>	<u>51,220</u>	<u>16,766</u>	<u>34,454</u>

Orange Public Schools
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Transfer of funds to charter schools	\$ 5,091,258		\$ 5,091,258	\$ 4,825,670	\$ 265,588
Total expenditures	<u>117,533,398</u>	<u>\$ 1,830,089</u>	<u>119,363,487</u>	<u>145,805,182</u>	<u>(26,441,695)</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(761,919)</u>	<u>(1,830,089)</u>	<u>(2,592,008)</u>	<u>(3,540,492)</u>	<u>(948,484)</u>
Other financing sources (uses):					
Proceeds fom leases (non-budgeted)				2,482,016	2,482,016
Transfer in - contribution to school based budgets - GF	65,944,758	(2,571,376)	63,373,382	61,579,249	(1,794,133)
Transfer in - contribution to school based budgets - GF - 2022/23 encumbrances				125,783	125,783
Transfer in - contribution to school based budgets - SRF	1,283,610		1,283,610	1,246,560	(37,050)
Transfers in - capital projects fund				(16,911)	(16,911)
Transfers out - capital projects				(421,691)	(421,691)
Transfers out - Preschool Education Aid Inclusion	(421,691)		(421,691)	(99,171)	6,370
Transfers out - food service	(500,000)	(5,541)	(105,541)		
Transfer out - contribution to school based budgets	(65,944,758)	2,571,376	(63,373,382)	(61,579,249)	1,794,133
Transfer out - contribution to school based budgets - 2022/23 encumbrances				(125,783)	(125,783)
Total other financing sources (uses)	<u>361,919</u>	<u>(5,541)</u>	<u>756,378</u>	<u>3,190,803</u>	<u>2,434,425</u>
Net change in fund balance	(400,000)	(1,835,630)	(1,835,630)	(349,689)	1,485,941
Fund balances, July 1	<u>21,282,447</u>		<u>21,282,447</u>	<u>21,282,447</u>	
Fund balances, June 30	<u>\$ 20,882,447</u>	<u>\$ (1,835,630)</u>	<u>\$ 19,446,817</u>	<u>\$ 20,932,758</u>	<u>\$ 1,485,941</u>
Recapitulation of fund balance:					
Restricted fund balance:					
Excess surplus - current year				\$ 14,916,973	
Capital reserve				1,483,089	
Unemployment compensation				877,006	
Assigned to:					
Year end encumbrances				990,363	
Unassigned fund balance				<u>2,665,327</u>	
Total				20,932,758	
Reconciliation to governmental funds statements GAAP:					
Last state aid payments not recognized on GAAP Basis				<u>(10,227,854)</u>	
Fund balance per governmental fund (GAAP) (B-2)				<u>\$ 10,704,904</u>	

Orange Public Schools
General Fund
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
(Budgetary Basis)
Year ended June 30, 2023

	Original Budget			Budget Transfers			Final Budget			Actual		
	Operating Fund 11-13	Blended Resource Fund 15	Total General Fund	Operating Fund 11-13	Blended Resource Fund 15	Total General Fund	Operating Fund 11-13	Blended Resource Fund 15	Total General Fund	Operating Fund 11-13	Blended Resource Fund 15	Total General Fund
Revenues												
Local sources:												
Local tax levy	\$ 13,023,999		\$ 13,023,999				\$ 13,023,999		\$ 13,023,999	\$ 13,023,999		\$ 13,023,999
Tuition	200,000		200,000				200,000		200,000			200,000
Miscellaneous	261,000		261,000				261,000		261,000	879,723		879,723
Total - local sources	<u>13,484,999</u>		<u>13,484,999</u>				<u>13,484,999</u>		<u>13,484,999</u>	<u>13,903,722</u>		<u>13,903,722</u>
State sources:												
Categorical special education aid	4,633,802		4,633,802				4,633,802		4,633,802	4,633,802		4,633,802
Equalization aid	87,005,953		87,005,953				87,005,953		87,005,953	87,005,953		87,005,953
Categorical security aid	2,473,511		2,473,511				2,473,511		2,473,511	2,473,511		2,473,511
Educational Adequacy Aid	7,152,931		7,152,931				7,152,931		7,152,931	7,152,931		7,152,931
Categorical transportation aid	1,195,106		1,195,106				1,195,106		1,195,106	1,195,106		1,195,106
Extraordinary aid	650,000		650,000				650,000		650,000	955,803		955,803
On-behalf TPAF pension and annuity fund										16,589,896		16,589,896
On-behalf TPAF post retirement medical										4,358,126		4,358,126
On-behalf TPAF long-term disability insurance										9,584		9,584
Reimbursed TPAF social security contributions										3,581,421		3,581,421
Total - state sources	<u>103,111,303</u>		<u>103,111,303</u>				<u>103,111,303</u>		<u>103,111,303</u>	<u>127,956,133</u>		<u>127,956,133</u>
Federal sources:												
Medical reimbursement	175,177		175,177				175,177		175,177	404,835		404,835
Total - federal sources	<u>175,177</u>		<u>175,177</u>				<u>175,177</u>		<u>175,177</u>	<u>404,835</u>		<u>404,835</u>
Total revenues	<u>116,771,479</u>		<u>116,771,479</u>				<u>116,771,479</u>		<u>116,771,479</u>	<u>142,264,690</u>		<u>142,264,690</u>
Expenditures												
Current expense:												
Instruction:												
Regular programs:												
Salaries of teachers:												
Kindergarten		\$ 1,446,480	1,446,480	\$ 1,000	\$ (3,850)	\$ (2,850)	1,000	\$ 1,442,630	1,443,630	1,000	\$ 1,384,670	1,385,670
Grades 1-5	54,257	10,838,199	10,892,456	68,690	(672,797)	(604,107)	122,947	10,165,402	10,288,349	122,947	10,081,995	10,204,942
Grades 6-8	392,400	8,040,935	8,433,335	(140,298)	(831,730)	(972,028)	252,102	7,209,205	7,461,307	252,102	7,078,654	7,330,756
Grades 9-12	888,802	7,039,144	7,927,946	(174,204)	(997,634)	(1,171,838)	714,598	6,041,510	6,756,108	714,598	5,999,360	6,713,958
Instruction- home instruction:												
Salaries of teachers				50,000			50,000		50,000	50,000		50,000
Purchased professional-educational services	134,732		134,732				134,732		134,732	110,069		110,069
Regular programs - undistributed instruction:												
Other salaries for instruction		869,550	869,550	1,000	(30,938)	(29,938)	1,000	838,612	839,612	1,000	752,125	753,125
Purchased professional-educational services	196,409	210,340	406,749	(42,610)	120,719	78,109	153,799	331,059	484,858	153,799	276,928	430,727
Purchased technical services		17,388	17,388	1,500	26,510	28,010	1,500	43,898	45,398	96	24,634	24,730
Other purchased services		68,710	68,710		(65,757)	(65,757)		2,953	2,953		2,953	2,953
General supplies	3,834,365	1,613,233	5,447,598	(3,200,733)	(431,264)	(3,631,997)	633,632	1,181,969	1,815,601	617,433	1,025,451	1,642,884
Textbooks	429,500	14,000	443,500	(147,496)	(13,000)	(160,496)	282,004	1,000	283,004	279,268	51	279,319
Other objects		54,000	54,000		13,200	13,200		67,200	67,200		31,787	31,787
Total regular programs	<u>5,930,465</u>	<u>30,211,979</u>	<u>36,142,444</u>	<u>(3,583,151)</u>	<u>(2,886,541)</u>	<u>(6,469,692)</u>	<u>2,347,314</u>	<u>27,325,438</u>	<u>29,672,752</u>	<u>2,302,312</u>	<u>26,658,608</u>	<u>28,960,920</u>

Orange Public Schools
General Fund
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
(Budgetary Basis)
Year ended June 30, 2023

	Original Budget			Budget Transfers			Final Budget			Actual		
	Operating Fund 11-13	Blended Resource Fund 15	Total General Fund	Operating Fund 11-13	Blended Resource Fund 15	Total General Fund	Operating Fund 11-13	Blended Resource Fund 15	Total General Fund	Operating Fund 11-13	Blended Resource Fund 15	Total General Fund
Current expense (continued):												
Instruction (continued):												
Special education:												
Intellectual disability - mild:												
Salaries of teachers	\$	305,335	\$				\$	305,335	\$	305,335	\$	305,335
General supplies				\$	1,402	\$	1,402	1,402		564		564
Other objects		5,000	5,000		4,487	4,487		9,487	9,487		2,048	2,048
Total Intellectual disability - mild		310,335	310,335		5,889	5,889		316,224	316,224		307,947	307,947
Learning and/or language disabilities:												
Salaries of teachers		844,748	844,748					844,748	844,748		844,748	844,748
Other salaries for instruction		523,262	523,262		11,986	11,986		535,248	535,248		458,972	458,972
Purchased professional - educational services												
Other purchased services		5,400	5,400		(500)	(500)		4,900	4,900		500	500
General supplies		53,656	53,656		(39,203)	(39,203)		14,453	14,453		12,185	12,185
Textbooks		2,631	2,631		(1,000)	(1,000)		1,631	1,631		616	616
Other objects		2,900	2,900					2,500	2,500			
Total learning and/or language disabilities		1,432,197	1,432,197		(28,717)	(28,717)		1,403,480	1,403,480		1,317,021	1,317,021
Emotional regulation impairments:												
Salaries of teachers		273,139	273,139					273,139	273,139		244,280	244,280
Other salaries for instruction		108,126	108,126					108,126	108,126		105,627	105,627
General supplies		12,600	12,600					12,600	12,600		4,485	4,485
Total emotional regulation impairments		393,865	393,865					393,865	393,865		354,392	354,392
Multiple disabilities:												
Salaries of teachers		750,086	750,086					750,086	750,086		720,628	720,628
Other salaries for instruction		337,756	337,756					337,756	337,756		318,333	318,333
Other purchased services		5,400	5,400		(500)	(500)		4,900	4,900		1,182	1,182
General supplies		33,767	33,767		(2,500)	(2,500)		31,267	31,267		27,433	27,433
Other objects		8,500	8,500		3,740	3,740		12,240	12,240		3,093	3,093
Total multiple disabilities		1,135,509	1,135,509		740	740		1,136,249	1,136,249		1,070,669	1,070,669
Resource room/center:												
Salaries of teachers		3,526,191	3,526,191					3,526,191	3,526,191		3,475,487	3,475,487
Other salaries for instruction		404,923	404,923					404,923	404,923		392,339	392,339
Purchased professional-educational services		3,000	3,000					3,000	3,000			
Other Purchased Services		2,000	2,000		(2,000)	(2,000)						
General supplies		76,412	76,412		(12,295)	(12,295)		64,117	64,117		59,068	59,068
Textbooks		2,940	2,940		(2,000)	(2,000)		940	940		940	940
Other objects		8,800	8,800		3,649	3,649		12,449	12,449		1,428	1,428
Total resource room/center		4,024,266	4,024,266		(12,646)	(12,646)		4,011,620	4,011,620		3,929,262	3,929,262
Autism:												
Salaries of teachers		314,854	314,854					314,854	314,854		313,517	313,517
Other salaries for instruction		257,666	257,666		16,560	16,560		274,226	274,226		271,881	271,881
Other purchased services					1,130	1,130		1,130	1,130		1,128	1,128
General supplies		4,000	4,000					4,000	4,000		3,074	3,074
Total autism		576,520	576,520		17,690	17,690		594,210	594,210		589,600	589,600

Orange Public Schools
General Fund
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
(Budgetary Basis)
Year ended June 30, 2023

	Original Budget			Budget Transfers			Final Budget			Actual		
	Operating Fund 11-13	Blended Resource Fund 15	Total General Fund	Operating Fund 11-13	Blended Resource Fund 15	Total General Fund	Operating Fund 11-13	Blended Resource Fund 15	Total General Fund	Operating Fund 11-13	Blended Resource Fund 15	Total General Fund
Current expense (continued):												
Instruction (continued):												
Special education (continued):												
Preschool disabilities-full time:												
Salaries of teachers	\$ 548,216	\$ 67,739	\$ 615,955	\$ (180,000)	\$ (180,000)	\$ (180,000)	\$ 368,216	\$ 67,739	\$ 435,955	\$ 368,216	\$ 66,044	\$ 434,260
Other salaries for instruction	155,459	56,410	211,869				155,459	56,410	211,869	155,459	56,198	211,657
Other purchased services				\$ 18		18			18			
General supplies		2,600	2,600					2,600	2,600		2,227	2,227
Other objects		500	500					500	500			
Total preschool disabilities - full time	703,675	127,249	830,924	(180,000)	18	(179,982)	523,675	127,267	650,942	523,675	124,469	648,144
Total special education	703,675	7,999,941	8,703,616	(180,000)	(17,026)	(197,026)	523,675	7,982,915	8,506,590	523,675	7,693,360	8,217,035
Bilingual education:												
Salaries of teachers		3,548,246	3,548,246		81,260	81,260		3,629,506	3,629,506		3,629,506	3,629,506
Other salaries for instruction		191,766	191,766		4,935	4,935		196,701	196,701		179,606	179,606
Purchased professional-educational services		13,500	13,500		(10,000)	(10,000)		3,500	3,500			
Other purchased services		3,000	3,000		(2,000)	(2,000)		1,000	1,000			
General supplies		86,845	86,845		(6,228)	(6,228)		80,617	80,617		69,542	69,542
Textbooks		1,880	1,880		(1,000)	(1,000)		880	880		880	880
Other objects		6,750	6,750					6,750	6,750			
Total bilingual education		3,851,987	3,851,987		66,967	66,967		3,918,954	3,918,954		3,879,534	3,879,534
School sponsored co-curricular activities:												
Salaries		296,257	296,257		(20,966)	(20,966)		275,291	275,291		245,954	245,954
Purchased services		29,350	29,350					29,350	29,350		11,992	11,992
Supplies and materials	42,325	33,744	76,069		(4,100)	(4,100)	42,325	29,644	71,969	30,600	18,222	48,822
Other objects		5,250	5,250					5,250	5,250			
Total school sponsored co-curricular activities	42,325	364,601	406,926		(25,066)	(25,066)	42,325	339,535	381,860	30,600	276,168	306,768
School sponsored athletic activities:												
Salaries	99,917		99,917	175,204		175,204	275,121		275,121	275,121		275,121
Purchased services					11,500	11,500		11,500	11,500		11,500	11,500
Supplies and materials		282,130	282,130	17,665	(42,000)	(24,335)	17,665	240,130	257,795	7,248	221,396	228,644
Other objects		2,199	2,199	11,808	2,500	14,308	11,808	4,699	16,507	11,808	2,500	14,308
Total school sponsored athletic activities	99,917	284,329	384,246	204,677	(28,000)	176,677	304,594	256,329	560,923	294,177	235,396	529,573
Before / after school programs - instruction:												
Salaries of teachers		270,489	270,489		(203,000)	(203,000)		67,489	67,489		61,198	61,198
Other purchased services		3,200	3,200					3,200	3,200		1,250	1,250
Supplies and materials		50,265	50,265		(12,000)	(12,000)		38,265	38,265		19,090	19,090
Total before / after school programs - instruction		323,954	323,954		(215,000)	(215,000)		108,954	108,954		81,538	81,538
Before / after school programs - support services:												
Salaries					4,100	4,100		4,100	4,100		4,100	4,100
Total before / after school programs - support services					4,100	4,100		4,100	4,100		4,100	4,100
Alternative education programs - instruction:												
Salaries of teachers	553,963		553,963	(128,000)		(128,000)	425,963		425,963	424,486		424,486
General supplies	6,700		6,700	(4,500)		(4,500)	2,200		2,200			
Other objects				4,500		4,500	4,500		4,500	2,066		2,066
Total alternative education programs - instruction	560,663		560,663	(128,000)		(128,000)	432,663		432,663	426,552		426,552
Alternative education programs - support services:												
Salaries	54,080		54,080	8,000		8,000	62,080		62,080	62,080		62,080
Purchased services	2,500		2,500				2,500		2,500			
Total alternative education programs - support services	56,580		56,580	8,000		8,000	64,580		64,580	62,080		62,080
Community Services Programs/Operations												
Supplies and materials	19,900		19,900	(9,735)		(9,735)	10,165		10,165	6,560		6,560
Total Community Services Programs/Operations	19,900		19,900	(9,735)		(9,735)	10,165		10,165	6,560		6,560
Total instruction	7,413,525	43,036,791	50,450,316	(3,688,209)	(3,100,566)	(6,788,775)	3,725,316	39,936,225	43,661,541	3,645,956	38,828,704	42,474,660

Orange Public Schools
General Fund
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
(Budgetary Basis)
Year ended June 30, 2023

	Original Budget			Budget Transfers			Final Budget			Actual		
	Operating Fund 11-13	Blended Resource Fund 15	Total General Fund	Operating Fund 11-13	Blended Resource Fund 15	Total General Fund	Operating Fund 11-13	Blended Resource Fund 15	Total General Fund	Operating Fund 11-13	Blended Resource Fund 15	Total General Fund
Current expense (continued):												
Undistributed expenditures:												
Instruction:												
Tuition to other school districts in the state-special	\$ 171,609		\$ 171,609	\$ (16,148)		\$ (16,148)	\$ 155,461		\$ 155,461	\$ 154,856		\$ 154,856
Tuition to county vocational - regular	730,844		730,844	(68,812)		(68,812)	662,032		662,032	653,757		653,757
Tuition to county vocational - special	143,793		143,793	11,310		11,310	155,103		155,103	155,103		155,103
Tuition to county spec. svcs. & rds	356,072		356,072	(170,458)		(170,458)	185,614		185,614	176,898		176,898
Tuition to private school - hand in state	5,525,272		5,525,272	891,465		891,465	6,416,737		6,416,737	6,118,666		6,118,666
Tuition to state facilities	13,500		13,500				13,500		13,500			
Total undistributed expenditures - instruction	6,941,090		6,941,090	647,357		647,357	7,588,447		7,588,447	7,259,280		7,259,280
Attendance and social work services:												
Salaries		\$ 309,378	309,378				\$ 309,378	309,378		\$ 283,489	283,489	
Salaries of family liaisons / comm parent inv. Specialists		173,561	173,561				173,561	173,561		99,727	99,727	
Supplies and materials		7,950	7,950		\$ (1,000)	(1,000)	6,950	6,950		3,808	3,808	
Total attendance and social work services		490,889	490,889		(1,000)	(1,000)	489,889	489,889		387,024	387,024	
Health services:												
Salaries		940,656	940,656				940,656	940,656		893,946	893,946	
Purchased prof. and tech. services	500	1,340	1,840	11,000	(400)	10,600	11,500	940	12,440	8,550		8,550
Supplies and materials	7,500	24,852	32,352	(5,000)	(2,500)	(7,500)	2,500	22,352	24,852	250	12,050	12,300
Total health services	8,000	966,848	974,848	6,000	(2,900)	3,100	14,000	963,948	977,948	8,800	905,996	914,796
Other support services - speech, OT, PT and related services:												
Salaries												
Purchased professional educational services	260,000		260,000	200,125		200,125	460,125		460,125	383,111		383,111
Supplies and materials												
Total other support services - speech, OT, PT and related services	260,000		260,000	200,125		200,125	460,125		460,125	383,111		383,111
Other support services - students - guidance:												
Salaries of other prof. staff		1,359,141	1,359,141		(120,000)	(120,000)	1,239,141	1,239,141		1,212,868	1,212,868	
Other salaries		4,830	4,830		80,160	80,160		84,990	84,990		38,500	38,500
Other purchased services	7,000		7,000				7,000		7,000	476		476
Supplies and materials	1,000	15,850	16,850		(4,500)	(4,500)	1,000	11,350	12,350		6,650	6,650
Other objects	5,425		5,425				5,425	5,425		3,844		3,844
Total other support services - students - guidance	13,425	1,379,821	1,393,246		(44,340)	(44,340)	13,425	1,335,481	1,348,906	4,320	1,258,018	1,262,338
Other support services - students special (child study teams):												
Salaries of other prof. staff	2,650,196		2,650,196				2,650,196	2,650,196		2,650,196		2,650,196
Salaries secretary/clerical assts. (105)	219,464		219,464				219,464	219,464		219,464		219,464
Other purchased prof. and tech. services	135,695		135,695	(108,441)		(108,441)	27,254	26,485		26,485		26,485
Other purchased services	4,175		4,175				4,175	4,175		1,264		1,264
Supplies and materials	20,000		20,000				20,000	20,000		19,892		19,892
Total other support services - students special (child study teams)	3,029,530		3,029,530	(108,441)		(108,441)	2,921,089	2,921,089		2,917,301		2,917,301

Orange Public Schools
General Fund
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
(Budgetary Basis)
Year ended June 30, 2023

	Original Budget			Budget Transfers			Final Budget			Actual		
	Operating Fund 11-13	Blended Resource Fund 15	Total General Fund	Operating Fund 11-13	Blended Resource Fund 15	Total General Fund	Operating Fund 11-13	Blended Resource Fund 15	Total General Fund	Operating Fund 11-13	Blended Resource Fund 15	Total General Fund
Current expense (continued):												
Improvement of instruction services/instructional staff:												
Salaries of supervisors of instruction	\$ 2,408,326		\$ 2,408,326	\$ (300,000)		\$ (300,000)	\$ 2,108,326		\$ 2,108,326	\$ 2,108,326		\$ 2,108,326
Salaries of other professional staff	203,256		203,256				203,256		203,256	203,256		203,256
Salaries of secretarial and clerical assistants	150,411		150,411				150,411		150,411	150,411		150,411
Other salaries	109,550	\$ 15,855	125,405	8,742		8,742	118,292	\$ 15,855	134,147	118,292	\$ 15,855	134,147
Salaries of facilitators, math and literacy coaches				78,556		78,556	78,556		78,556	78,556		78,556
Purchased professional educational services	3,500		3,500	1,600		1,600	5,100		5,100	1,760		1,760
Other purchased professional and technical services				8,500		8,500	8,500		8,500	7,267		7,267
Other purchased services	36,190	44,510	80,700				36,190	44,510	80,700	15,689	5,918	21,607
Supplies and materials	78,407	14,675	93,082				78,407	14,675	93,082	64,471	7,085	71,556
Other objects	246,439	124,500	370,939	(65,248)	\$ 257,895	192,647	181,191	382,395	563,586	160,388	310,364	470,752
Total improvement of instruction services/instructional staff	3,236,079	199,540	3,435,619	(267,850)	257,895	(9,955)	2,968,229	457,435	3,425,664	2,908,416	339,222	3,247,638
Educational media services/school library:												
Salaries		538,202	538,202					538,202	538,202		514,585	514,585
Salaries of technology coordinators		805,660	805,660					805,660	805,660		793,395	793,395
Purchased prof. and tech. services		13,287	13,287		(10,000)	(10,000)		3,287	3,287		90	90
Supplies and materials		101,509	101,509		275	275		101,784	101,784		57,070	57,070
Other objects		16,378	16,378		(9,263)	(9,263)		7,115	7,115		7,115	7,115
Total educational media services/school library		1,475,036	1,475,036		(18,988)	(18,988)		1,456,048	1,456,048		1,372,255	1,372,255
Instructional staff training services:												
Salaries of other professional staff	322,898		322,898	(200,000)		(200,000)	122,898		122,898	122,898		122,898
Purchased professional - educational services	106,000	4,537	110,537	15,708	97,636	113,344	121,708	102,173	223,881	105,600	90,297	195,897
Other purchased services	48,000		48,000	(8,161)		(8,161)	39,839		39,839	11,118		11,118
Supplies and materials	5,000	610	5,610				5,000	610	5,610	277		277
Total instructional staff training services	481,898	5,147	487,045	(192,453)	97,636	(94,817)	289,445	102,783	392,228	239,893	90,297	330,190
Support services - general administration:												
Salaries	511,051		511,051				511,051		511,051	511,051		511,051
Legal services	193,784		193,784	10,000		10,000	203,784		203,784	164,058		164,058
Other purchased prof. services	79,360		79,360	124,704		124,704	204,064		204,064	185,108		185,108
Communications/telephone	239,360		239,360	5,677		5,677	245,037		245,037	238,942		238,942
Miscellaneous purchased services	7,500		7,500				7,500		7,500			
General supplies	15,600		15,600	16,728		16,728	32,328		32,328	27,129		27,129
Judgments against the school district										276,452		276,452
Miscellaneous expenditures	15,499		15,499	2,362		2,362	17,861		17,861	16,823		16,823
Total support services - general administration	1,062,154		1,062,154	159,471		159,471	1,221,625		1,221,625	1,419,563		1,419,563
Support services -school administration:												
Salaries of principals/asst. principals	290,666	3,294,387	3,585,053				290,666	3,294,387	3,585,053	290,666	3,242,209	3,532,875
Salaries secretary/clerical assts.	163,179	1,019,922	1,183,101				163,179	1,019,922	1,183,101	163,179	1,007,001	1,170,180
Other salaries		52,170	52,170	11,000	136,616	147,616	11,000	188,786	199,786	11,000	159,599	170,599
Purchased professional and technical services		1,200	1,200					1,200	1,200			
Other purchased services	4,800		4,800				4,800		4,800			
Supplies and materials		124,400	124,400		193	193		124,593	124,593		100,620	100,620
Other objects		15,845	15,845		(11,500)	(11,500)		4,345	4,345		2,595	2,595
Total support services - school administration	458,645	4,507,924	4,966,569	11,000	125,309	136,309	469,645	4,633,233	5,102,878	464,845	4,512,024	4,976,869

Orange Public Schools
General Fund
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
(Budgetary Basis)
Year ended June 30, 2023

	Original Budget			Budget Transfers			Final Budget			Actual		
	Operating Fund 11-13	Blended Resource Fund 15	Total General Fund	Operating Fund 11-13	Blended Resource Fund 15	Total General Fund	Operating Fund 11-13	Blended Resource Fund 15	Total General Fund	Operating Fund 11-13	Blended Resource Fund 15	Total General Fund
Current expense (continued):												
Undistributed expenditures (continued):												
Central Services:												
Salaries	\$ 1,422,608		\$ 1,422,608				\$ 1,422,608		\$ 1,422,608	\$ 1,309,574		\$ 1,309,574
Purchased professional services	1,509,324		1,509,324	\$ 165,777		\$ 165,777	1,675,101		1,675,101	1,605,302		1,605,302
Misc purchased services	47,000		47,000	806,382		806,382	853,382		853,382	771,143		771,143
Supplies and materials	52,107		52,107	21,893		21,893	74,000		74,000	64,595		64,595
Miscellaneous expenditures	188,755		188,755	47,772		47,772	236,527		236,527	232,087		232,087
Total Central Services	3,219,794		3,219,794	1,041,824		1,041,824	4,261,618		4,261,618	3,982,701		3,982,701
Admin Info Technology:												
Salaries	408,540		408,540				408,540		408,540	408,540		408,540
Purchased technical services	508,582		508,582	7,355		7,355	515,937		515,937	475,932		475,932
Other purchased services	429,060		429,060	689,577		689,577	1,118,637		1,118,637	1,093,655		1,093,655
Supplies and materials	7,078		7,078				7,078		7,078	6,954		6,954
Total Admin Info Technology	1,353,260		1,353,260	696,932		696,932	2,050,192		2,050,192	1,985,081		1,985,081
Required maintenance for school facilities:												
Cleaning, repair and maintenance services	1,091,609		1,091,609	929,967		929,967	2,021,576		2,021,576	1,817,234		1,817,234
General supplies				125,000		125,000	125,000		125,000	126,116		126,116
Total required maintenance for school facilities	1,091,609		1,091,609	1,054,967		1,054,967	2,146,576		2,146,576	1,943,350		1,943,350
Custodial services:												
Salaries	26,265		26,265	240,030		240,030	266,295		266,295	266,295		266,295
Purchased professional and technical services	3,100,000		3,100,000	769,486		769,486	3,869,486		3,869,486	3,511,704		3,511,704
Cleaning, repair and maintenance services	705,695		705,695	175,000		175,000	880,695		880,695	775,385		775,385
Rental of land & buildings other than lease purchase agreements				379,166		379,166	379,166		379,166	659,750		659,750
Insurance	495,000		495,000	284,280		284,280	779,280		779,280	775,429		775,429
General supplies	6,352	\$ 250	6,602				6,352	\$ 250	6,602	2,289		2,289
Energy (electricity)	1,622,760		1,622,760	(470,000)		(470,000)	1,152,760		1,152,760	2,067,629		2,067,629
Energy (natural gas)	1,060,449		1,060,449	(805,765)		(805,765)	254,684		254,684	350,964		350,964
Energy (gasoline)	10,000		10,000	90,000		90,000	100,000		100,000	83,844		83,844
Gasoline (vehicles)				31,000		31,000	31,000		31,000	31,000		31,000
Total custodial services	7,026,521	250	7,026,771	693,197		693,197	7,719,718	250	7,719,968	8,524,289		8,524,289
Security:												
Salaries	383,921	985,373	1,369,294		\$ 25,900	25,900	383,921	1,011,273	1,395,194	383,921	\$ 955,502	1,339,423
Purchased professional and technical services				10,000		10,000	10,000		10,000	8,483		8,483
General supplies		10,375	10,375					10,375	10,375		3,572	3,572
Total security	383,921	995,748	1,379,669	10,000	25,900	35,900	393,921	1,021,648	1,415,569	392,404	959,074	1,351,478

Orange Public Schools
General Fund
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
(Budgetary Basis)
Year ended June 30, 2023

	Original Budget			Budget Transfers			Final Budget			Actual		
	Operating Fund 11-13	Blended Resource Fund 15	Total General Fund	Operating Fund 11-13	Blended Resource Fund 15	Total General Fund	Operating Fund 11-13	Blended Resource Fund 15	Total General Fund	Operating Fund 11-13	Blended Resource Fund 15	Total General Fund
Current expense (continued):												
Student transportation services:												
Cleaning, repair and maintenance services	\$ 10,501		\$ 10,501	\$ 40,647		\$ 40,647	\$ 51,148		\$ 51,148	\$ 41,463		\$ 41,463
Contracted services (between home and sch.) - vendor	55,000		55,000	(19,432)		(19,432)	35,568		35,568	30,732		30,732
Contracted services (other than home to sch.) - vendor	516,963	\$ 84,190	601,153	(388,455)	\$ 145,747	(242,708)	128,508	\$ 229,937	358,445	90,051	\$ 113,889	203,940
Contracted services (special ed.) - vendor	550,000		550,000	(550,000)		(550,000)						
Contracted services (special ed.) - ESCs & CTSA's	2,660,375		2,660,375	5,003,823		5,003,823	7,664,198		7,664,198	7,662,715		7,662,715
Contracted services - aid in lieu of payments - charter				28,966		28,966			28,966	26,781		26,781
Total student transportation services	3,792,839	84,190	3,877,029	4,115,549	145,747	4,261,296	7,908,388	229,937	8,138,325	7,851,742	113,889	7,965,631
Unallocated benefits - employee benefits:												
Social security contributions	908,678		908,678	197,237		197,237	1,105,915		1,105,915	1,105,915		1,105,915
T.P.A.F. Contributions - ERIP (Early Retirement Incentive Program)	21,000		21,000				21,000		21,000			
Other retirement contributions - pers	1,012,600		1,012,600				1,012,600		1,012,600	531,973		531,973
Unemployment compensation	311,000		311,000	(311,000)		(311,000)				86,455		86,455
Worker's compensation	503,037		503,037	(149,267)		(149,267)	353,770		353,770	353,769		353,769
Health benefits	864,902	14,027,158	14,892,060	1,054,843	46,848	1,101,691	1,919,745	14,074,006	15,993,751	4,243,478	14,074,006	18,317,484
Tuition reimbursement	160,000		160,000	(60,000)		(60,000)	100,000		100,000	89,289		89,289
Total unallocated benefits	3,781,217	14,027,158	17,808,375	731,813	46,848	778,661	4,513,030	14,074,006	18,587,036	6,410,879	14,074,006	20,484,885
On-behalf payments:												
On-behalf TPAF pension and annuity fund										16,589,896		16,589,896
On-behalf TPAF post retirement medical										4,358,126		4,358,126
On-behalf TPAF long-term disability insurance										9,584		9,584
Reimbursed TPAF social security contributions										3,581,421		3,581,421
Total on-behalf payments										24,539,027		24,539,027
Total undistributed expenditures	36,139,982	24,132,551	60,272,533	8,799,491	632,107	9,431,598	44,939,473	24,764,658	69,704,131	71,235,002	24,011,805	95,246,807
Total expenditures - current expense	43,553,507	67,169,342	110,722,849	5,111,282	(2,468,459)	2,642,823	48,664,789	64,700,883	113,365,672	74,880,958	62,840,509	137,721,467
Capital outlay												
Equipment:												
Regular programs - instruction:												
Grades 1-5		49,026	49,026		(34,051)	(34,051)		14,975	14,975		44,240	44,240
Grades 6-8		10,000	10,000		2,310	2,310		12,310	12,310		7,852	7,852
Grades 9-12					7,107	7,107		7,107	7,107		9,619	9,619
Undistributed expenditures:												
Non-Instructional										17,220		17,220
Support services students												
Support services school administration	88,400		88,400	(59,682)	47,500	(12,182)	28,718	47,500	76,218	26,166	16,925	43,091
Central services	4,700		4,700	11,000		11,000	15,700		15,700	11,821		11,821
Required maintenance for school facilities										2,559		2,559
Total equipment	93,100	59,026	152,126	(48,682)	22,866	(25,816)	44,418	81,892	126,310	57,766	78,636	136,402

Orange Public Schools
General Fund
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
(Budgetary Basis)
Year ended June 30, 2023

	Original Budget			Budget Transfers			Final Budget			Actual		
	Operating Fund 11-13	Blended Resource Fund 15	Total General Fund	Operating Fund 11-13	Blended Resource Fund 15	Total General Fund	Operating Fund 11-13	Blended Resource Fund 15	Total General Fund	Operating Fund 11-13	Blended Resource Fund 15	Total General Fund
Capital Outlay (continued):												
Facilities acquisition and construction services:												
Construction services	\$ 1,125,945		\$ 1,125,945	\$ (396,918)		\$ (396,918)	\$ 729,027		\$ 729,027	\$ 622,861		\$ 622,861
Total facilities acquisition and construction svcs.	<u>1,125,945</u>		<u>1,125,945</u>	<u>(396,918)</u>		<u>(396,918)</u>	<u>729,027</u>		<u>729,027</u>	<u>622,861</u>		<u>622,861</u>
Assets acquired under leases (non-budgeted)										2,482,016		2,482,016
Total capital outlay	1,219,045	\$ 59,026	1,278,071	(445,600)	\$ 22,866	(422,734)	773,445	\$ 81,892	855,337	3,162,643	78,636	3,241,279
Special schools:												
Summer school - support services:												
Salaries	441,220		441,220	(390,000)		(390,000)	51,220		51,220	16,766		16,766
Total summer school support services	<u>441,220</u>		<u>441,220</u>	<u>(390,000)</u>		<u>(390,000)</u>	<u>51,220</u>		<u>51,220</u>	<u>16,766</u>		<u>16,766</u>
Total summer school	441,220		441,220	(390,000)		(390,000)	51,220		51,220	16,766		16,766
Total special schools	<u>441,220</u>		<u>441,220</u>	<u>(390,000)</u>		<u>(390,000)</u>	<u>51,220</u>		<u>51,220</u>	<u>16,766</u>		<u>16,766</u>
Transfer of funds to charter schools	5,091,258		5,091,258				5,091,258		5,091,258	4,825,670		4,825,670
Total expenditures	50,305,030	67,228,368	117,533,398	4,275,682	(2,445,593)	1,830,089	54,580,712	64,782,775	119,363,487	82,886,037	62,919,145	145,805,182
Excess (deficiency) of revenues over (under) expenditures	66,466,449	(67,228,368)	(761,919)	(4,275,682)	2,445,593	(1,830,089)	62,190,767	(64,782,775)	(2,592,008)	59,378,653	(62,919,145)	(3,540,492)
Other financing sources (uses):												
Proceeds from Leases (non-budgeted)										2,482,016		2,482,016
Transfer in - contribution to school based budgets - GF		65,944,758	65,944,758		(2,571,376)	(2,571,376)		63,373,382	63,373,382		61,579,249	61,579,249
Transfer in - contribution to school based budgets - encumbrances 2022/23					125,783	125,783		125,783	125,783		125,783	125,783
Transfer in - contribution to school based budgets - SRF		1,283,610	1,283,610					1,283,610	1,283,610		1,246,560	1,246,560
Transfers out - debt service fund										(16,911)		(16,911)
Transfers out - Preschool Education Aid Inclusion	(421,691)		(421,691)				(421,691)		(421,691)	(421,691)		(421,691)
Transfers out - food service school based budgets	(100,000)		(100,000)	(5,541)		(5,541)	(105,541)		(105,541)	(99,171)		(99,171)
Transfer out - contribution to school based budgets - 2022/23 encumbrances	(65,944,758)		(65,944,758)	2,571,376		2,571,376	(63,373,382)		(63,373,382)	(61,579,249)		(61,579,249)
Total other financing sources (uses)	(66,466,449)	67,228,368	761,919	(2,440,052)	(2,445,593)	(5,541)	(64,026,397)	64,782,775	756,378	(59,760,789)	62,951,592	3,190,803
(Deficiency) excess of revenues (under) over expenditures and other financing sources (uses):				(1,835,630)		(1,835,630)	(1,835,630)		(1,835,630)	(382,136)	32,447	(349,689)
Fund balances, July 1	6,794,463	93,336	6,887,799	(2,585,677)		(2,585,677)	4,208,786	93,336	4,302,122	21,189,111	93,336	21,282,447
Fund balances, June 30	<u>\$ 6,794,463</u>	<u>\$ 93,336</u>	<u>\$ 6,887,799</u>	<u>\$ (4,421,307)</u>	<u>\$ -</u>	<u>\$ (4,421,307)</u>	<u>\$ 2,373,156</u>	<u>\$ 93,336</u>	<u>\$ 2,466,492</u>	<u>\$ 20,806,975</u>	<u>\$ 125,783</u>	<u>\$ 20,932,758</u>
Recapitulation of (deficiency) excess of revenues (under) over expenditures												
Adjustment for prior year encumbrances				\$ (1,835,630)		\$ (1,835,630)	\$ (1,835,630)		\$ (1,835,630)	\$ (382,136)	\$ 32,447	\$ (349,689)
Budgeted fund balance												
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,835,630)</u>	<u>\$ -</u>	<u>\$ (1,835,630)</u>	<u>\$ (1,835,630)</u>	<u>\$ -</u>	<u>\$ (1,835,630)</u>	<u>\$ (382,136)</u>	<u>\$ 32,447</u>	<u>\$ (349,689)</u>

Orange Public Schools
Special Revenue Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local sources		\$ 13,439	\$ 13,439	\$ 261,816	\$ 248,377
State Sources	\$ 12,173,830	3,338,741	15,512,571	13,782,690	(1,729,881)
Federal Sources	19,573,106	8,357,479	27,930,585	16,726,596	(11,203,989)
Total revenues	<u>31,746,936</u>	<u>11,709,659</u>	<u>43,456,595</u>	<u>30,771,102</u>	<u>(12,685,493)</u>
Expenditures:					
Instruction:					
Salaries of teachers	2,275,821	243,395	2,519,216	2,473,619	45,597
Other salaries for instruction	1,855,560	1,299,362	3,154,922	1,743,757	1,411,165
Purchased professional - educational services	1,026,063	762,212	1,788,275	1,264,140	524,135
Other purchased services	660,863	243,639	904,502	809,473	95,029
General supplies	3,327,578	1,154,821	4,482,399	1,917,351	2,565,048
Other objects	9,492	13,428	22,920	3,948	18,972
Total instruction	<u>9,155,377</u>	<u>3,716,857</u>	<u>12,872,234</u>	<u>8,212,288</u>	<u>4,659,946</u>
Support services:					
Salaries of program directors	103,968	50,000	153,968	138,766	15,202
Salaries of other professional staff	1,018,627	176,878	1,195,505	1,112,774	82,731
Salaries of secretarial and clerical assistants	53,740	6,522	60,262	60,262	
Other salaries	962,407	274,332	1,236,739	661,310	575,429
Salaries of Family/Parent Liason and Community Parent Involvement Specialists	65,000		65,000	37,991	27,009
Salaries of Community/School Coordinators	260,000		260,000	260,000	
Salaries of Social Services Coordinators	170,000		170,000	170,000	
Salaries of Facilitators, Math Coaches, Literacy Coaches and Master Teachers	326,218	116,151	442,369	442,369	
Purchased professional and technical services	10,076	102,744	112,820	1,590	111,230
Purchased professional - educational services	1,232,133	1,971,898	3,204,031	2,280,286	923,745
Purchased educational services - Contracted Pre-K	5,038,825	(117,937)	4,920,888	3,394,780	1,526,108
Purchased educational services - Head Start	1,788,853	227,555	2,016,408	2,016,408	
Other purchased professional- education services	56,100	12,503	68,603	14,306	54,297
Other purchased professional services	43,000	(17,325)	25,675	1,056	24,619
Purchased technical services	617,788		617,788	338,913	278,875
Cleaning, repair and maintenance services	6,209,850	(2,979,706)	3,230,144	2,862,888	367,256
Rentals		499,007	499,007	221,844	277,163
Other purchased services	653,584	68,543	722,127	623,981	98,146
Contracted Services (Other Than Between Home and School) - Vendors	17,000	9,000	26,000	4,632	21,368
Contracted Services (Other Than Between Home and School) - Grant	25,000		25,000	9,576	15,424
Supplies and materials	658,315	1,120,617	1,778,932	1,388,671	390,261
Other objects	1,949,736	277,966	2,227,702	82,911	2,144,791
Student activities				232,688	(232,688)
Total support services	<u>21,260,220</u>	<u>1,798,748</u>	<u>23,058,968</u>	<u>16,358,002</u>	<u>6,700,966</u>
Capital Outlay:					
Facilities acquisition and construction services:					
Construction services		3,152,451	3,152,451	2,850,808	301,643
Buildings		2,485,948	2,485,948	2,375,817	110,131
Instructional equipment	63,063	864,306	927,369	14,724	912,645
Noninstructional equipment	21,715	113,041	134,756	116,551	18,205
Total capital outlay	<u>84,778</u>	<u>6,615,746</u>	<u>6,700,524</u>	<u>5,357,900</u>	<u>1,342,624</u>
Total expenditures	<u>30,500,376</u>	<u>12,131,350</u>	<u>42,631,726</u>	<u>29,928,190</u>	<u>12,703,536</u>
Other financing (uses) sources:					
Contribution to school based budgets	(1,246,560)		(1,246,560)	(1,246,560)	
General Fund Contribution to Preschool Education		421,691	421,691	421,691	
Total other financing (uses) sources	<u>(1,246,560)</u>	<u>421,691</u>	<u>(824,869)</u>	<u>(824,869)</u>	
Total expenditures and other financing (uses) sources	<u>31,746,936</u>	<u>11,709,659</u>	<u>43,456,595</u>	<u>30,753,059</u>	<u>12,703,536</u>
Excess (deficiency) of revenues over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	18,043	<u>\$ 18,043</u>
Fund Balance, July 1				<u>259,847</u>	
Fund Balance, June 30				<u>\$ 277,890</u>	
Recapitulation:					
Restricted - Scholarships				\$ 159,119	
Student Activities				118,771	
				<u>\$ 277,890</u>	

Orange Public Schools
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2023

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the Budgetary Comparison Schedule (C-1, C-2)	\$ 142,264,690	\$ 30,771,102
Differences - budgetary to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current year		(5,697,674)
Prior year (net of cancellations)		1,601,858
State aid payment from prior year recognized in prior year for budgetary purposes, and recognized for GAAP statements in the current fiscal year.	9,253,565	1,084,508
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.	(10,227,854)	(1,105,214)
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (B-2)	\$ 141,290,401	\$ 26,654,580
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule (C-1, C-2)	\$ 145,805,182	\$ 29,928,190
Differences - budgetary to GAAP		
Encumbrances for supplies and equipment ordered but not received are recognized expenditures for budgetary resources, but are not presented as expenditures for financial reporting purposes.		
Current year		(5,697,674)
Prior year (net of cancellations)		1,601,858
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 145,805,182	\$ 25,832,374

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APPENDIX C

Form of Bond Counsel's Approving Legal Opinion

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90 Woodbridge Center Drive
Suite 900 Box 10
Woodbridge, NJ 07095-0958
732.636.8000

_____, 2024

The Board of Education of the
City of Orange Township
Orange Township, New Jersey

Ladies and Gentlemen:

We have served as bond counsel in connection with the authorization, sale and issuance of \$_____ aggregate principal amount of Energy Savings Obligation Refunding School Bonds, Series 2024 (the “Bonds”) of The Board of Education of the City of Orange Township in the County of Essex, New Jersey (the “Board” when referring to the governing body and the “School District” when referring to the territorial boundaries governed by the Board).

The Bonds are issued pursuant to: (i) the Energy Savings Improvement Program Law, N.J.S.A. 18A:18A-4.6(c)(3) (the “Energy Savings Improvement Law”) and N.J.S.A. 18A:24-61.1 et seq. (the “School Bond Law”), (ii) a refunding bond ordinance finally adopted by the Board on October 9, 2024 (the “Refunding Bond Ordinance”) and (iii) a resolution duly adopted by the Board on October 9, 2024 (the “Resolution”).

The Bonds are being issued for the purpose of (i) financing the costs of an energy savings improvement program and (ii) paying the costs of issuance with respect to the Bonds.

The Bonds are issued in fully registered book-entry only form, without coupons, initially registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York (“DTC”), an automated depository for securities and clearing house for securities transactions. Purchases of the Bonds will be made in book-entry only form in principal amounts of \$1,000 each or any integral multiple thereof with a minimum purchase of \$5,000 required, through book entries made on the books and records of DTC and its participants. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Board directly to Cede & Co., as nominee for DTC. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners of the Bonds is the responsibility of DTC participants.

The Bonds are dated their date of delivery and shall bear interest from such date, which interest shall be payable commencing October 15, 2025 and semi-annually thereafter on the fifteenth day of April and October in each year until maturity or prior redemption, and shall mature on October 15 of the years and in the principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2026			2036		
2027			2037		
2028			2038		
2029			2039		
2030			2040		
2031			2041		
2032			2042		
2033			2043		
2034			2044		
2035			2045		

The Bonds of this issue are subject to optional redemption prior to their stated maturities.

We have examined such matters of law, certified copies of the proceedings, including the bond referendum proceedings, and other documents and proofs relative to the issuance and sale of the Bonds as we have deemed necessary or appropriate for the purposes of the opinion rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents.

We are of the opinion that (i) such proceedings and proofs show lawful authority for the sale and issuance of the Bonds pursuant to the Energy Savings Improvement Law, the School Bond Law, the Refunding Bond Ordinance and the Resolution, (ii) the Bonds are valid and legally binding obligations of the Board, and (iii) all the taxable real property within the School District is subject to the levy of *ad valorem* taxes for the payment of principal of and interest on the Bonds.

The Internal Revenue Code of 1986, as amended (the "Code"), sets forth certain requirements which must be met subsequent to the issuance and delivery of the Bonds for the interest thereon to be and remain excludable from gross income for Federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds to be included in gross income for Federal income tax purposes retroactive to the date of the issuance of the Bonds. The Board has covenanted to maintain the exclusion of the interest

on the Bonds from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code.

In our opinion, under existing law, and assuming continuing compliance by the Board with the aforementioned covenant, under existing statutes, regulations, rulings and court decisions, interest on the Bonds is not includable for Federal income tax purposes in the gross income of the owners of the Bonds pursuant to Section 103 of the Code. The Bonds are not “specified private activity bonds” within the meaning of Section 57 of the Code and, therefore, the interest on the Bonds will not be treated as a preference item for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

We are also of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and any gain on the sale thereof is not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended and supplemented.

[The Bonds maturing on October 15 in the years 20__ through 20__, inclusive (the “[Premium] Bonds”), have been sold to the public at a premium. Section 171 of the Code provides rules under which a bond premium may be amortized and a deduction allowed for the amount of the amortizable bond premium for a taxable year. Under Section 171(a)(2) of the Code, however, no deduction is allowable for the amortizable bond premium in the case of bonds, like the [Premium] Bonds, the interest on which is excludable from gross income. Under Section 1016(a)(5) of the Code, the purchaser's basis in a [Premium] Bond will be reduced by the amount of the amortizable bond premium disallowable as a deduction under Section 171(2) of the Code. Proceeds received from the sale, exchange, redemption or payment of a [Premium] Bond in excess of the owner's adjusted basis (as reduced pursuant to Section 1016(a)(5) of the Code), will be treated as a gain from the sale or exchange of such [Premium] Bonds and not as interest.]

[We are also of the opinion that the difference between the stated principal amount of the Bonds maturing on October 15 in the years 20__ through 20__, inclusive (the “[Discount] Bonds”) and their respective initial offering prices to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers), at which price a substantial amount of the [Discount] Bonds of the same maturity and interest rate were sold, constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the [Discount] Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each [Discount] Bond and the basis of each [Discount] Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount.]

This opinion is qualified to the extent that the enforceability of the rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined one of the executed Bonds and, in our opinion, its form and execution are regular and proper.

Very truly yours,

WILENTZ, GOLDMAN & SPITZER, P.A.

APPENDIX D

Form of Continuing Disclosure Certificate

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate dated _____, 2024 (the “Disclosure Certificate”) is executed and delivered by The Board of Education of the City of Orange Township in the County of Essex, New Jersey (the “Board” when referring to the governing body and the “School District” when referring to the territorial boundaries governed by the Board) in connection with the issuance of its \$_____ aggregate principal amount of Energy Savings Obligation Refunding School Bonds, Series 2024 dated their date of delivery (the “Bonds”). The Bonds are being issued pursuant to a Refunding Bond Ordinance finally adopted by the Board on September 18, 2024 and a resolution duly adopted by the Board on September 18, 2024 (the “Bond Resolution”). The Board covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Board for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter(s) in complying with the Rule (as defined below). The Board acknowledges it is an “Obligated Person” under the Rule (as defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Bond Resolution which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” shall mean any Annual Report provided by the Board pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Beneficial Owner*” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Bonds, as applicable (including persons holding Bonds, as applicable through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds, as applicable, for Federal income tax purposes.

“*Continuing Disclosure Information*” shall mean, collectively, (i) each Annual Report, (ii) any notice required to be filed by the Board with the EMMA (as defined herein) pursuant to Section 3 of this Disclosure Agreement, and (iii) any notice of a Listed Event required to be filed by the Authority with EMMA pursuant to Section 5 of this Disclosure Agreement.

“*Disclosure Representative*” shall mean the Business Administrator/Board Secretary of the Board or his/her designee, or such other person as the Board shall designate in writing from time to time for the purposes of this Disclosure Certificate.

“*Dissemination Agent*” shall mean, initially, the Board or any Dissemination Agent subsequently designated in writing by the Board which has filed with the Board a written acceptance of such designation.

“EMMA” shall mean the Electronic Municipal Market Access system, a website created by the MSRB (as defined herein) and approved by the SEC (as defined herein) to provide a central location where investors can obtain municipal bond information including disclosure documents. The Board or the Dissemination Agent shall submit disclosure documents to EMMA as a PDF file to www.emma.msrb.org.

“*Financial Obligation*” shall mean a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) listed hereinabove. The term “*Financial Obligation*” shall not include municipal securities as to which a final official statement has been provided to the MSRB (as defined below) consistent with the Rule (as defined below).

“*Listed Events*” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“*Rule*” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (“SEC”) under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“*SEC Release No. 34-59062*” shall mean Release No. 34-59062 of the SEC dated December 5, 2008.

“*State*” shall mean the State of New Jersey.

“*Underwriters*” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the purchase of the Bonds.

SECTION 3. Provision of Annual Reports. (a) The Board shall provide or cause to be provided to the Dissemination Agent not later than December 31 of each year, commencing December 31, 2024 (for the fiscal year ending June 30, 2024), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Board may be submitted separately from the balance of the Annual Report; and provided, further, that if the audited financial statements of the Board are not available by December 31, the Board shall include unaudited financial statements with its Annual Report and when such audited financial statements become available to the Board, the same shall be submitted to the Dissemination Agent no later than thirty (30) days after the receipt of the same by the Board.

(b) Not later than January 31 of each year (commencing January 31, 2025) the Dissemination Agent shall provide to EMMA a copy of the Annual Report received by the Dissemination Agent pursuant to subsection (a) hereof.

(c) If the Board does not provide or is unable to provide an Annual Report by the applicable date required in subsection (a) above, such that the Dissemination Agent cannot file the Annual Report with EMMA in accordance with subsection (b) above, the Dissemination Agent shall, in a timely manner, send a notice of such event to EMMA in substantially the form attached hereto as Exhibit A, with copies to the Board (if the Dissemination Agent is not the Board).

(d) Each year the Dissemination Agent shall file a report with the Board (if the Dissemination Agent is not the Board), certifying that the Annual Report has been provided to EMMA pursuant to this Disclosure Certificate, stating the date it was provided.

(e) If the fiscal year of the Board changes, the Board shall give written notice of such change to the Dissemination Agent and the Dissemination Agent shall, within five (5) business days after the receipt thereof from the Board, forward a notice of such change to EMMA in the manner provided in Section 5(e) hereof.

SECTION 4. Content of Annual Reports. The Board's Annual Report shall contain or incorporate by reference the following:

(1) The audited financial statements of the Board (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available).

The audited financial statements are to be prepared in accordance with generally accepted accounting principles (GAAP).

(2) The general financial information and operating data of the Board consistent with the information set forth in the Official Statement dated _____, 2024, prepared in connection with the sale of the Bonds (the "Official Statement") in Appendix A under the sections relating to (1) Board indebtedness; (2) property valuation information; and (3) tax rate, levy and collection data.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Board is an "Obligated Person" (as defined by the Rule), which have been filed with EMMA or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Board shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events. (a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of Bondholders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances of the Bonds;
- (10) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) Ratings changes rating to the Bonds;
- (12) Bankruptcy, insolvency, receivership or similar event of the Board;
- (13) The consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the Board, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee for the Bonds or the change of name of a trustee for the Bonds, if material;

- (15) Incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect Bondholders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.

The Board shall, in a timely manner not in excess of ten (10) business days after the occurrence of any Listed Event, file a notice of the occurrence of such Listed Event with the MSRB in accordance with the provisions of Section 5 of this Disclosure Certificate. In determining the materiality of any of the Listed Events specified in this subsection (a) of this Section 5, the Board may, but shall not be required to, rely conclusively on an opinion of counsel.

(b) Whenever the Board has or obtains knowledge of the occurrence of any of the Listed Events, the Board shall, as soon as possible, determine if such event would constitute information material to the Beneficial Owners of the Bonds.

(c) If the Board determines that the occurrence of a Listed Event would be material to the Beneficial Owners of the Bonds, the Board shall promptly notify the Dissemination Agent in writing (if the Board is not the Dissemination Agent) and the Board shall instruct the Dissemination Agent to report such Listed Event and the Dissemination Agent shall report the occurrence of such Listed Event pursuant to subsection (e) hereof.

(d) If the Board determines that the occurrence of a Listed Event would not be material to the Beneficial Owners of the Bonds, the Board shall promptly notify the Dissemination Agent in writing (if the Dissemination Agent is not the Board) and the Dissemination Agent (if the Dissemination Agent is not the Board) shall be instructed by the Board not to report the occurrence.

(e) If the Dissemination Agent has been instructed in writing by the Board to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA, with a copy to the Board (if the Dissemination Agent is not the Board). Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(4) and (5) hereof need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Beneficial Owner of the affected Bonds pursuant to the Bond Resolution.

SECTION 6. Termination of Reporting Obligation. The Board's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the Board is no longer an "Obligated Person" (as defined in the Rule). The Board shall file a notice of the termination of its reporting obligations pursuant to the provisions hereof with the Dissemination Agent, which notice shall be filed with EMMA in accordance with the provisions of Section 5(e) hereof.

SECTION 7. Dissemination Agent; Compensation. The Board may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Board. The Board shall compensate the Dissemination Agent (which shall be appointed) for the performance of its obligations hereunder in accordance with an agreed upon fee structure.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Board may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver (supported by an opinion of counsel expert in Federal securities laws acceptable to the Board to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof) is (a) made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment or waiver does not materially impair the interests of holders, as determined either by parties unaffiliated with the Board or “Obligated Person,” or by approving vote of the Beneficial Owners of the Bonds, as applicable pursuant to the terms of the Bond Resolution at the time of the amendment. The Board shall give notice of such amendment or waiver to this Disclosure Certificate to the Dissemination Agent, which notice shall be filed in accordance with the provisions of Section 5 hereof. Notwithstanding the above, the addition of or change in the Dissemination Agent shall not be construed to be an amendment under the provisions hereof.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Board shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Board. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in the same manner as a Listed Event under Section 5 hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Board from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure

Certificate. If the Board chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the Board shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Board to comply with any provision of this Disclosure Certificate, the Holders of at least 25% aggregate principal amount of Outstanding Bonds or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Board to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Board to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and, to the extent permitted by law, the Board agrees to indemnify and hold the Dissemination Agent (if the Dissemination Agent is not the Board) and its respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. To the extent permitted by law, the Board further releases the Dissemination Agent from any liability for the disclosure of any information required by the Rule and this Disclosure Certificate. The obligations of the Board under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Board, the Dissemination Agent, the Underwriters, and the Beneficial Owners of the Bonds, including Bondholders, and shall create no rights in any other person or entity.

SECTION 13. Notices. All notices and submissions required hereunder shall be given to the following, or their successors, by facsimile transmission (with written confirmation of receipt), followed by hard copy sent by certified or registered mail, personal delivery or recognized overnight delivery:

(a) If to the Board of Education:

The Board of Education of the
City of Orange Township
451 Lincoln Avenue
Orange, New Jersey 07050
Attention: Business Administrator/Board Secretary

(b) Copies of all notices to the Dissemination Agent from time to time with respect to the Bonds, initially:

The Board of Education of the
City of Orange Township
451 Lincoln Avenue
Orange, New Jersey 07050
Attention: Business Administrator/Board Secretary

Each party shall give notice from time to time to the other parties, in the manner specified herein, of any change of the identity or address of anyone listed herein.

SECTION 14. Counterparts. This Disclosure Certificate may be executed in any number of counterparts which shall be executed by authorized signatories of the Board and the Dissemination Agent, as applicable, and all of which together shall be regarded for all purposes as one original and shall constitute and be but one and the same.

SECTION 15. Severability. If any one or more of the covenants or agreements in this Disclosure Certificate to be performed on the part of the Board and the Dissemination Agent should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed severable from the remaining covenants and agreements and shall in no way affect the validity of the other provisions of this Disclosure Certificate.

SECTION 16. Governing Law. This Disclosure Certificate shall be construed in accordance with and governed by the Laws of the United States of America and the State of New Jersey as applicable.

**THE BOARD OF EDUCATION OF THE
CITY OF ORANGE TOWNSHIP**

By: _____
JASON BALLARD,
Business Administrator/
Board Secretary

EXHIBIT A

**NOTICE TO EMMA OF FAILURE
TO FILE ANNUAL REPORT**

Name of Issuer: The Board of Education of the
 City of Orange Township
 in the County of Essex, New Jersey

Name of Issue: \$_____ Energy Savings Obligation
 Refunding School Bonds, Series 2024
 Dated: _____, 2024
 (CUSIP Number: 685315____)

Date of Issuance: _____, 2024

NOTICE IS HEREBY GIVEN that the above designated Board has not provided an Annual Report with respect to the above-named Bonds as required by the Bond Resolution and a Continuing Disclosure Certificate for the Bonds dated as of _____, 2024 executed by the Board.

DATED: _____

DISSEMINATION AGENT
(on behalf of the Board)

cc: The Board

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APPENDIX E

Specimen Municipal Bond Insurance Policy

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)