

**WEST ESSEX REGIONAL SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Borough of North Caldwell
County of Essex, New Jersey**

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

West Essex Regional School District

North Caldwell, New Jersey

For The Fiscal Year Ended June 30, 2011

Prepared by

Finance Department

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INTRODUCTORY SECTION

WEST ESSEX REGIONAL SCHOOL DISTRICT

Board of Education

West Greenbrook Road
North Caldwell, New Jersey 07006
(973) 228-1200 Fax (973) 228-0559
www.westex.org

October 14, 2011

Honorable President and
Members of the Board of Education
West Essex Regional School District
West Greenbrook Road
North Caldwell, New Jersey 07006

Dear Board Members:

The comprehensive annual financial report of the West Essex Regional School District (the "District") for the fiscal year ended June 30, 2011 is hereby submitted. Responsibility for both the accuracy of the data and completeness and depth of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in the required manner which is designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart, a roster of principal officials and a list of consultants and advisors. The financial section includes the independent auditors' report, management discussion and analysis (MD&A) and the basic financial statements including the district-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual fund financial statements, notes to the basic financial statements and required supplemental information (RSI). The statistical section includes

selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the state Treasury Circular Letter 04-04. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: West Essex Regional School District is an independent reporting entity within the criteria adopted by the GASB. All Funds of the District are included in this report. The West Essex Regional Board of Education and its 2 (two) schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels 7 through 12. These include regular, vocational, as well as special education services for handicapped youngsters. The District completed the 2010 - 2011 fiscal year with an enrollment of 1607, students, which is 16 students below the previous year's enrollment. The following details the changes in the student enrollment of the district over the last ten years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2010-2011	1,607	1.01
2009-2010	1,591	(2.57)
2008-2009	1,633	1.8
2007-2008	1,604	.44
2006-2007	1,597	2.31
2005-2006	1,561	3.11
2004-2005	1,543	(1.15)
2003-2004	1,507	(2.33)
2002-2003	1,420	(5.77)
2001-2002	1,334	(6.05)

2. ECONOMIC CONDITIONS: The West Essex Regional School District is comprised of four suburban municipalities: Essex Fells, Fairfield, North Caldwell, and Roseland. Covering an area of 18 square miles, with a combined population of approximately 22,850, these four highly desirable communities are located just 25 miles west of the cultural center of New York City and one hour from the New Jersey shore.

The West Essex area is convenient to Newark Liberty Airport, the New Jersey Turnpike, the Garden State Parkway, and train and bus service to New York City.

High economic standards are characteristic of the West Essex Community, as the District factor grouping rating, assigned by the New Jersey Department of Education is an "I" and about 75% of the wage earners are employed in professional, managerial, technical, or skilled occupations.

3. MAJOR INITIATIVES: The mission of the West Essex Regional School system is to provide a superior education to all students.

The 2010-2011 school year was one of advancement and improvement. The completion of a variety of capital projects at both the middle and high school brings our facilities in line with current health and safety standards as well as setting a foundation for innovations in learning.

For example, renovations to the science laboratories at the high school and the implementation of wireless internet in the high school library/media center open up new opportunities in student learning. Additionally, the district continues to move forward in its five-year technology plan with \$125,000 of new purchases comprised of computers, smart boards and instructional software. A new computer lab was added to the high school to support the curriculum and the increased need for technology.

Instructional spending increased at the high school with the continuation of SAT and ACT test prep, a writing program, extended math instruction, and a variety of new courses, including Mandarin Chinese II and Personal Financial Literacy and an additional AP elective in Social Studies. The middle school focused on a sixth academic team to support the growing population and enhance our educational programs.

Lastly, this school year marked advancements in fiscal responsibility with shared services placed at the forefront of all purchasing and contracting. West Essex currently participates in the Sussex County Co-op for transportation and the West Essex Technology Consortium. In addition to shared services, the district also placed heavy emphasis on competitive bidding.

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

As a recipient of federal and state financial assistance, the district also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with

applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2011.

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

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

8. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

9. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP was selected by the members of the West Essex Regional Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single

Audit Act and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

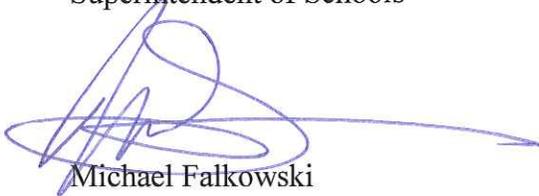
10. ACKNOWLEDGEMENTS:

We would like to express our appreciation to all the current members of the West Essex Regional Board of Education and those who served in the 2010/2011 school year for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



Barbara Longo
Superintendent of Schools



Michael Falkowski
School Business Administrator/
Board Secretary

**WEST ESSEX REGIONAL SCHOOL DISTRICT
NORTH CALDWELL, NEW JERSEY**

ROSTER OF OFFICIALS

AT JUNE 30, 2011

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Marie Rosenberg, President	2013
Paul Rando, Vice President	2012
Angela Gerken	2012
Frank Antonucci	2014
Joyce Candido	2012
David Laible	2013
Diane Storey	2013
Dawn Smith	2014
Anthony Rubinich	2014

Other Officials

Dr. Thomas McMahon, Superintendent of Schools

Mrs. Barbara Longo, Acting Superintendent

Michael J. Falkowski, Board Secretary/School Business Administrator

Fogarty & Hara, Board Counsel

Richard Mondelli, Treasurer of School Monies

WEST ESSEX REGIONAL SCHOOL DISTRICT

Consultants and Advisors

Architects

DiCara, Rubino Architects
30 Galesi Drive
Wayne, New Jersey 07470

Audit Firm

Lerch, Vinci & Higgins, LLP
Certified Public Accountants
17-17 Route 208 N
Fair Lawn, New Jersey 07410

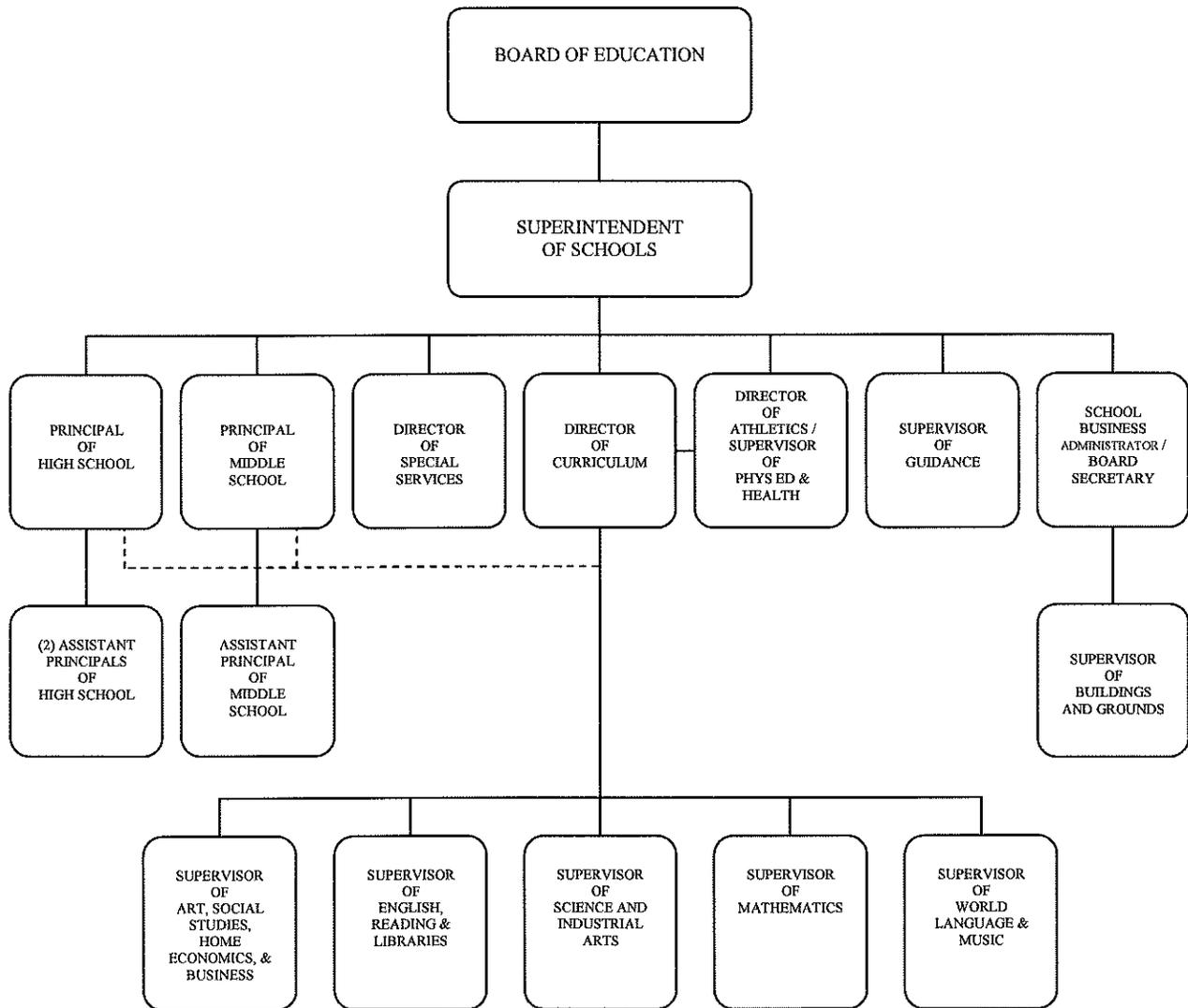
Attorney

Fogarty & Hara
16-00 Route 208 S.
Fair Lawn, NJ 07410

Official Depository

Lakeland Bank
250 Oak Ridge Road
Oak Ridge, New Jersey 07438

1110 ORGANIZATIONAL CHART



Adopted: 6 April 2009
Modified: 26 September 2011



FINANCIAL SECTION

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITORS' REPORT

Honorable President and Members
of the Board of Trustees
West Essex Regional School District
North Caldwell, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the West Essex Regional School District Board of Education as of and for the fiscal year ended June 30, 2011, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the West Essex Regional School District Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the West Essex Regional School District Board of Education as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

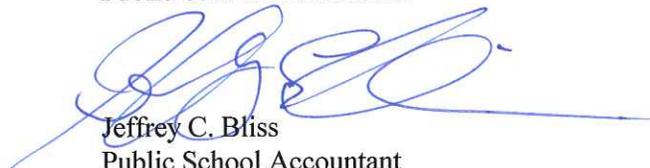
In accordance with Government Auditing Standards, we have also issued our report dated October 14, 2011 on our consideration of the West Essex Regional School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Essex Regional School District Board of Education's basic financial statements as a whole. The introductory section, combining fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are not a required part of the basic financial statements. The combining fund financial statements and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Lerch, Vinci & Higgins, LLP

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


Jeffrey C. Bliss

Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
October 14, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

WEST ESSEX REGIONAL SCHOOL DISTRICT

Management Discussion and Analysis Year Ended June 30, 2011

INTRODUCTION

This section of West Essex Regional School District's annual financial report presents our discussion and analysis of the School District's financial performance during the fiscal year that ended on June 30, 2011. Please read it in conjunction with the transmittal letter at the front of this report and the School District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2010-2011) and the prior year (2009-2010) is required to be presented in the MD&A.

The discussion and analysis of the School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. 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 notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

This annual report consists of a series of financial statements as well as notes to those statements. These statements are organized so that the reader can understand the West Essex Regional School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole 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. In the case of the West Essex Regional School District, the General Fund is by far the most significant fund.

REPORTING THE SCHOOL DISTRICT AS A WHOLE

Statement of Net Assets and the Statement of Activities

While this document 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 asks the question, "How did we do financially during 2011?" The Statement of Net Assets and Statement of Activities help answer this question. These Statements include all assets and liabilities using the accrual basis of accounting similar to the accounting 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 is received or paid.

WEST ESSEX REGIONAL SCHOOL DISTRICT

Management's Discussion and Analysis Year Ended June 30, 2011

REPORTING THE SCHOOL DISTRICT AS A WHOLE (Continued)

Statement of Net Assets and the Statement of Activities (Continued)

These two Statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial positions of the School District have 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, facility condition, required educational programs and other factors.

In the Statement of Net Assets 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, but not limited to, Instruction, Support Services, Operation and Maintenance of Plant Facilities, Pupil Transportation and Extracurricular Activities.
- **Business-Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Detailed information about the School District's major funds is presented and an analysis of the School District's major funds is included in the 2010-2011 Comprehensive Annual Financial Report as presented by the School District. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows 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 you determine whether there are more or fewer 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 Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

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

WEST ESSEX REGIONAL SCHOOL DISTRICT

Management's Discussion and Analysis Year Ended June 30, 2011

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS (Continued)

Fiduciary Funds

The School District is the trustee, or *fiduciary*, for assets that belong to others. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the School District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the district-wide financial statements because the School District cannot use these assets to finance its operations.

Notes to the Basic Financial Statements

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

Other Information

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

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

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year 2011 are as follows:

- The assets of the West Essex Regional School District exceeded its liabilities at the close of the fiscal year by \$26,016,997 (net assets). The amount available to meet the District's ongoing obligations (unrestricted net assets) was \$914,909.
- The School District's total net assets increased \$5,494,012.
- General revenues accounted for \$32,236,797 or 82 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants accounted for \$7,178,575 or 18 percent of total revenues of \$39,415,372.
- The School District had \$33,237,423 in expenses for governmental activities; only \$6,543,462 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$32,236,797 were adequate to provide for these programs.
- The General Fund had \$33,992,658 in revenues and \$33,435,941 in expenditures. The General Fund's balance increased \$718,170 over the previous year to \$2,184,266. Of this amount, \$700,917 is available for spending at the District's discretion (unassigned fund balance).
- The General Fund unassigned budgetary fund balance at the close of the current fiscal year was \$1,118,456 which represented an increase of \$461,730 over the previous year.

WEST ESSEX REGIONAL SCHOOL DISTRICT

**Management's Discussion and Analysis
Year Ended June 30, 2011**

THE SCHOOL DISTRICT AS A WHOLE

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

The following provides a summary of the School District's Net Assets as of 2011 and 2010:

**Net Assets
As of June 30, 2011 and 2010**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current Assets	\$ 4,337,245	\$ 8,597,429	\$ 156,992	\$ 275,355	\$ 4,494,237	\$ 8,872,784
Capital Assets	<u>47,571,106</u>	<u>43,886,554</u>	<u>42,605</u>	<u>37,311</u>	<u>47,613,711</u>	<u>43,923,865</u>
Total Assets	<u>51,908,351</u>	<u>52,483,983</u>	<u>199,597</u>	<u>312,666</u>	<u>52,107,948</u>	<u>52,796,649</u>
Long-Term Liabilities	24,741,775	27,115,981			24,741,775	27,115,981
Other Liabilities	<u>1,318,746</u>	<u>5,150,674</u>	<u>30,430</u>	<u>81,414</u>	<u>1,349,176</u>	<u>5,232,088</u>
Total Liabilities	<u>26,060,521</u>	<u>32,266,655</u>	<u>30,430</u>	<u>81,414</u>	<u>26,090,951</u>	<u>32,348,069</u>
Net Assets						
Invested in capital assets, net of related debt, as restated	24,390,753	19,563,338	42,605	37,311	24,433,358	19,600,649
Restricted	668,730	400,001			668,730	400,001
Unrestricted	<u>788,347</u>	<u>253,989</u>	<u>126,562</u>	<u>193,941</u>	<u>914,909</u>	<u>447,930</u>
Total Net Assets	<u>\$ 25,847,830</u>	<u>\$ 20,217,328</u>	<u>\$ 169,167</u>	<u>\$ 231,252</u>	<u>\$ 26,016,997</u>	<u>\$ 20,448,580</u>

By far the largest portion of the School District's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment), less any related debt used to acquire those assets that are still outstanding. The School District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

WEST ESSEX REGIONAL SCHOOL DISTRICT

**Management's Discussion and Analysis
Year Ended June 30, 2011**

THE SCHOOL DISTRICT AS A WHOLE (Continued)

The following shows the changes in Net Assets for fiscal years 2011 and 2010:

**Change in Net Assets
For The Years Ended June 30, 2011 and 2010**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues						
Program Revenues						
Charges for Services	\$ 145,971	\$ 67,175	\$ 635,113	\$ 497,411	\$ 781,084	\$ 564,586
Operating Grants and Contributions	3,135,488	4,601,827			3,135,488	4,601,827
Capital Grants and Contributions	3,262,003	4,500			3,262,003	4,500
General Revenues						
Property Taxes	31,877,680	30,352,656			31,877,680	30,352,656
Other	359,117	206,279	-	-	359,117	206,279
	<u>38,780,259</u>	<u>35,232,437</u>	<u>635,113</u>	<u>497,411</u>	<u>39,415,372</u>	<u>35,729,848</u>
Expenses						
Instruction						
Regular	13,639,725	12,979,956			13,639,725	12,979,956
Special Education	4,614,351	4,944,372			4,614,351	4,944,372
Other Instruction	33,961	39,674			33,961	39,674
School Sponsored Activities and Athletics	1,649,919	1,589,966			1,649,919	1,589,966
Support Services						
Student and Instruction Related Services	3,852,337	3,715,740			3,852,337	3,715,740
General Administrative Services	913,994	691,266			913,994	691,266
School Administrative Services	1,608,671	1,819,095			1,608,671	1,819,095
Central and Other Support Services	549,639	652,801			549,639	652,801
Plant Operations and Maintenance	3,592,306	3,855,280			3,592,306	3,855,280
Pupil Transportation	1,772,268	2,369,440			1,772,268	2,369,440
Interest on Debt	1,010,252	1,068,923			1,010,252	1,068,923
Food Services	-	-	683,937	632,181	683,937	632,181
	<u>33,237,423</u>	<u>33,726,513</u>	<u>683,937</u>	<u>632,181</u>	<u>33,921,360</u>	<u>34,358,694</u>
Change in Net Assets	5,542,836	1,505,924	(48,824)	(134,770)	5,494,012	1,371,154
Net Assets, Beginning of Year	20,217,328	18,711,404	231,252	366,022	20,448,580	19,077,426
Prior Period Adjustment	87,666	-	(13,261)	-	74,405	-
Net Assets, End of Year	\$ 25,847,830	\$ 20,217,328	\$ 169,167	\$ 231,252	\$ 26,016,997	\$ 20,448,580

WEST ESSEX REGIONAL SCHOOL DISTRICT

Management's Discussion and Analysis Year Ended June 30, 2011

Governmental Activities. The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. The District's total revenues for governmental activities were \$30,780,259 and \$35,232,437 for the fiscal years ended June 30, 2011 and 2010. Property taxes of \$31,877,680 and \$30,352,656 made up 82% and 86% of the revenues for governmental activities for the West Essex Regional School District for fiscal years ended June 30, 2011 and 2010. Federal, state and local grants and aid accounted for another \$6,397,491 and \$4,606,327 representing 16% and 13% of total revenues for the fiscal years ended June 30, 2011 and 2010, respectively. In addition, tuition and other miscellaneous income is earned. Miscellaneous income includes items such as interest, prior year refunds and other miscellaneous items.

The total cost of all governmental activities programs and services were \$33,237,423 and \$33,726,513 for the fiscal years ended June 30, 2011 and 2010. Instruction comprised \$19,937,956 (60%) and \$19,553,968 (58%) of District expenses for the fiscal years ended June 30, 2011 and 2010, respectively. Support services totaled \$12,289,215 (37%) and \$13,103,622 (39%) of District expense and interest on debt totaled \$1,010,252 (3%) and \$1,068,923 (3%) of District expenses for fiscal year ended June 30, 2011 and 2010, respectively.

Total governmental activities revenues exceeded expenses, increasing net assets \$5,542,836 and \$1,505,924 for the fiscal years ended June 30, 2011 and 2010, respectively.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table 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.

**Total and Net Cost of Governmental Activities
for the Fiscal Year Ended June 30, 2011**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Instruction				
Regular	13,639,725	12,979,956	\$ 12,608,592	\$ 11,991,931
Special Education	4,614,351	4,944,372	3,288,891	2,941,128
Other Instruction	33,961	39,674	16,377	37,141
School Sponsored Activities and Athletics	1,649,919	1,589,966	1,561,098	1,499,299
Support Services				
Student and Instruction Related Services	3,852,337	3,715,740	3,507,852	3,368,911
General Administrative Services	913,994	691,266	878,104	662,441
School Administrative Services	1,608,671	1,819,095	1,495,579	1,678,783
Central and Other Support Services	549,639	652,801	515,512	607,016
Plant Operations and Maintenance	3,592,306	3,855,280	186,377	3,584,082
Pupil Transportation	1,772,268	2,369,440	1,625,327	1,613,356
Interest on Debt	1,010,252	1,068,923	1,010,252	1,068,923
Total	<u>\$ 33,237,423</u>	<u>\$ 33,726,513</u>	<u>\$ 26,693,961</u>	<u>\$ 29,053,011</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT

Management's Discussion and Analysis Year Ended June 30, 2011

Governmental Activities (Continued)

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities. Extracurricular activities includes expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Student and instruction related services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development. Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

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

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

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

Business-Type Activities. Revenues for the District's business-type activities (food service program) were comprised solely of charges for services. The District decided in 1999 not to participate in the National School Lunch Program and thus does not receive any federal or state subsidies. However, the District has still been able to run a program that does not require any board contribution and is also able to provide eligible students with free and reduced priced meals.

- Food service expenses exceeded revenues by \$48,824 and \$134,770 for the current and previous years, respectively.
- Charges for services were \$635,113 and \$497,411 of revenue for the fiscal years ended June 30, 2011 and 2010. This represents amounts paid by patrons for daily food services.
- Expenses were \$683,937 and \$632,181 for the fiscal years ended June 30, 2011 and 2010. This represents amounts paid for salaries, cost of goods and other related expenses to operate the District's cafeteria.

WEST ESSEX REGIONAL SCHOOL DISTRICT

**Management's Discussion and Analysis
Year Ended June 30, 2011**

THE SCHOOL DISTRICT'S FUNDS

Information about the School District's major funds is included in the June 30, 2011 Comprehensive Annual Financial Report as presented by the School District. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., General Fund, Special Revenue Fund, Capital Projects and Debt Service Fund) presented in the fund-based statements had total revenues of \$38,780,259 and \$35,232,437 and expenditures of \$39,521,275 and \$40,041,181 for the fiscal years ended June 30, 2011 and 2010, 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. The following schedules present a summary of the revenues of the General Fund for the fiscal years ended June 30, 2011 and 2010, and the amount and percentage of change in relation to prior-year revenues.

	<u>Years Ended June 30,</u>		<u>Amount of</u>	
	<u>2011</u>	<u>2010</u>	<u>Increase</u>	<u>Percent</u>
			<u>(Decrease)</u>	<u>Change</u>
Local Sources				
Property Taxes	\$ 30,787,000	\$ 28,163,781	\$ 2,623,219	9%
Tuition	145,971	67,175	78,796	117%
Other	359,117	204,258	154,859	76%
State Sources	<u>2,700,570</u>	<u>4,084,854</u>	<u>(1,384,284)</u>	-34%
Total General Fund Revenues	<u>\$ 33,992,658</u>	<u>\$ 32,520,068</u>	<u>\$ 1,472,590</u>	5%

Overall General Fund revenues increased only 5% over the previous year. The increase in Local Sources is attributable to a tax increase of 9% to finance the District's operating costs and to offset the loss in state aid. The decrease of 34% in state aid is mainly due to decreased funding from general state aids for transportation and security.

WEST ESSEX REGIONAL SCHOOL DISTRICT

Management's Discussion and Analysis Year Ended June 30, 2011

THE SCHOOL DISTRICT'S FUNDS (Continued)

The following schedule presents a summary of General Fund expenditures for the fiscal years ended June 30, 2011 and 2010:

	<u>Year Ended June 30,</u>		<u>Amount of</u>	<u>Percent</u>
	<u>2011</u>	<u>2010</u>	<u>Increase</u>	<u>Change</u>
			<u>(Decrease)</u>	
Instruction	\$ 18,884,283	\$ 18,705,242	\$ 179,041	1%
Support Services	11,857,223	12,139,560	(282,337)	-2%
Debt Service	1,114,309	372,497	741,812	199%
Capital Outlay	<u>1,580,126</u>	<u>254,686</u>	<u>1,325,440</u>	520%
Total General Fund Expenditures	<u>\$ 33,435,941</u>	<u>\$ 31,471,985</u>	<u>\$ 1,963,956</u>	6%

The increase in Instruction is attributed to increases in contractual salary costs for teachers and other District personnel and related employee benefits. These increases were offset with a decrease in special education tuition costs.

The decrease in Support Services is attributable to a decrease in contractual salary for support personnel. In addition, decreases associated with transportation costs also contributed to the decrease in support services. These decreases were offset with an increase in energy costs.

The increase in debt service is attributed to the District prepaying all outstanding principal on its capital leases during the current year.

For the 2010-2011 school year, General Fund revenues and other financing sources exceeded expenditures by \$718,170. Total fund balance increased to \$2,184,266 at June 30, 2011. After deducting fund balances restricted, committed and assigned, the unassigned fund balance increased from \$122,192 at June 30, 2010 to \$700,917 at June 30, 2011.

GENERAL FUND BUDGETING HIGHLIGHTS

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. In addition, certain state aid which is deferred by the state to the 2011-2012 fiscal year is required to be recognized as revenue by the School District for budgetary purposes only during the 2010-2011 fiscal year. The most significant budgeted fund is the General Fund.

WEST ESSEX REGIONAL SCHOOL DISTRICT

Management's Discussion and Analysis Year Ended June 30, 2011

GENERAL FUND BUDGETING HIGHLIGHTS

During the course of the 2010/2011 school year, the School District amended its General Fund budget as needed. The School District uses program-based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Transfers from one program to another must be approved by the School Business Administrator, Superintendent and Board of Education. Transfers were necessitated by:

- Staffing changes based on student needs.
- Need for additional instructional supplies and equipment.
- Changes in appropriations to prevent budget overruns.

For the fiscal year ended June 30, 2011, General Fund budgetary revenues and other financing sources exceeded expenditures increasing budgetary fund balance \$601,175 from the previous year. After deducting fund balances restricted, committed and assigned, the unassigned budgetary fund balance increased \$461,730 from \$656,726 at June 30, 2010 to \$1,118,456 at June 30, 2011.

CAPITAL ASSETS

At the end of fiscal years 2011 and 2010, the School District had \$47,613,711 and \$43,923,865 invested in land, construction in progress, land improvements, buildings, machinery and equipment, net of accumulated depreciation. Depreciation charges for the fiscal years 2011 and 2010 were \$1,143,277 and \$1,081,263 for governmental activities, respectively, and \$4,539 and \$10,630 for business-type activities, respectively.

Capital Assets at June 30, 2011 and 2010

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 288,849	\$ 288,849			\$ 288,849	\$ 288,849
Construction in Progress		9,452,063				9,452,063
Land Improvements	2,035,112	1,144,214			2,035,112	1,144,214
Buildings	52,843,884	40,027,378			52,843,884	40,027,378
Machinery and Equipment	<u>1,112,726</u>	<u>3,098,216</u>	<u>\$ 171,084</u>	<u>\$ 275,507</u>	<u>1,283,810</u>	<u>3,373,723</u>
	56,280,571	54,010,720	171,084	275,507	56,451,655	54,286,227
Less Accumulated Depreciation	<u>(8,709,465)</u>	<u>(10,124,166)</u>	<u>(128,479)</u>	<u>(238,196)</u>	<u>(8,837,944)</u>	<u>(10,362,362)</u>
Total	<u>\$ 47,571,106</u>	<u>\$ 43,886,554</u>	<u>\$ 42,605</u>	<u>\$ 37,311</u>	<u>\$ 47,613,711</u>	<u>\$ 43,923,865</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT

Management's Discussion and Analysis Year Ended June 30, 2011

LONG-TERM LIABILITIES

At June 30, 2011, the School District had \$24,741,775 as outstanding debt consisting of \$519,775 for compensated absences, and \$24,222,000 of serial bonds for school construction. The following is a comparison of the June 30, 2011 and 2010 balances:

Outstanding Long-Term Liabilities At June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Bonds Payable	\$ 24,222,000	\$ 25,622,000
Capital Leases and Sale/Leaseback Contracts	-	881,676
Compensated Absences	<u>519,775</u>	<u>612,305</u>
Total	<u>\$ 24,741,775</u>	<u>\$ 27,115,981</u>

FOR THE FUTURE

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

Many factors were considered by the School District's administration during the process of developing the fiscal year 2011-2012 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were considered when adopting the budget for fiscal year 2011-2012. Budgeted expenditures in the General Fund decreased approximately 0.6 percent to \$31,665,214 for fiscal year 2011-2012.

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 show the School District's accountability for the funds it receives. If you have questions on this report or need additional financial information, please contact the School Business Administrator/Board Secretary at West Essex Regional School District, West Greenbrook Road, North Caldwell, New Jersey 07006.

DISTRICT - WIDE FINANCIAL STATEMENTS

WEST ESSEX REGIONAL SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 709,572	\$ 151,841	\$ 861,413
Receivables, Net	3,627,673		3,627,673
Inventory		5,151	5,151
Capital Assets, Not Being Depreciated	288,849		288,849
Capital Assets, Being Depreciated, Net	<u>47,282,257</u>	<u>42,605</u>	<u>47,324,862</u>
Total Assets	<u>51,908,351</u>	<u>199,597</u>	<u>52,107,948</u>
LIABILITIES			
Accounts Payable and Other Liabilities	476,149	30,430	506,579
Accrued Interest Payable	207,415		207,415
Unearned Revenue	635,182		635,182
Noncurrent Liabilities			
Due within one year	1,719,500		1,719,500
Due beyond one year	<u>23,022,275</u>	<u>-</u>	<u>23,022,275</u>
Total Liabilities	<u>26,060,521</u>	<u>30,430</u>	<u>26,090,951</u>
NET ASSETS			
Invested in Capital Assets, net of related debt	24,390,753	42,605	24,433,358
Restricted for:			
Capital Projects	638,729		638,729
Other Purposes	30,001		30,001
Unrestricted	<u>788,347</u>	<u>126,562</u>	<u>914,909</u>
Total Net Assets	<u>\$ 25,847,830</u>	<u>\$ 169,167</u>	<u>\$ 26,016,997</u>

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

WEST ESSEX REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 13,639,725	\$ 1,031,133	\$ 1,031,133		\$ (12,608,592)	\$	\$ (12,608,592)
Special Education	4,614,351	145,971	1,178,178	1,311	(3,288,891)		(3,288,891)
Other Instruction	33,961		17,584		(16,377)		(16,377)
School Sponsored Activities and Athletics	1,649,919		88,821		(1,561,098)		(1,561,098)
Support Services:							
Student & Instruction Related Services	3,852,337		344,485		(3,507,852)		(3,507,852)
General Administrative Services	913,994		35,890		(878,104)		(878,104)
School Administrative Services	1,608,671		113,092		(1,495,579)		(1,495,579)
Central and Other Support Services	549,639		34,127		(515,512)		(515,512)
Plant Operations and Maintenance	3,592,306		145,237	\$ 3,260,692	(186,377)		(186,377)
Pupil Transportation	1,772,268		146,941		(1,625,327)		(1,625,327)
Interest on Long Term Debt	1,010,252	-	-	-	(1,010,252)	-	(1,010,252)
Total Governmental Activities	33,237,423	145,971	3,135,488	3,262,003	(26,693,961)	-	(26,693,961)
Business-Type Activities:							
Food Service	683,937	635,113	-	-	-	\$ (48,824)	(48,824)
Total Business-Type Activities	683,937	635,113	-	-	-	(48,824)	(48,824)
Total Primary Government	\$ 33,921,360	\$ 781,084	\$ 3,135,488	\$ 3,262,003	(26,693,961)	(48,824)	(26,742,785)

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

(Continued)

WEST ESSEX REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

	Net (Expense) Revenue and Changes in Net Assets		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
General Revenues:			
Taxes:			
Property Taxes, levied for general purposes, net	\$ 30,787,000	\$	\$ 30,787,000
Property Taxes, levied for debt service, Net	1,090,680		1,090,680
Miscellaneous Income	359,117	-	359,117
Total General Revenues	<u>32,236,797</u>	<u>-</u>	<u>32,236,797</u>
Change in Net Assets	5,542,836	(48,824)	5,494,012
Net Assets, Beginning of Year	20,217,328	231,252	20,448,580
Prior Period Adjustments:			
Capital Assets	<u>87,666</u>	<u>(13,261)</u>	<u>74,405</u>
Net Assets, End of year	<u>\$ 25,847,830</u>	<u>\$ 169,167</u>	<u>\$ 26,016,997</u>

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

(Continued)

FUND FINANCIAL STATEMENTS

**WEST ESSEX REGIONAL SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 709,572				\$ 709,572
Receivables, Net					
Receivables From Other Governments	140,888	\$ 489,178	\$ 2,805,504	\$ 192,103	3,627,673
Due from Other Funds	<u>1,622,004</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,622,004</u>
Total assets	<u>\$ 2,472,464</u>	<u>\$ 489,178</u>	<u>\$ 2,805,504</u>	<u>\$ 192,103</u>	<u>\$ 5,959,249</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 288,198	\$ 70,515	\$ 117,436		\$ 476,149
Due to Other Funds		402,497	1,027,405	\$ 192,102	1,622,004
Deferred Revenue	<u>-</u>	<u>16,166</u>	<u>619,016</u>	<u>-</u>	<u>635,182</u>
Total Liabilities	<u>288,198</u>	<u>489,178</u>	<u>1,763,857</u>	<u>192,102</u>	<u>2,733,335</u>
Fund Balances:					
Restricted					
Capital Reserve	638,729				638,729
Maintenance Reserve	30,000				30,000
Capital Projects			1,041,647		1,041,647
Debt Service				1	1
Committed					
Year End Encumbrances	98,123				98,123
Assigned					
Year End Encumbrances	242,039				242,039
Designated for Subsequent Years Expenditures	474,458				474,458
Unassigned	<u>700,917</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>700,917</u>
Total Fund balances	<u>2,184,266</u>	<u>-</u>	<u>1,041,647</u>	<u>1</u>	<u>3,225,914</u>
Total Liabilities and Fund Balances	<u>\$ 2,472,464</u>	<u>\$ 489,178</u>	<u>\$ 2,805,504</u>	<u>\$ 192,103</u>	

Amounts reported for *governmental activities* in the statement of net assets (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 \$56,280,571 and the accumulated depreciation is \$8,709,465.

47,571,106

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

(207,415)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds

Bonds Payable	\$ 24,222,000
Compensated Absences	<u>519,775</u>

(24,741,775)

Net assets of governmental activities

\$ 25,847,830

WEST ESSEX REGIONAL SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources:					
Property Tax Levy	\$ 30,787,000			\$ 1,090,680	\$ 31,877,680
Tuition	145,971				145,971
Miscellaneous	359,117	-	-	-	359,117
Total - Local Sources	31,292,088	-	-	1,090,680	32,382,768
State Sources	2,700,570		\$ 3,260,692		5,961,262
Federal Sources	-	\$ 436,229	-	-	436,229
Total Revenues	33,992,658	436,229	3,260,692	1,090,680	38,780,259
EXPENDITURES					
Current					
Instruction					
Regular Instruction	13,099,598	-			13,099,598
Special Education Instruction	4,166,744	338,486			4,505,230
Other Instruction	17,913	16,120			34,033
School Sponsored Activities and Athletics	1,600,028				1,600,028
Support Services					
Student & Instruction Related Services	3,633,087	80,312			3,713,399
General Administrative Services	861,798				861,798
School Administrative Services	1,549,120				1,549,120
Central Services	529,614				529,614
Plant Operations and Maintenance	3,515,583				3,515,583
Pupil Transportation	1,768,021				1,768,021
Debt Service					
Principal	1,043,129			1,400,000	2,443,129
Interest	71,180			1,090,679	1,161,859
Capital Outlay	1,580,126	1,311	3,158,726	-	4,740,163
Total Expenditures	33,435,941	436,229	3,158,726	2,490,679	39,521,575
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	556,717	-	101,966	(1,399,999)	(741,316)
OTHER FINANCING SOURCES (USES)					
Transfer In	-			1,138,728	1,138,728
Transfer Out			(1,138,728)		(1,138,728)
Lease Purchase Proceeds	161,453	-	-	-	161,453
Total Other Financing Sources and Uses	161,453	-	(1,138,728)	1,138,728	161,453
Net Change in Fund Balances	718,170	-	(1,036,762)	(261,271)	(579,863)
Fund Balance, Beginning of Year	1,466,096	-	2,078,409	261,272	3,805,777
Fund Balance, End of Year	\$ 2,184,266	\$ -	\$ 1,041,647	\$ 1	\$ 3,225,914

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

**WEST ESSEX REGIONAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Total net change in fund balances - governmental funds (from B-2) \$ (579,863)

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 expense.

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

Capital outlays	\$ 4,740,163	
Depreciation expense	<u>(1,143,277)</u>	
		3,596,886

Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

Serial Bonds	1,400,000	
Capital Leases	779,625	
Lease Purchase Agreements	161,453	
Sale/Leaseback Contract	<u>102,051</u>	
		2,443,129

The issuance of long-term debt provides current financial resources to government funds, but has no effect on net assets

Proceeds from Lease Purchase Agreements	(161,453)
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In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an reduction to the reconciliation.

151,607

In the statement of activities, certain operating expenses, e.g., compensated absences (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). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

Compensated Absences	<u>92,530</u>
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Change in net assets of governmental activities \$ 5,542,836

**WEST ESSEX REGIONAL SCHOOL DISTRICT
 PROPRIETARY FUND
 STATEMENT OF NET ASSETS
 AS OF JUNE 30, 2011**

	Business-Type <u>Activities</u> Enterprise Fund <u>Food Service</u>
ASSETS	
Cash and Cash Equivalents	\$ 151,841
Inventories	<u>5,151</u>
Total Current Assets	<u>156,992</u>
Capital Assets	
Equipment	171,084
Accumulated Depreciation	<u>(128,479)</u>
Total Capital Assets	<u>42,605</u>
Total Assets	<u>199,597</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	<u>30,430</u>
Total Current Liabilities	<u>30,430</u>
NET ASSETS	
Invested in Capital Assets	42,605
Unrestricted	<u>126,562</u>
Total Net Assets	<u>\$ 169,167</u>

**WEST ESSEX REGIONAL SCHOOL DISTRICT
 PROPRIETARY FUND
 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Business-Type <u>Activities</u> Enterprise Fund <u>Food Service</u>
OPERATING REVENUES	
Local Sources	
Daily Sales	\$ 635,113
Total Operating Revenues	635,113
OPERATING EXPENSES	
Salaries and Benefits	251,956
Cost of Sales	274,899
Purchased Management Services	38,043
Administrative Expenses	11,814
Repairs & Maintenance	65,092
Miscellaneous Supplies and Expenses	37,594
Depreciation	4,539
Total Operating Expenses	683,937
Operating Loss	(48,824)
Total Net Assets, Beginning of Year	231,252
Prior Period Adjustments:	
Capital Asset	(13,261)
Total Net Assets, End of Year	\$ 169,167

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

**WEST ESSEX REGIONAL SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Business-Type <u>Activities</u> Enterprise Fund <u>Food Service</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 635,113
Cash Payments for Employees	
Salaries and Benefits	(251,956)
Cash Payments to Suppliers for Goods and Services	<u>(478,043)</u>
Net Cash Used for Operating Activities	<u>(94,886)</u>
Cash Flows from Capital Activities	
Acquisition of Capital Assets	<u>(23,094)</u>
Net Cash Used by Capital Activities	<u>(23,094)</u>
Net Decrease in Cash and Cash Equivalents	(117,980)
Cash and Cash Equivalents, Beginning of Year	<u>269,821</u>
Cash and Cash Equivalents, End of Year	<u>\$ 151,841</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	<u>\$ (48,824)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	4,539
Change in Assets and Liabilities	
(Increase)/Decrease in Inventory	383
Increase/(Decrease) in Accounts Payable	<u>(50,984)</u>
Total Adjustments	<u>(46,062)</u>
Net Cash Used for Operating Activities	<u>\$ (94,886)</u>

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

**WEST ESSEX REGIONAL SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2011**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 76,604	\$ 167,232	\$ 384,660
Total Assets	<u>76,604</u>	<u>167,232</u>	<u>\$ 384,660</u>
LIABILITIES			
Payroll Deductions Payable			\$ 12,181
Due to Student Groups			372,479
Payable to State Government	<u>42,151</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>42,151</u>	<u>-</u>	<u>\$ 384,660</u>
NET ASSETS			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 34,453</u>	<u>\$ 167,232</u>	

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

**WEST ESSEX REGIONAL SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Trust</u>
ADDITIONS		
Contributions		
Employer	\$ 129,701	
Employees	42,963	
Private Donations	-	\$ 33,267
	<hr/>	<hr/>
Total Contributions	172,664	33,267
	<hr/>	<hr/>
Investment earnings		
Interest	82	397
	<hr/>	<hr/>
Total Additions	172,746	33,664
	<hr/>	<hr/>
DEDUCTIONS		
Unemployment Claims	183,926	
Scholarship Awards		19,613
Return of Contributions	-	1,942
	<hr/>	<hr/>
Total Deductions	183,926	21,555
	<hr/>	<hr/>
Change in Net Assets	(11,180)	12,109
Net Assets, Beginning of the Year	<hr/> 45,633	<hr/> 155,123
Net Assets, End of the Year	<u>\$ 34,453</u>	<u>\$ 167,232</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The West Essex Regional School District (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

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

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

B. Basic Financial Statements

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements. Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities.

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

**WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements (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 other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid, and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The District considers all of its governmental and enterprise funds to be major funds.

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

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

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

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

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

**WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of major capital facilities and other capital assets.

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

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

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

Additionally, the government reports the following fund type:

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

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

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

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

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

**WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

D. Assets, Liabilities and Net Assets or Equity

1. *Deposits and Investments*

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

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

2. *Receivables and Payables*

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

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

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

Tuition Expenditures - Tuition charges for the fiscal years 2009-2010 and 2010-2011 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

3. *Inventories*

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

**WEST ESSEX REGIONAL SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

3. *Inventories (Continued)*

Food Service Fund inventories are valued at cost, using the first-in first-out (FIFO) method.

4. *Capital Assets*

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

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

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	50
Building Improvements	20
Machinery and Equipment	5-20

5. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation and sick leave benefits. A long-term liability of accumulated vacation and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated vacation and sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

6. *Long-term obligations*

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

In the fund financial statements, the face amount of debt issued is reported as other financing sources.

7. *Fund Equity*

Beginning with fiscal year 2011, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

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

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

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

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

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

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

**WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

7. Fund Equity (Continued)

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2011/2012 District budget certified for taxes.

Unassigned Fund Balance – 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.

8. Reclassifications

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent and is voted upon at the annual school election on the third Tuesday in April. Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2010/2011. During 2010/2011 the Board increased the original budget by \$842,811. The increase was funded by additional grant awards and the reappropriation of prior year general fund encumbrances.

**WEST ESSEX REGIONAL SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

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

B. Capital Reserve

A capital reserve account was established by the District on September 25, 2002. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

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

The activity of the capital reserve for the fiscal year ended June 30, 2011 is as follows:

Beginning Balance	\$ 138,729
Increased by:	
Deposits Approved by Board Resolution	500,000
Ending Balance	\$ 638,729

**WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2011, the book value of the Board's deposits was \$1,489,909 and bank balances of the Board's cash and deposits amounted to \$3,011,466. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	<u>\$ 3,011,466</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2011 none of the Board's bank balance was exposed to custodial credit risk.

Investments

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

As of June 30, 2011, the Board had no outstanding investments.

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

**WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2011 for the district’s individual major funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
Receivables:					
Intergovernmental	\$ 140,888	\$ 489,178	\$ 2,805,504	\$ 192,103	\$ 3,627,673
Gross Receivables	140,888	489,178	2,805,504	192,103	3,627,673
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 140,888</u>	<u>\$ 489,178</u>	<u>\$ 2,805,504</u>	<u>\$ 192,103</u>	<u>\$ 3,627,673</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
Special Revenue Fund	
Grant drawdowns reserved for encumbrances	\$ 16,166
Capital Projects Fund	
Unrealized School Facility Grants	<u>619,016</u>
Total deferred revenue for governmental funds	<u>\$635,182</u>

**WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance, July 1, 2010	Prior Period Adjustment	Increases	Decreases	Balance, June 30, 2011
Governmental activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 288,849				\$ 288,849
Construction in Progress	9,452,063	-	\$ 3,158,726	\$ (12,610,789)	-
Total Capital Assets, Not Being Depreciated	<u>9,740,912</u>	<u>-</u>	<u>3,158,726</u>	<u>(12,610,789)</u>	<u>288,849</u>
Capital Assets, Being Depreciated:					
Land Improvements	1,144,214	\$ 890,898			2,035,112
Buildings	40,027,378	(1,023,397)	\$ 13,839,903		52,843,884
Machinery and Equipment	3,098,216	(2,337,813)	352,323	-	1,112,726
Total Capital Assets Being Depreciated	<u>44,269,808</u>	<u>(2,470,312)</u>	<u>14,192,226</u>	<u>-</u>	<u>55,991,722</u>
Less Accumulated Depreciation for:					
Land Improvements	(655,635)	(184,620)	(78,208)		(918,463)
Buildings	(6,290,099)	423,941	(1,006,443)		(6,872,601)
Machinery and Equipment	(3,178,432)	2,318,657	(58,626)	-	(918,401)
Total Accumulated Depreciation	<u>(10,124,166)</u>	<u>2,557,978</u>	<u>(1,143,277)</u>	<u>-</u>	<u>(8,709,465)</u>
Total Capital Assets, Being Depreciated, Net	<u>34,145,642</u>	<u>87,666</u>	<u>13,048,949</u>	<u>-</u>	<u>47,282,257</u>
Government Activities Capital Assets, Net	<u>\$ 43,886,554</u>	<u>\$ 87,666</u>	<u>\$ 16,207,675</u>	<u>\$ (12,610,789)</u>	<u>\$47,571,106</u>
Business-Type Activities:					
Capital Assets, Being Depreciated:					
Machinery and Equipment	\$ 275,507	\$ (127,517)	\$ 23,094	-	\$ 171,084
Total Capital Assets Being Depreciated	<u>275,507</u>	<u>(127,517)</u>	<u>23,094</u>	<u>-</u>	<u>171,084</u>
Less Accumulated Depreciation for:					
Machinery and Equipment	(238,196)	114,256	(4,539)	-	(128,479)
Total Accumulated Depreciation	<u>(238,196)</u>	<u>114,256</u>	<u>(4,539)</u>	<u>-</u>	<u>(128,479)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 37,311</u>	<u>\$ (13,261)</u>	<u>\$ 18,555</u>	<u>\$ -</u>	<u>\$ 42,605</u>

**WEST ESSEX REGIONAL SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

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

Governmental Activities:

Instruction

Regular	\$ 589,616
Special	119,323
School Sponsored	54,238
Total Instruction	<u>763,177</u>

Support Services

Student and Instruction Related Services	151,866
General Administrative Services	53,952
School Administrative Services	65,085
Central Services	21,695
Operations and Maintenance of Plant	83,255
Transportation	4,247
Total Support Services	<u>380,100</u>
Total Governmental Activities	<u>\$ 1,143,277</u>

Business-Type Activities:

Food Service Fund	\$ 4,539
Total Depreciation Expense-Business-Type Activities	<u>\$ 4,539</u>

Construction commitments

The District has the following active construction projects as of June 30, 2011:

<u>Project</u>	<u>Remaining Commitment</u>
Stadium Bleacher Renovations at High School	\$ 98,123
Senior High School and Junior High School Window Replacement	4,939
Junior High School Boiler Project	<u>9,000</u>
	<u>\$ 112,062</u>

**WEST ESSEX REGIONAL SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2011, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 402,497
General Fund	Capital Projects Fund	1,027,405
General Fund	Debt Service Fund	<u>192,102</u>
		<u>\$ 1,622,004</u>

The above balances are the result of covering cash balances which were in an overdraft position.

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

Interfund transfers

	Transfer In:
	Debt
	<u>Service</u>
Transfer Out:	
Capital Projects Fund	<u>\$ 1,138,728</u>

The above transfers are the result of other financing sources received in one fund to finance expenditures in another fund.

E. Long-Term Debt

General Obligation Bonds

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

**WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

General Obligation Bonds

Bonds payable at June 30, 2011 are comprised of the following issues:

\$28,485,000, 2003 Bonds, due in annual installments of \$1,400,000 to \$1,560,000 through November 1, 2022, interest at 3.40% to 4.50%	\$17,685,000
\$6,537,000, 2009 Bonds, due in annual installments of \$220,000 to \$440,000 through April 15, 2029, interest at 3.00% to 4.00%	<u>6,537,000</u>
	<u>\$24,222,000</u>

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

Governmental Activities:

Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2012	\$ 1,620,000	\$ 926,355	\$ 2,546,355
2013	1,665,000	870,080	2,535,080
2014	1,740,000	809,274	2,549,274
2015	1,745,000	744,092	2,489,092
2016	1,760,000	676,767	2,436,767
2017-2021	8,945,000	2,331,294	11,276,294
2022-2026	5,005,000	676,738	5,681,738
2027-2030	<u>1,742,000</u>	<u>140,080</u>	<u>1,882,080</u>
	<u>\$ 24,222,000</u>	<u>\$ 7,174,680</u>	<u>\$ 31,396,680</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2011 was as follows:

3.5% of Equalized Valuation Basis (Municipal)	\$ 266,285,573
Less: Net Debt Issued	<u>24,222,000</u>
Remaining Borrowing Power	<u>\$ 242,063,573</u>

**WEST ESSEX REGIONAL SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2011, was as follows:

	<u>Balance,</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance,</u> <u>June 30, 2011</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental activities:					
Bonds Payable	\$ 25,622,000		\$ 1,400,000	\$ 24,222,000	\$ 1,620,000
Capital Leases	779,625		779,625		
Lease Purchase Agreements		\$ 161,453	161,453		
Sale/Leaseback Contract	102,051		102,051		
Compensated Absences	<u>612,305</u>	<u>95,484</u>	<u>188,014</u>	<u>519,775</u>	<u>99,500</u>
Governmental Activity Long-Term Liabilities	<u>\$ 27,115,981</u>	<u>\$ 256,937</u>	<u>\$ 2,631,143</u>	<u>\$ 24,741,775</u>	<u>\$ 1,719,500</u>

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

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the School Alliance Insurance Fund. The Fund is a risk sharing public entity pool, established for the purpose of insuring and providing various types of risk coverages to the District.

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

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

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

**WEST ESSEX REGIONAL SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

<u>Year Ended</u> <u>June 30,</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2011	\$ 129,701	\$ 42,963	\$ 183,926	\$ 34,453
2010	151,693	42,459	173,024	45,633
2009	20,543	61,423	94,667	24,505

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2011, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2011, the District has not estimated its arbitrage earnings due to the IRS, if any.

**WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

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

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

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

Other Pension Funds

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

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

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

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

Basis of Accounting

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

**WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Investment Valuation

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

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

Significant Legislation

P.L. 2010, c. 1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, and employer contributions to the retirement system.

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the prosecutor's part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in Fiscal Year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Funding Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 66.0 percent with an unfunded actuarial accrued liability of \$45.8 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 62.0 percent and \$30.7 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 72.1 percent and \$15.1 billion.

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

**WEST ESSEX REGIONAL SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress (Continued)

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

Actuarial Methods and Assumptions

In the June 30, 2009 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 5.5% for PERS, 5.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2011, 2010 and 2009 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions including non-contributory group life insurance (NCGI) the following amounts:

Year Ended June 30,	PERS	On-Behalf TPAF	DCRP
2011	\$ 329,472	\$ 40,803	\$ 1,261
2010	258,587	44,782	None
2009	251,485	39,072	None

During the last three fiscal years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$40,803, \$44,782 and \$39,072 during 2010/2011, 2009/2010 and 2008/2009, respectively, for the NCGI premium only.

**WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$983,322 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

E. Post-Retirement Medical Benefits

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 514 state and local participating employers and contributing entities for Fiscal Year 2010.

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

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

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

Basis of Accounting

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

**WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Significant Legislation

P.L. 2010, c.2 effective May 21, 2010, makes changes to the SHBP-State/Local Government/Local Education concerning eligibility, cost sharing, choice of a plan, the application of benefit changes, the waiver of coverage, and multiple coverage under such plans. It also requires contributions toward the cost of health care benefits coverage by public employees and certain retirees.

Investment Valuation

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

Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the State had a \$56.8 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$20.5 billion for state active and retired members and \$36.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the June 30, 2009, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2010, there were 87,288 retirees receiving post-retirement medical benefits and the State contributed \$883.8 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

**WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions (Continued)

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2011, 2010 and 2009 were \$866,662, \$841,074 and \$745,405, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

F. Subsequent Events

The Board issued \$14,470,000 of Refunding School Bonds dated July 27, 2011 having an interest rate ranging from 2.00% to 5.00%. The Bonds will mature over eleven (11) years with the first maturity due November 1, 2011.

The purpose of the Bonds is to (i) advance refund all or a portion of the outstanding callable principal amount of the originally issued \$28,485,000 School Bonds of the Board dated January 15, 2003 and maturing on or after November 1, 2013 at par plus any unpaid accrued interest to November 1, 2012, the call date for the refunded bonds; and (ii) paying the costs of issuance with respect to the Bonds.

NOTE 5 PRIOR PERIOD ADJUSTMENTS

The District conducted an update and appraisal of its capital assets during the 2010/2011 school year. The update and appraisal was conducted by an independent appraisal company hired by the Board. The capital asset report valued all capital assets and their estimated historical cost through back trending and other acceptable methods. The District recorded a prior period adjustment to its July 1, 2010 capital assets values, including accumulated depreciation amounts, to reflect the amounts reported in the capital asset appraisal report.

BUDGETARY COMPARISON SCHEDULES

**WEST ESSEX REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 30,787,000		\$ 30,787,000	\$ 30,787,000	
Tuition	76,080		76,080	145,971	\$ 69,891
Miscellaneous	300,000	-	300,000	359,117	59,117
Total Local Revenues	<u>31,163,080</u>	<u>-</u>	<u>31,163,080</u>	<u>31,292,088</u>	<u>129,008</u>
State Sources					
Special Education Aid	178,991		178,991	178,991	-
Extraordinary Aid				413,891	413,891
Additional Non - Public Transportation Aid				80,040	80,040
TPAF Wage Freeze Grant				19,866	19,866
On Behalf TPAF Pension System Contribution (Non Budgeted)					
Pension Contribution - NCGI				40,803	40,803
Post Retirement Medical Benefit Contribution				866,662	866,662
On Behalf Reimbursed TPAF Social Security Contribution (Non Budgeted)	-	-	-	983,322	983,322
Total State Revenues	<u>178,991</u>	<u>-</u>	<u>178,991</u>	<u>2,583,575</u>	<u>2,404,584</u>
Total Revenues	<u>31,342,071</u>	<u>-</u>	<u>31,342,071</u>	<u>33,875,663</u>	<u>2,533,592</u>
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers					
Grades 6-8	3,513,905	\$ (252,171)	3,261,734	3,255,009	6,725
Grades 9-12	5,578,390	674,904	6,253,294	6,250,206	3,088
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Svcs.	2,328	-	2,328	822	1,506
Other Purchased Services	179,876	162,489	342,365	306,339	36,026
General Supplies	411,574	(121,844)	289,730	226,487	63,243
General Supplies Acquired through Lease Purchase (Non-Budget)				161,453	(161,453)
Textbooks	164,293	7,374	171,667	170,381	1,286
Other Objects	1,626	-	1,626	540	1,086
Total Regular Programs	<u>9,851,992</u>	<u>470,752</u>	<u>10,322,744</u>	<u>10,371,237</u>	<u>(48,493)</u>
Special Education					
Learning / Language Disabilities					
Salaries of Teachers	90,425	1,356	91,781	91,781	-
Other Salaries for Instruction	29,837	-	29,837	29,130	707
General Supplies	185	143	328	241	87
Textbooks	2,519	(143)	2,376	1,816	560
Total Learning / Language Disabilities	<u>122,966</u>	<u>1,356</u>	<u>124,322</u>	<u>122,968</u>	<u>1,354</u>
Resource Room / Resource Center					
Salaries of Teachers	1,351,462	(63,670)	1,287,792	1,282,978	4,814
Other Salaries for Instruction	461,426	62,314	523,740	523,740	-
Purchased Technical Services	1,680	7,045	8,725	8,237	488
General Supplies	2,987	(575)	2,412	1,929	483
Textbooks	1,877	-	1,877	378	1,499
Total Resource Room / Resource Center	<u>1,819,432</u>	<u>5,114</u>	<u>1,824,546</u>	<u>1,817,262</u>	<u>7,284</u>

**WEST ESSEX REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Home Instruction					
Salaries of Teachers	\$ 69,000	\$ (5,000)	\$ 64,000	\$ 31,859	\$ 32,141
Total Home Instruction	69,000	(5,000)	64,000	31,859	32,141
Total Special Education	2,011,398	1,470	2,012,868	1,972,089	40,779
Bilingual Education					
Salaries of Teachers	23,923	-	23,923	13,765	10,158
Total Bilingual Education	23,923	-	23,923	13,765	10,158
School Sponsored Co-Curricular Activities					
Salaries	172,586	3,897	176,483	176,483	-
Purchased Services	4,442	1,947	6,389	3,080	3,309
Supplies and Materials	28,850	(8,000)	20,850	15,686	5,164
Other Objects	10,900	8,000	18,900	17,623	1,277
Total School Sponsored Co-Curricular Activities	216,778	5,844	222,622	212,872	9,750
School Sponsored Athletics - Instruction					
Salaries	655,595	12,500	668,095	658,373	9,722
Purchased Services	137,357	(11,391)	125,966	119,767	6,199
Supplies and Materials	192,927	6,909	199,836	187,669	12,167
Total School Sponsored Athletics - Instruction	985,879	8,018	993,897	965,809	28,088
Community Service Programs/Operations					
Salaries	25,000	-	25,000	-	25,000
Total Community Service Programs/Oper.	25,000	-	25,000	-	25,000
Total - Instruction	13,114,970	486,084	13,601,054	13,535,772	65,282
Undistributed Expenditures					
Instruction					
Tuition - Other LEA's Within State - Special	299,589	16,000	315,589	307,084	8,505
Tuition to County voc. School District-Special	95,779	-	95,779	40,529	55,250
Tuition to CSSD & Reg. Day Schools	138,902	-	138,902	137,400	1,502
Tuition to Private Schools - Disabled Within State	1,165,047	(266,102)	898,945	880,620	18,325
Tuition to Private Schools - Disabled Outside State	397,918	(250,000)	147,918	140,364	147,918
Tuition - State Facilities	-	-	-	-	-
Total Undistributed Expenditures - Instruction	2,097,235	(500,102)	1,597,133	1,505,997	231,500
Attendance and Social Work Services					
Salaries	57,375	975	58,350	58,350	-
Supplies and Materials	4,403	(1,150)	3,253	2,930	323
Total Attendance and Social Work Services	61,778	(175)	61,603	61,280	323
Health Services					
Salaries	164,256	3,058	167,314	167,314	-
Purchased Professional and Technical Svcs.	18,400	195	18,595	18,595	-
Supplies and Materials	4,000	1,232	5,232	5,058	174
Total Health Services	186,656	4,485	191,141	190,967	174

**WEST ESSEX REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Speech, OT, PT and Related Services					
Purchased Professional-Educational Svcs.	\$ 24,100	-	\$ 24,100	\$ 20,043	\$ 4,057
Total Speech, OT, PT and Related Services	24,100	-	24,100	20,043	4,057
Other Support Services-Students-Extra					
Purchased Professional-Educational Services	82,280	-	82,280	63,940	18,340
Total Other Support Services-Extra	82,280	-	82,280	63,940	18,340
Guidance					
Salaries of Other Professional Staff	849,724	\$ 55,627	905,351	905,209	142
Salaries of Secretarial and Clerical Assistants	153,782	-	153,782	149,102	4,680
Purchased Professional and Technical Services	25,585	(14,000)	11,585	10,369	1,216
Other Purchased Services	5,000	(5,000)	-	-	-
Supplies and Materials	19,581	(4,000)	15,581	13,263	2,318
Total Guidance	1,053,672	32,627	1,086,299	1,077,943	8,356
Child Study Teams					
Salaries of Other Professional Staff	491,137	(128,092)	363,045	350,746	12,299
Salaries of Secretarial and Clerical Assistants	98,490	-	98,490	97,670	820
Purchased Professional - Educational Services	61,740	537	62,277	38,076	24,201
Other Purchased Prof. and Tech. Services	5,835	10,962	16,797	15,269	1,528
Miscellaneous Purchased Services	1,000	(235)	765	449	316
Supplies and Materials	4,595	235	4,830	4,590	240
Other Objects	1,025	-	1,025	-	1,025
Total Child Study Teams	663,822	(116,593)	547,229	506,800	40,429
Educational Media Services/School Library					
Salaries	262,173	45,370	307,543	305,539	2,004
Supplies and Materials	48,364	(11,000)	37,364	27,762	9,602
Total Educational Media Services/School Library	310,537	34,370	344,907	333,301	11,606
Instructional Staff Training Services					
Salaries of Supervisors of Instruction	395,049	-	395,049	384,270	10,779
Salaries of Other Professional Staff	15,680	15,000	30,680	24,842	5,838
Purchased Professional-Educational Services	52,458	-	52,458	51,929	529
Other Purchased Services	34,200	(15,000)	19,200	4,490	14,710
Total Instructional Staff Training Services	497,387	-	497,387	465,531	31,856
Support Services General Administration					
Salaries	341,640	3,869	345,509	337,343	8,166
Legal Services	123,625	(20,278)	103,347	76,207	27,140
Audit fees	55,720	(20,000)	35,720	32,714	3,006
Other Purchased Professional Services	30,100	(1,600)	28,500	20,094	8,406
Communications/Telephone	114,567	20,278	134,845	127,112	7,733
BOE - Other Purchased Services	1,500	-	1,500	215	1,285
Miscellaneous Purchased Services	20,100	(10,000)	10,100	2,415	7,685
General Supplies	4,200	10,000	14,200	5,380	8,820
Miscellaneous Expenditures	29,495	(356)	29,139	19,654	9,485
BOE Membership Dues and Fees	16,875	1,956	18,831	17,606	1,225
Total Support Services General Administration	737,822	(16,131)	721,691	638,740	82,951

**WEST ESSEX REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Support Services School Administration					
Salaries of Principals/Asst. Principals	\$ 691,822	\$ (96,941)	\$ 594,881	\$ 591,875	\$ 3,006
Salaries of Other Professional Staff	157,241	75,000	232,241	219,892	12,349
Salaries of Secretarial and Clerical Assistants	258,534	14,307	272,841	251,215	21,626
Purchased Professional and Technical Services	7,165	4,187	11,352	6,410	4,942
Other Purchased Service	35,531	(20,000)	15,531	566	14,965
Supplies and Materials	77,356	1,506	78,862	71,007	7,855
Other Objects	52,988	25	53,013	30,695	22,318
Total Support Services School Administration	1,280,637	(21,916)	1,258,721	1,171,660	87,061
Central Services					
Salaries	364,115	(38,446)	325,669	320,769	4,900
Purchased Professional Services	12,960	6,228	19,188	19,188	-
Miscellaneous Purchased Services	3,760	-	3,760	2,961	799
Sale/Leaseback Payments	102,051	-	102,051	102,051	-
Supplies and Materials	4,110	(172)	3,938	3,682	256
Interest on Lease Purchase Agreements	26,330	44,850	71,180	71,180	-
Miscellaneous Expenditures	4,200	172	4,372	4,372	-
Total Central Services	517,526	12,632	530,158	524,203	5,955
Admin. Info. Technology					
Salaries	40,565	(40,479)	86	-	86
Total Admin. Info. Technology	40,565	(40,479)	86	-	86
Required Maintenance for School Facilities					
Cleaning, Repair & Maintenance Services	106,036	38,700	144,736	134,038	10,698
General Supplies	51,056	27,000	78,056	70,898	7,158
Total Required Maintenance for School Facilities	157,092	65,700	222,792	204,936	17,856
Custodial Services					
Salaries	1,500,847	(156,295)	1,344,552	1,254,630	89,922
Cleaning, Repair and Maintenance Svc.	106,815	3,315	110,130	109,458	672
Other Purchased Property Services	29,100	739	29,839	29,839	-
Insurance	234,427	(739)	233,688	222,682	11,006
Miscellaneous Purchased Services	23,000	25,168	48,168	39,288	8,880
General Supplies	205,950	(6,890)	199,060	170,060	29,000
Energy (Electricity)	883,000	-	883,000	849,668	33,332
Total Custodial Services	2,983,139	(134,702)	2,848,437	2,675,625	172,812
Student Transportation Services					
Contracted Services (Between Home and School) - Vendors	704,000		704,000	683,627	20,373
Contracted Services (Other Than Between Home and School) - Vendors	277,602	(3,000)	274,602	259,240	15,362
Contracted Services (Spec Ed) - Vendors	494,256	-	494,256	442,235	52,021
Contracted Services - Aid in Lieu of Payments	385,920	1,326	387,246	382,919	4,327
Total Student Transportation Services	1,861,778	(1,674)	1,860,104	1,768,021	92,083

**WEST ESSEX REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Unallocated Benefits-Employee Benefits					
Social Security Contributions	\$ 317,795	\$ 58,507	\$ 376,302	\$ 376,302	-
Other Retirement Contributions - Regular	286,560	42,912	329,472	329,472	-
Unemployment Compensation	125,000	4,701	129,701	129,701	-
Workmen's Compensation	157,902	18,140	176,042	176,042	-
Health Benefits	3,634,786	(511,641)	3,123,145	3,114,287	\$ 8,858
Tuition Reimbursement	42,000	2,847	44,847	44,847	-
Other Employee Benefits	49,775	139,379	189,154	188,014	1,140
Total Unallocated Benefits-Employee Benefits	<u>4,613,818</u>	<u>(245,155)</u>	<u>4,368,663</u>	<u>4,358,665</u>	<u>9,998</u>
On Behalf TPAF Pension System Contributions (Non Budgeted)					
Pension Benefit Contribution-NCGL				40,803	(40,803)
Post Retirement Medical Benefit Contribution				866,662	(866,662)
Reimbursed TPAF Social Security Contribution (Non Budgeted)	-	-	-	983,322	(983,322)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,890,787</u>	<u>(1,890,787)</u>
Total Undistributed Expenditures	<u>17,169,844</u>	<u>(927,113)</u>	<u>16,242,731</u>	<u>17,458,439</u>	<u>(1,075,344)</u>
Total Expenditures - Current Expenditures	<u>30,284,814</u>	<u>(441,029)</u>	<u>29,843,785</u>	<u>30,994,211</u>	<u>(1,010,062)</u>
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures					
Operation of Maintenance and Plant	-	475,045	475,045	351,012	124,033
Total Equipment	<u>-</u>	<u>475,045</u>	<u>475,045</u>	<u>351,012</u>	<u>124,033</u>
Facilities Acquisition and Construction Services					
Construction Services	1,138,728	151,440	1,290,168	1,152,918	137,250
Purchased Professional Services		49,374	49,374	49,374	-
Supplies and Materials	140,884	(113,614)	27,270	26,822	448
Lease Purchase Agreements-Principal	214,857	564,768	779,625	779,625	-
Other Objects	63,348	-	63,348	63,348	-
Total Facilities Acquis. and Const. Services	<u>1,557,817</u>	<u>651,968</u>	<u>2,209,785</u>	<u>2,072,087</u>	<u>137,698</u>
Total Capital Outlay	<u>1,557,817</u>	<u>1,127,013</u>	<u>2,684,830</u>	<u>2,423,099</u>	<u>261,731</u>
Transfer to Charter School	-	18,631	18,631	18,631	-
Total Expenditures	<u>31,842,631</u>	<u>704,615</u>	<u>32,547,246</u>	<u>33,435,941</u>	<u>(748,331)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(500,560)</u>	<u>(704,615)</u>	<u>(1,205,175)</u>	<u>439,722</u>	<u>1,644,897</u>

**WEST ESSEX REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Other Financing Sources (Uses)					
Operating transfers in					
Lease Purchase Proceeds	-	-	-	\$ 161,453	\$ 161,453
Total Other Financing Sources (Uses)	-	-	-	161,453	161,453
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ (500,560)	\$ (704,615)	\$ (1,205,175)	601,175	1,806,350
Fund Balances, Beginning of Year	2,000,630	-	2,000,630	2,000,630	-
Fund Balances, End of Year	<u>\$ 1,500,070</u>	<u>\$ (704,615)</u>	<u>\$ 795,455</u>	<u>\$ 2,601,805</u>	<u>\$ 1,806,350</u>
Recapitulation					
Restricted Fund Balance					
Capital Reserve				\$ 638,729	
Maintenance Reserve				30,000	
Committed Fund Balance					
Year End Encumbrances				98,123	
Assigned Fund Balance					
Year End Encumbrances				242,039	
Designated for Subsequent Year's Expenditures				474,458	
Unassigned Fund Balance				<u>1,118,456</u>	
				2,601,805	
Reconciliation to Governmental Funds Statements (GAAP)					
Less State Aid Revenue Not Recognized on GAAP Basis				<u>(417,539)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 2,184,266</u>	

**WEST ESSEX REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Federal	\$ 331,871	\$ 138,196	\$ 470,067	\$ 452,395	\$ (17,672)
Total Revenues	<u>331,871</u>	<u>138,196</u>	<u>470,067</u>	<u>452,395</u>	<u>(17,672)</u>
EXPENDITURES					
Instruction					
Tuition	-	319,773	319,773	317,893	1,880
Other Purchased Services	61,268	(61,268)	-	-	-
General Supplies	-	37,146	37,146	37,146	-
Other Objects	-	1,479	1,479	1,410	69
Total Instruction	<u>61,268</u>	<u>297,130</u>	<u>358,398</u>	<u>356,449</u>	<u>1,949</u>
Support Services					
Purchased Professional & Technical Services	-	72,260	72,260	64,213	8,047
Other Purchased Services	-	3,109	3,109	3,033	76
Supplies and Materials	-	22,800	22,800	21,243	1,557
Total Support Services	<u>-</u>	<u>98,169</u>	<u>98,169</u>	<u>88,489</u>	<u>9,680</u>
Facilities Acquisition and Construction					
Instructional Equipment	<u>270,603</u>	<u>(257,103)</u>	<u>13,500</u>	<u>7,457</u>	<u>6,043</u>
Total Facilities Acquisition and Equipment	<u>270,603</u>	<u>(257,103)</u>	<u>13,500</u>	<u>7,457</u>	<u>6,043</u>
Total Expenditures	<u>331,871</u>	<u>138,196</u>	<u>470,067</u>	<u>452,395</u>	<u>17,672</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**WEST ESSEX REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 33,875,663	(C-2) \$ 452,395
Differences - Budget to GAAP:		
State Aid revenue recognized for budgetary purposes, not recognized for GAAP statements.(2010-2011)	(417,539)	
State Aid revenue recognized for GAAP statements, not recognized for budgetary purposes (2009-2010)	534,534	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2011		(16,166)
Encumbrances, June 30, 2010	<u>-</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 33,992,658</u>	<u>\$ 436,229</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 33,435,941	(C-2) \$ 452,395
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances , June 30, 2011		(16,166)
Encumbrances , June 30, 2010	<u>-</u>	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 33,435,941</u>	<u>\$ 436,229</u>

SCHOOL LEVELS SCHEDULES

GENERAL FUND

NOT APPLICABLE

SPECIAL REVENUE FUND

WEST ESSEX REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Title I 2010/11	IDEIA Part B		Title II A 2010/11	Title II D 2010/11	Title IV 2010/11	Total
		Basic 2010/11	ARRA 2009/2011				
REVENUES							
Intergovernmental Federal	\$ 30,158	\$ 282,686	\$ 124,486	\$ 14,830	\$ 160	\$ 75	\$ 452,395
Total Revenues	\$ 30,158	\$ 282,686	\$ 124,486	\$ 14,830	\$ 160	\$ 75	\$ 452,395
EXPENDITURES							
Instruction							
Tuition		\$ 225,000	\$ 92,893				\$ 317,893
General Supplies	\$ 16,120		21,026				37,146
Other Objects	-	-	1,410	-	-	-	1,410
Total Instruction	16,120	225,000	115,329	-	-	-	356,449
Support Services							
Purchased Prof. and Technical Services	4,827	57,686	1,700				64,213
Other Purchased Services		-	-	\$ 2,873	\$ 160		3,033
Supplies and Materials	9,211	-	-	11,957	-	\$ 75	21,243
Total Support Services	14,038	57,686	1,700	14,830	160	75	88,489
Facilities Acquisition and Construction							
Instructional Equipment	-	-	7,457	-	-	-	7,457
Total Facilities Acquisition and Equipment	-	-	7,457	-	-	-	7,457
Total Expenditures	\$ 30,158	\$ 282,686	\$ 124,486	\$ 14,830	\$ 160	\$ 75	\$ 452,395

WEST ESSEX REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
STATEMENT OF PRESCHOOL EDUCATION PROGRAM AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOT APPLICABLE

CAPITAL PROJECTS FUND

**WEST ESSEX REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Year</u>	<u>Issue/Project Title</u>	<u>Modified Appropriation</u>	<u>Expenditures to Date</u>		<u>Adjustment</u>	<u>Balance June 30, 2011</u>
			<u>Prior Years</u>	<u>Current Year</u>		
2005	Senior High School Renovation Project	\$ 32,477,459	\$ 32,462,185	\$ 15,274		-
2005	Junior High School Renovation Project	4,378,500	1,298,616	2,544,951		\$ 534,933
2008	Security System	950,000	888,157	61,843		-
2009	Senior High School Roof Replacement	5,930,000	3,437,719	103,269	\$ (2,034,609)	354,403
2009	Junior High School Roof Replacement	1,390,000	1,466,997	5,040	82,037	-
2009	Senior High School Window Replacement	1,350,000	1,182,592	89,666		77,742
2009	Junior High School Window Replacement	1,315,000	922,233	65,697		327,070
2009	Junior High School Boiler Replacement	910,000	270,499	272,986	-	366,515
		<u>\$ 48,700,959</u>	<u>\$ 41,928,998</u>	<u>\$ 3,158,726</u>	<u>\$ (1,952,572)</u>	<u>\$ 1,660,663</u>
Reconciliation of Fund Balance						
Project Balances, June 30, 2011						\$ 1,660,663
Less:						
Unearned Revenue - SDA Grants						<u>619,016</u>
Fund Balance, June 30, 2011 (GAAP Basis)						<u>\$ 1,041,647</u>
Recapitulation of Fund Balance						
Restricted for Capital Projects						
Year End Encumbrances						\$ 9,444
Available for Capital Projects						<u>1,032,203</u>
Total Fund Balance - Restricted for Capital Projects						<u>\$ 1,041,647</u>

**WEST ESSEX REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

Revenues and Other Financing Sources

Revenues:

Interest	
SDA Grant	
Other Financing Sources	
Bond Proceeds	-
	<hr/>
Total Revenues and Other Financing Sources	-
	<hr/>

Expenditures and Other Financing Uses

Expenditures:

Purchased Professional and Technical Services	\$ 301,290
Construction Services	2,680,989
Furniture and Equipment	176,447
Other Financing Uses:	
Transfer to Debt Service Fund	1,138,728
Cancellation of Grant Receivable - Budgetary Basis	813,844
	<hr/>
Total Expenditures	5,111,298
	<hr/>

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(5,111,298)
Fund Balance, Beginning of Year	<hr/> 6,771,961
Fund Balance - End of Year	\$ <hr/> <hr/> 1,660,663

Reconciliation to GAAP Basis:

Fund Balance, June 30, 2011 - Budgetary Basis	\$ 1,660,663
Less: Unearned Revenue - SDA Grants	<hr/> (619,016)
Fund Balance, June 30, 2011 - GAAP Basis	\$ <hr/> <hr/> 1,041,647

**WEST ESSEX REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
2003 REFERENDUM
RENOVATIONS TO SENIOR HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 7,054,705		\$ 7,054,705	\$ 7,054,705
Bond Proceeds	24,572,754	-	24,572,754	24,572,754
Transfer from Junior High School Project	850,000	-	850,000	850,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	32,477,459	-	32,477,459	32,477,459
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	3,513,640	-	3,513,640	2,970,110
Construction Services	28,905,608	\$ 15,274	28,920,882	27,048,441
Furniture and Equipment	42,937		42,937	620,000
Contingency	-	-	-	1,838,908
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	32,462,185	15,274	32,477,459	32,477,459
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Revenue Over Expenditures	\$ 15,274	\$ (15,274)	\$ -	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>

Additional Project Information:

Project Number	SP#202746
Grant Date	8/29/2002
Bond Authorization Date	12/01/2002
Bonds Authorized	\$ 24,572,754
Bonds Issued	24,572,754
Original Authorized Cost	31,627,459
Additional Authorized Cost	850,000
Revised Authorized Cost	32,477,459
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	June 2004
Revised Target Completion Date	September 2007

**WEST ESSEX REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
2003 REFERENDUM
RENOVATIONS TO JUNIOR HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 1,316,254		\$ 1,316,254	\$ 1,316,254
Bond Proceeds	3,912,246	-	3,912,246	3,912,246
Transfer to Senior High School Project	(850,000)	-	(850,000)	(850,000)
	<u>4,378,500</u>	<u>-</u>	<u>4,378,500</u>	<u>4,378,500</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	575,850	\$ 288,033	863,883	475,717
Construction Services	563,326	2,080,471	2,643,797	3,788,063
Furniture and Equipment	92,552	176,447	268,999	111,163
Contingency	66,888	-	66,888	3,557
	<u>1,298,616</u>	<u>2,544,951</u>	<u>3,843,567</u>	<u>4,378,500</u>
Excess of Revenue Over Expenditures	<u>\$ 3,079,884</u>	<u>\$ (2,544,951)</u>	<u>\$ 534,933</u>	<u>\$ -</u>

Additional Project Information:

Project Number	SP#202761
Grant Date	8/29/2002
Bond Authorization Date	12/01/2002
Bonds Authorized	\$ 3,912,246
Bonds Issued	3,912,246
Original Authorized Cost	5,475,000
Reduced Authorized Cost	(1,096,500)
Revised Authorized Cost	4,378,500
Percentage Increase Over Original Authorized Cost	20.03%
Percentage Completion	87.78%
Original Target Completion Date	December 2005
Revised Target Completion Date	Unknown

**WEST ESSEX REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
SECURITY SYSTEM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	-		-	-
Capital Lease	\$ 950,000	-	\$ 950,000	\$ 950,000
Bond Proceeds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	950,000	-	950,000	950,000
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	-	-	-	-
Construction Services	888,157	\$ 61,843	950,000	950,000
Furniture and Equipment	-		-	-
Contingency	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	888,157	61,843	950,000	950,000
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Revenue Over Expenditures	\$ 61,843	\$ (61,843)	\$ -	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	\$ -
Bonds Issued	-
Original Authorized Cost	950,000
Additional Authorized Cost	-
Revised Authorized Cost	950,000
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	June 2009
Revised Target Completion Date	June 2009

**WEST ESSEX REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
2009 REFERENDUM
HIGH SCHOOL ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 2,372,000	\$ (759,152)	\$ 1,612,848	\$ 1,612,848
Bond Proceeds	3,558,000		3,558,000	3,558,000
Transfer to Debt Service Fund	(1,138,728)	(1,138,728)		(1,138,728)
Transfer to Junion H.S. Roof Replacement	(136,729)	(136,729)	-	(136,729)
	<u>4,654,543</u>	<u>(2,034,609)</u>	<u>5,170,848</u>	<u>3,895,391</u>
Total Revenues				
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	296,037	-	296,037	296,037
Construction Services	3,141,682	103,269	3,244,951	3,599,354
Furniture and Equipment	-	-	-	-
Contingency	-	-	-	-
	<u>3,437,719</u>	<u>103,269</u>	<u>3,540,988</u>	<u>3,895,391</u>
Total Expenditures				
Excess of Revenue Over Expenditures	<u>\$ 1,216,824</u>	<u>\$ (2,137,878)</u>	<u>\$ 1,629,860</u>	<u>\$ -</u>

Additional Project Information:

Project Number	SP#5630-050-09-1001
Grant Date	1/15/2009
Grant Number	G5-3175
Bond Authorization Date	4/21/2009
Bonds Authorized	\$ 3,558,000
Bonds Issued	3,558,000
Original Authorized Cost	5,930,000
Reduced Authorized Cost	(2,034,609)
Revised Authorized Cost	3,895,391
Percentage Decrease Over Original Authorized Cost	34.31%
Percentage Completion	90.90%
Original Target Completion Date	September 1, 2010
Revised Target Completion Date	September 1, 2010

**WEST ESSEX REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
2009 REFERENDUM
JUNIOR HIGH SCHOOL ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 556,000	\$ (54,692)	\$ 501,308	\$ 501,308
Bond Proceeds	834,000	136,729	970,729	834,000
Transfer from High School Roof Replacement	<u>-</u>	<u>136,729</u>	<u>136,729</u>	<u>136,729</u>
Total Revenues	<u>1,390,000</u>	<u>218,766</u>	<u>1,608,766</u>	<u>1,472,037</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	69,178	-	69,178	69,178
Construction Services	1,397,819	5,040	1,402,859	1,402,859
Furniture and Equipment	-	-	-	-
Contingency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>1,466,997</u>	<u>5,040</u>	<u>1,472,037</u>	<u>1,472,037</u>
Excess of Revenue Over Expenditures	<u>\$ (76,997)</u>	<u>\$ 213,726</u>	<u>\$ 136,729</u>	<u>\$ -</u>

Additional Project Information:

Project Number	SP#5630-070-09-1002
Grant Date	1/15/2009
Grant Number	G5-3177
Bond Authorization Date	4/21/2009
Bonds Authorized	\$ 834,000
Bonds Issued	834,000
Original Authorized Cost	1,390,000
Additional Authorized Cost	82,037
Revised Authorized Cost	1,472,037

Percentage Increase Over Original Authorized Cost	5.90%
Percentage Completion	100.00%
Original Target Completion Date	September 1, 2010
Revised Target Completion Date	September 1, 2010

**WEST ESSEX REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
2009 REFERENDUM
HIGH SCHOOL WINDOW REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 540,000		\$ 540,000	\$ 540,000
Bond Proceeds	<u>810,000</u>	<u>-</u>	<u>810,000</u>	<u>810,000</u>
 Total Revenues	 <u>1,350,000</u>	 <u>-</u>	 <u>1,350,000</u>	 <u>1,350,000</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	58,874	\$ 5,102	63,976	64,000
Construction Services	1,123,718	84,564	1,208,282	1,286,000
Furniture and Equipment	-		-	-
Contingency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Expenditures	 <u>1,182,592</u>	 <u>89,666</u>	 <u>1,272,258</u>	 <u>1,350,000</u>
 Excess of Revenue Over Expenditures	 <u>\$ 167,408</u>	 <u>\$ (89,666)</u>	 <u>\$ 77,742</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	SP#5630-050-09-1003
Grant Date	1/15/2009
Grant Number	G5-3176
Bond Authorization Date	4/21/2009
Bonds Authorized	\$ 810,000
Bonds Issued	810,000
Original Authorized Cost	1,350,000
Additional Authorized Cost	-
Revised Authorized Cost	1,350,000
 Percentage Increase Over Original Authorized Cost	 0.00%
Percentage Completion	94.24%
Original Target Completion Date	September 1, 2010
Revised Target Completion Date	September 1, 2010

**WEST ESSEX REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
2009 REFERENDUM
JUNIOR HIGH SCHOOL WINDOW REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 526,000		\$ 526,000	\$ 526,000
Bond Proceeds	<u>789,000</u>	<u>-</u>	<u>789,000</u>	<u>789,000</u>
 Total Revenues	 <u>1,315,000</u>	 <u>-</u>	 <u>1,315,000</u>	 <u>1,315,000</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	58,880	\$ 8,155	67,035	64,000
Construction Services	863,353	57,542	920,895	1,251,000
Furniture and Equipment	-		-	-
Contingency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Expenditures	 <u>922,233</u>	 <u>65,697</u>	 <u>987,930</u>	 <u>1,315,000</u>
 Excess of Revenue Over Expenditures	 <u>\$ 392,767</u>	 <u>\$ (65,697)</u>	 <u>\$ 327,070</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	SP#5630-070-09-1004
Grant Date	1/15/2009
Grant Number	G5-3178
Bond Authorization Date	4/21/2009
Bonds Authorized	\$ 789,000
Bonds Issued	789,000
Original Authorized Cost	1,315,000
Additional Authorized Cost	-
Revised Authorized Cost	1,315,000
 Percentage Increase Over Original Authorized Cost	 0.00%
Percentage Completion	75.13%
Original Target Completion Date	September 1, 2010
Revised Target Completion Date	September 1, 2010

**WEST ESSEX REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
2009 REFERENDUM
JUNIOR HIGH SCHOOL BOILER REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 364,000		\$ 364,000	\$ 364,000
Bond Proceeds	546,000	-	546,000	546,000
	<u>910,000</u>	<u>-</u>	<u>910,000</u>	<u>910,000</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	37,272	-	37,272	-
Construction Services	233,227	\$ 272,986	506,213	910,000
Furniture and Equipment	-	-	-	-
Contingency	-	-	-	-
	<u>270,499</u>	<u>272,986</u>	<u>543,485</u>	<u>910,000</u>
Excess of Revenue Over Expenditures	<u>\$ 639,501</u>	<u>\$ (272,986)</u>	<u>\$ 366,515</u>	<u>\$ -</u>

Additional Project Information:

Project Number	SP#5630-070-09-1005
Grant Date	1/15/2009
Grant Number	G5-3179
Bond Authorization Date	4/21/2009
Bonds Authorized	\$ 546,000
Bonds Issued	546,000
Original Authorized Cost	910,000
Additional Authorized Cost	-
Revised Authorized Cost	910,000
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	59.72%
Original Target Completion Date	September 1, 2010
Revised Target Completion Date	September 1, 2010

PROPRIETARY FUNDS

EXHIBIT G-1

**WEST ESSEX REGIONAL SCHOOL DISTRICT
PROPRIETARY FUND
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**WEST ESSEX REGIONAL SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY FUND NET ASSETS
AS OF JUNE 30, 2011**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 372,479	\$ 12,181	\$ 384,660
Total Assets	<u>\$ 372,479</u>	<u>\$ 12,181</u>	<u>\$ 384,660</u>
LIABILITIES			
Payroll Deductions Payable Due to Student Groups	<u>\$ 372,479</u>	\$ 12,181 <u>-</u>	\$ 12,181 <u>372,479</u>
Total Liabilities	<u>\$ 372,479</u>	<u>\$ 12,181</u>	<u>\$ 384,660</u>

**WEST ESSEX REGIONAL SCHOOL DISTRICT
FIDUCIARY FUNDS
NONEXPENDABLE TRUST FUND
COMBINING STATEMENT OF CHANGES IN
FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOT APPLICABLE

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Balance, July 1, <u>2010</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2011</u>
JUNIOR/SENIOR HIGH SCHOOL				
Activity Account	\$ <u>326,288</u>	\$ <u>917,292</u>	\$ <u>871,101</u>	\$ <u>372,479</u>
TOTAL JUNIOR/SENIOR HIGH SCHOOL	\$ <u>326,288</u>	\$ <u>917,292</u>	\$ <u>871,101</u>	\$ <u>372,479</u>

**WEST ESSEX REGIONAL SCHOOL DISTRICT
FIDUCIARY FUNDS
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Balance, July 1, 2010	Cash Receipts	Cash Disbursements	Balance, June 30, 2011
ASSETS				
Cash	\$ 148,436	\$ 19,731,705	\$ 19,867,960	\$ 12,181
Total Assets	<u>\$ 148,436</u>	<u>\$ 19,731,705</u>	<u>\$ 19,867,960</u>	<u>\$ 12,181</u>
LIABILITIES				
Payroll Deductions Payable	\$ 148,436	\$ 7,854,421	\$ 7,990,676	\$ 12,181
Accrued Salaries and Wages	<u>-</u>	<u>11,877,284</u>	<u>11,877,284</u>	<u>-</u>
Total Liabilities	<u>\$ 148,436</u>	<u>\$ 19,731,705</u>	<u>\$ 19,867,960</u>	<u>\$ 12,181</u>

LONG-TERM DEBT

WEST ESSEX REGIONAL SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES AND SALE/LEASEBACK CONTRACTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2010</u>	<u>Net Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2011</u>
<u>Capital Leases</u>						
Security System	3.34%	\$ 950,000	\$ 779,625		\$ 779,625	
<u>Lease Purchase Agreements</u>						
Computer Equipment	3.37%	385,000		\$ 161,453	161,453	
<u>Sale/Leaseback Contracts</u>						
Sale/Leaseback Textbooks	3.34%	300,000	<u>102,051</u>	<u>-</u>	<u>102,051</u>	<u>-</u>
			<u>\$ 881,676</u>	<u>\$ 161,453</u>	<u>\$ 1,043,129</u>	<u>\$ -</u>
		Original Issue		\$ 385,000		
		Cancelled		<u>(223,547)</u>		
		Net Issue		<u>\$ 161,453</u>		

WEST ESSEX REGIONAL SCHOOL DISTRICT
 DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 1,090,680	-	\$ 1,090,680	\$ 1,090,680	-
Total Revenues	1,090,680	-	1,090,680	1,090,680	-
EXPENDITURES					
Regular Debt Service					
Interest	1,090,680		1,090,680	1,090,679	1
Principal	1,400,000	-	1,400,000	1,400,000	-
Total Expenditures	2,490,680	-	2,490,680	2,490,679	1
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,400,000)	-	(1,400,000)	(1,399,999)	1
OTHER FINANCING SOURCES (USES)					
Transfer In - Capital Projects Fund	1,138,728	-	1,138,728	1,138,728	-
Total Other Financing Sources and Uses	1,138,728	-	1,138,728	1,138,728	-
Net Change in Fund Balances	(261,272)	-	(261,272)	(261,271)	1
Fund Balance, Beginning of Year	261,272	-	261,272	261,272	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ 1	\$ 1

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

WEST ESSEX REGIONAL SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,						
	2005	2006	2007	2008	2009	2010	2011
Governmental Activities							
Invested in Capital Assets, Net of Related Debt	\$ 11,417,633	\$ 12,984,503	\$ 15,263,155	\$ 17,287,520	\$ 18,815,040	\$ 19,449,139	\$ 24,390,753
Restricted	1	1	1	1	1	400,001	668,730
Unrestricted	<u>879,909</u>	<u>1,429,427</u>	<u>1,207,018</u>	<u>524,397</u>	<u>(103,637)</u>	<u>253,989</u>	<u>788,347</u>
Total Governmental Activities Net Assets	<u>\$ 12,297,543</u>	<u>\$ 14,413,931</u>	<u>\$ 16,470,174</u>	<u>\$ 17,811,918</u>	<u>\$ 18,711,404</u>	<u>\$ 20,103,129</u>	<u>\$ 25,847,830</u>
Business-Type Activities							
Invested in Capital Assets	\$ 65,785	\$ 73,131	\$ 63,458	\$ 53,785	\$ 47,940	\$ 24,050	\$ 42,605
Restricted							
Unrestricted	<u>80,355</u>	<u>132,899</u>	<u>233,146</u>	<u>303,201</u>	<u>318,082</u>	<u>193,941</u>	<u>169,167</u>
Total Business-Type Activities Net Assets	<u>\$ 146,140</u>	<u>\$ 206,030</u>	<u>\$ 296,604</u>	<u>\$ 356,986</u>	<u>\$ 366,022</u>	<u>\$ 217,991</u>	<u>\$ 211,772</u>
District-Wide							
Invested in Capital Assets, Net of Related Debt	\$ 11,483,418	\$ 13,057,634	\$ 15,326,613	\$ 17,341,305	\$ 18,862,980	\$ 19,473,189	\$ 24,433,358
Restricted	1	1	1	1	1	400,001	668,730
Unrestricted	<u>960,264</u>	<u>1,562,326</u>	<u>1,440,164</u>	<u>827,598</u>	<u>214,445</u>	<u>447,930</u>	<u>957,514</u>
Total District Net Assets	<u>\$ 12,443,683</u>	<u>\$ 14,619,961</u>	<u>\$ 16,766,778</u>	<u>\$ 18,168,904</u>	<u>\$ 19,077,426</u>	<u>\$ 20,321,120</u>	<u>\$ 26,059,602</u>

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2007 only seven years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

WEST ESSEX REGIONAL SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,						
	2005	2006	2007	2008	2009	2010	2011
Expenses							
Governmental Activities							
Instruction							
Regular	\$ 11,064,512	\$ 11,403,194	\$ 12,463,416	\$ 13,234,960	\$ 12,251,493	\$ 12,979,956	\$ 13,639,725
Special Education	2,816,055	3,374,453	3,713,674	4,619,720	5,210,393	4,944,372	4,614,351
Other Instruction	145,265	122,262	119,476	115,385	49,460	39,674	33,961
School Sponsored Activities And Athletics	1,215,538	1,413,002	1,461,029	1,521,978	1,525,939	1,589,966	1,649,919
Support Services:							
Student & Instruction Related Services	3,458,429	3,483,066	3,820,076	3,809,712	3,514,237	3,715,740	3,852,337
General Administrative Services	1,465,489	843,569	1,297,506	1,016,751	858,745	691,266	913,994
School Administrative Services	1,302,671	1,162,973	1,296,691	1,435,789	1,800,938	1,819,095	1,608,671
Central and Other Support Services	553,249	553,249	541,917	584,498	743,597	652,801	549,639
Plant Operations And Maintenance	2,561,430	2,840,689	3,105,953	3,450,036	4,333,145	3,855,280	3,592,306
Pupil Transportation	1,773,216	1,759,709	2,019,717	2,198,035	2,423,669	2,369,440	1,772,268
Interest On Long-Term Debt	1,002,375	1,045,209	945,610	892,860	874,887	1,068,923	1,010,252
Total Governmental Activities Expenses	26,804,980	28,001,375	30,785,065	32,879,724	33,586,503	33,726,513	33,237,423
Business-Type Activities:							
Food Service	549,169	481,591	494,000	560,853	550,230	632,181	683,937
Total Business-Type Activities Expense	549,169	481,591	494,000	560,853	550,230	632,181	683,937
Total District Expenses	\$ 27,354,149	\$ 28,482,966	\$ 31,279,065	\$ 33,440,577	\$ 34,136,733	\$ 34,358,694	\$ 33,921,360
Program Revenues							
Governmental Activities:							
Charges For Services:							
Instruction (Tuition)	174,700	152,890	116,528	46,944	20,635	67,175	145,971
Operating Grants And Contributions	1,981,685	3,375,349	4,345,302	4,428,984	3,810,271	4,601,827	3,135,488
Capital Grants And Contributions	2,821,882	210,765	765,770	509,127	706,619	4,500	3,262,003
Total Governmental Activities Program Revenues	4,978,267	3,739,004	5,227,600	4,985,055	4,537,525	4,673,502	6,543,462
Business-Type Activities:							
Charges For Services							
Food Service	563,516	541,481	584,574	621,235	559,266	497,411	635,113
Operating Grants And Contributions	-	-	-	-	-	-	-
Total Business Type Activities Program Revenues	563,516	541,481	584,574	621,235	559,266	497,411	635,113
Total District Program Revenues	\$ 5,541,783	\$ 4,280,485	\$ 5,812,174	\$ 5,606,290	\$ 5,096,791	\$ 5,170,913	\$ 7,178,575
Net (Expense)/Revenue							
Governmental Activities	\$ (21,826,713)	\$ (24,262,371)	\$ (25,557,465)	\$ (27,894,669)	\$ (29,048,978)	\$ (29,053,011)	\$ (26,693,961)
Business-Type Activities	14,347	59,890	90,574	60,382	9,036	(134,770)	(48,824)
Total District-Wide Net Expense	\$ (21,812,366)	\$ (24,202,481)	\$ (25,466,891)	\$ (27,834,287)	\$ (29,039,942)	\$ (29,187,781)	\$ (26,742,785)
General Revenues and Other Changes in Net Assets							
Governmental Activities:							
Property Taxes Levied For General Purposes, Net	\$ 22,132,665	\$ 23,173,440	\$ 24,254,219	\$ 26,009,320	\$ 27,347,610	\$ 28,163,781	\$ 30,787,000
Property Taxes Levied For Debt Service	2,368,138	2,366,500	2,322,750	2,279,000	2,234,375	2,188,875	1,090,680
State Aid - Unrestricted	1,591,449	306,414	361,432	406,264	14,852	-	-
Miscellaneous Income	321,804	532,405	675,307	372,946	351,627	206,279	359,117
Loss on Disposal of Capital Assets	-	-	-	(1,900)	-	-	-
Total Governmental Activities	26,414,056	26,378,759	27,613,708	29,065,630	29,948,464	30,558,935	32,236,797
Business-Type Activities:							
Investment Earnings	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Total Business-Type Activities	-	-	-	-	-	-	-
Total District-Wide	\$ 26,414,056	\$ 26,378,759	\$ 27,613,708	\$ 29,065,630	\$ 29,948,464	\$ 30,558,935	\$ 32,236,797
Change in Net Assets							
Governmental Activities	\$ 4,587,343	\$ 2,116,388	\$ 2,056,243	\$ 1,170,961	\$ 899,486	\$ 1,505,924	\$ 5,542,836
Business-Type Activities	14,347	59,890	90,574	60,382	9,036	(134,770)	(48,824)
Total District	\$ 4,601,690	\$ 2,176,278	\$ 2,146,817	\$ 1,231,343	\$ 908,522	\$ 1,371,154	\$ 5,494,012

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2007 only seven years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

WEST ESSEX REGIONAL SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,						
	2005	2006	2007	2008	2009	2010	2011
General Fund							
Reserved	\$ 931,250	\$ 1,443,149	\$ 1,182,293	\$ 27,001	\$ 415,426	\$ 1,141,261	
Unreserved	521,603	499,952	492,733	1,335,627	261,838	324,835	
Restricted							\$ 668,729
Committed							98,123
Assigned							716,497
Unassigned	-	-	-	-	-	-	700,917
Total General Fund	<u>\$ 1,452,853</u>	<u>\$ 1,943,101</u>	<u>\$ 1,675,026</u>	<u>\$ 1,362,628</u>	<u>\$ 677,264</u>	<u>\$ 1,466,096</u>	<u>\$ 2,184,266</u>
All Other Governmental Funds							
Reserved			\$ 1,833,234	\$ 482,539	\$ 2,627,000	\$ 2,126,854	
Unreserved	10,957,555	9,885,488	4,571,483	4,268,036	(1,226,743)	212,827	
Restricted							\$ 1,041,648
Committed							
Assigned							
Unassigned	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 10,957,555</u>	<u>\$ 9,885,488</u>	<u>\$ 6,404,717</u>	<u>\$ 4,750,575</u>	<u>\$ 1,400,257</u>	<u>\$ 2,339,681</u>	<u>\$ 1,041,648</u>

Note:

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

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Type Definitions." The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

WEST ESSEX REGIONAL SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,						
	2005	2006	2007	2008	2009	2010	2011
Revenues							
Property Tax Levy	\$ 24,500,803	\$ 25,539,940	\$ 26,576,969	\$ 28,288,320	\$ 29,581,985	\$30,352,656	\$ 31,877,680
Tuition	174,700	152,890	116,528	46,944	20,635	67,175	145,971
Miscellaneous	416,165	532,405	680,307	372,946	351,627	207,879	359,117
State Sources	3,266,598	3,380,672	4,397,615	4,491,433	4,192,380	4,084,854	5,961,262
Federal Sources	306,536	301,091	304,119	343,814	339,362	519,873	436,229
Total Revenue	<u>28,664,802</u>	<u>29,906,998</u>	<u>32,075,538</u>	<u>33,543,457</u>	<u>34,485,989</u>	<u>35,232,437</u>	<u>38,780,259</u>
Expenditures							
Instruction							
Regular Instruction	10,829,879	11,268,864	12,289,086	12,992,305	12,019,960	12,648,777	13,099,598
Special Education Instruction	2,773,055	3,347,002	3,677,783	4,569,763	5,162,725	4,876,189	4,505,230
Other Instruction	143,265	120,791	117,663	112,860	47,051	36,228	34,033
School Sponsored Activities and Athletics	1,191,538	1,398,047	1,443,004	1,496,889	1,501,999	1,555,723	1,600,028
Support Services:							
Student and Inst. Related Services	3,393,429	3,441,448	3,767,954	3,737,161	3,445,011	3,616,721	3,713,399
General Administrative Services	676,550	839,213	1,291,578	1,008,500	850,872	680,005	861,798
School Administrative Services	1,282,671	1,149,910	1,279,456	1,411,800	1,778,048	1,786,354	1,549,120
Central and Other Support Services	703,848	546,504	533,546	572,846	732,480	636,899	529,614
Plant Operations And Maintenance	2,527,430	2,818,601	3,079,715	3,413,517	3,648,300	3,155,439	3,515,583
Pupil Transportation	1,773,629	1,759,394	2,019,717	2,198,035	2,423,669	2,369,440	1,768,021
Capital Outlay	19,856,159	1,114,053	3,662,992	2,708,359	3,015,490	6,118,034	4,740,163
Debt Service:							
Principal	1,643,655	1,665,610	1,698,906	1,632,633	1,754,138	1,669,127	2,443,129
Interest and Other Charges	1,077,466	1,019,380	962,984	905,329	853,257	892,245	1,161,859
Total Expenditures	<u>47,872,574</u>	<u>30,488,817</u>	<u>35,824,384</u>	<u>36,759,997</u>	<u>37,233,000</u>	<u>40,041,181</u>	<u>39,521,575</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(19,207,772)</u>	<u>(581,819)</u>	<u>(3,748,846)</u>	<u>(3,216,540)</u>	<u>(2,747,011)</u>	<u>(4,808,744)</u>	<u>(741,316)</u>
Other Financing Sources (Uses)							
Proceeds from Leases				1,250,000			161,453
Proceeds from Bonds						6,537,000	-
Transfers In	279,953	346,992	369,503	107,564	47,839	263,293	1,138,728
Transfers Out	(279,953)	(346,992)	(369,503)	(107,564)	(47,839)	(263,293)	(1,138,728)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,250,000</u>	<u>-</u>	<u>6,537,000</u>	<u>161,453</u>
Net Change in Fund Balances	<u>\$ (19,207,772)</u>	<u>\$ (581,819)</u>	<u>\$ (3,748,846)</u>	<u>\$ (1,966,540)</u>	<u>\$ (2,747,011)</u>	<u>\$ 1,728,256</u>	<u>\$ (579,863)</u>
Debt Service as a Percentage of Noncapital Expenditures	9.71%	9.14%	8.28%	7.45%	7.62%	7.55%	10.36%

* Noncapital expenditures are total expenditures less capital outlay.

Note:
GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2007 only seven years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**WEST ESSEX REGIONAL SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund										
Tuition	\$ 95,341	\$ 143,744	\$ 195,643	\$ 174,700	\$ 152,890	\$ 116,528	\$ 46,944	\$ 20,635	\$ 67,175	\$ 145,971
Rentals/Facility Use	14,973	10,832	12,643	770	200	1,600	9,600	72,125	34,582	52,091
Interest	48,692	200,910	267,210	30,841	62,554	123,700	90,726	78,696	71,081	6,449
Donations/Teen Center			12,745		2,874					
Request for Proposal Fees	10,180					5,950	3,300			
Music School Fees/Festival	9,198	4,663	4,324	8,084	7,642	9,840	12,499	14,474	12,471	15,414
Athletic Game Receipts	7,794	6,010	7,057	18,627	5,379	6,460				
Student Fines	68,865	74,323	69,008	71,236	85,283	41,225	122,914	89,537	55,927	40,295
Prior Year Refunds and Reimbursements		5,950	1,000			1,000				
Sale of School Property	14,520	112,780				114,429	12,132		20,515	82,060
Energy Rebate							12,213	27,862		3,726
E-Rate										
Vending Machines	13,114	20331	16,533	6,623	20,617					
Student Activity Fees							1,998	21,094	9,682	94,341
Miscellaneous	1,715	1,891	468	31	864	1,600	1,998			64,741
Total Miscellaneous	\$ 284,392	\$ 581,434	\$ 586,631	\$ 310,912	\$ 338,303	\$ 422,332	\$ 312,326	\$ 324,423	\$ 271,433	\$ 505,088

Source: School District's Financial Statements

WEST ESSEX REGIONAL SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 (Unaudited)

Fiscal Year Ended June 30,	ASSESSED VALUE							Farm Reg.	Qfarm	Commercial			Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment												
ESSEX FIELDS																			
2002	\$ 568,200	\$ 68,353,000			\$ 1,667,800									\$ 70,589,000	\$ 40,636	\$ 70,629,636	\$ 512,992,837	2.060	
2003	656,100	68,279,600			1,667,800									70,603,500	41,513	70,645,013	548,547,592	2.680	
2004	7,903,700	784,286,200			22,030,600									814,220,500	37,558	814,258,058	814,220,500	0.280	
2005	7,903,700	778,885,700			22,030,600									808,820,000	295,363	809,115,363	809,115,363	0.310	
2006	9,322,600	780,328,500			22,047,400									811,698,500	295,363	811,993,863	811,994,213	0.320	
2007	9,147,000	783,758,100			22,047,400									814,953,500	295,363	815,247,863	909,637,586	0.330	
2008	9,147,000	788,387,000			22,047,400									819,581,400	247,614	819,829,014	915,224,261	0.376	
2009	7,145,600	785,894,700			22,047,400									815,087,700	331,433	815,419,133	866,846,814	0.348	
2010	6,463,200	735,974,800			23,143,800									767,581,800	336,248	767,918,048	829,476,548	0.367	
2011	N/A	N/A			N/A									768,455,900	327,163	768,783,063	806,128,748	N/A	
FABRFIELD																			
2002	41,480,000	553,896,600	674,200	68,300	412,219,300	474,135,300								1,482,473,700	8,205,200	1,490,678,900	1,782,052,580	0.550	
2003	31,639,400	584,238,200	674,200	68,300	410,018,800	471,337,200								1,497,976,100	7,944,700	1,505,920,800	1,901,801,243	0.620	
2004	27,946,500	606,871,400	434,600	64,500	410,492,100	469,968,700								1,515,777,800	6,982,300	1,522,760,100	2,092,059,526	0.660	
2005	25,041,300	628,088,400	434,600	64,500	414,582,700	470,085,300								1,538,296,800	6,661,200	1,544,958,000	2,240,563,334	0.660	
2006	26,889,000	636,472,300	434,600	46,600	425,368,300	461,083,000								1,561,994,800	6,031,200	1,568,026,000	2,393,676,899	0.670	
2007	20,315,800	650,134,500	434,600	46,600	418,904,900	479,097,500								1,580,634,900	5,278,100	1,585,913,000	2,935,460,557	0.740	
2008	23,548,300	656,158,400	241,600	46,600	397,923,400	476,087,700								1,565,707,000	5,617,500	1,571,324,500	3,033,568,912	0.780	
2009	44,949,900	1,317,292,700	492,900	47,500	777,919,000	946,905,400								3,104,107,400	10,901,740	3,115,009,148	3,109,397,060	0.309	
2010	50,823,000	1,317,526,000	492,900	47,500	775,320,000	938,752,800								3,099,462,200	10,901,748	3,110,363,948	3,125,008,280	0.313	
2011	48,359,400	1,320,103,100	501,300	47,500	774,727,000	918,689,900								3,077,428,200	10,130,737	3,087,558,937	3,004,475,056	N/A	

N/A - Not Available

Source: County Abstract of Ratables

WEST ESSEX REGIONAL SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 (Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
NORTH CALDWELL												
2002	\$ 5,074,200	\$ 332,861,500	\$ 125,700	\$ 7,500	\$ 5,115,200	\$ 739,600		\$ 345,923,700	\$ 251,344	\$ 344,175,044	\$ 986,457,564	\$ 1.340
2003	4,899,600	335,634,800	125,700	7,500	5,146,200	739,600		346,553,400	242,179	346,795,579	1,093,004,153	1.640
2004	5,335,600	339,351,200	94,900	4,000	5,762,600	739,600		351,287,900	209,334	351,497,234	1,214,251,097	1.750
2005	4,201,100	346,397,640	94,900	4,000	5,797,600	739,600		357,234,840	177,552	357,412,392	1,358,798,628	1.860
2006	6,786,400	352,882,076	94,900	4,000	5,677,800	739,600		366,184,776	151,567	366,336,343	1,552,535,185	1.720
2007	9,677,700	354,687,700	94,900	4,000	5,563,900	739,600		370,767,800	149,800	370,917,600	1,672,593,459	1.730
2008	60,873,600	1,723,979,600	624,200	4,000	32,327,600	2,916,300		1,820,725,300	713,300	1,821,438,600	1,764,573,995	0.370
2009	52,622,000	1,723,500,900	624,200	4,000	32,127,000	2,916,300		1,811,794,400	781,000	1,812,575,400	1,808,237,504	0.396
2010	36,736,800	1,568,711,600	642,900	4,000	29,817,300	2,916,300		1,638,828,900	761,600	1,639,590,500	1,767,502,544	0.446
2011	31,687,700	1,517,159,000	474,200	4,000	27,941,000	2,916,300		1,580,182,200	568,100	1,580,750,300	1,705,642,135	0.475
ROSELAND												
2002	6,465,300	109,980,841		3,500	125,123,300	13,068,800	\$ 7,616,900	262,258,641	428,470	262,687,111	1,108,017,290	1.780
2003	6,255,300	111,573,541		3,500	126,546,600	13,068,800	7,616,900	265,064,641	416,898	265,481,539	1,237,496,594	1.970
2004	3,984,400	117,330,441		3,500	126,718,400	13,068,800	7,616,900	268,722,441	380,656	270,528,441	1,331,996,262	2.120
2005	3,827,800	120,485,141		3,500	118,630,900	12,819,900	7,616,900	263,384,141	346,387	263,730,528	1,384,130,905	2.340
2006	2,937,700	124,367,441		3,500	106,823,800	13,241,600	7,616,900	254,990,941	248,124	255,239,065	1,740,006,935	2.630
2007	1,714,600	128,712,141		3,500	108,117,400	13,509,200	7,616,900	259,673,741	223,805	259,897,546	1,985,595,895	2.840
2008	1,670,300	131,740,741		3,500	87,252,700	12,437,700	7,616,900	239,721,841	228,176	239,950,017	1,848,524,833	3.167
2009	1,545,600	131,487,941		3,500	84,649,300	12,191,000	7,316,900	237,194,241	216,557	237,410,798	2,015,579,267	3.194
2010	21,591,600	987,424,646		4,600	666,755,200	85,871,000	53,906,200	1,815,553,246	1,913,146	1,817,466,392	1,980,725,360	0.432
2011	20,823,300	984,274,052		6,400	659,768,900	85,545,200	53,906,200	1,804,324,052	1,741,868	1,806,065,920	1,806,358,981	0.448

N/A - Not Available

Source: County Abstract of Rates

**WEST ESSEX REGIONAL SCHOOL DISTRICT
PROPERTY TAX RATES
PER \$100 OF ASSESSED VALUATION
LAST TEN YEARS
(Unaudited)**

<u>Calendar Year</u>	<u>Total</u>	<u>West Essex Regional School District</u>	<u>Local School District</u>	<u>Municipality</u>	<u>County</u>
ESSEX FELLS					
2002	\$ 12.740	\$ 2.060	\$ 3.480	\$ 2.640	\$ 4.560
2003	14.040	2.680	3.840	2.970	4.550
2004	1.300	0.280	0.360	0.270	0.390
2005	1.400	0.310	0.380	0.300	0.410
2006	1.470	0.320	0.400	0.310	0.440
2007	1.490	0.330	0.420	0.320	0.420
2008	1.617	0.376	0.454	0.350	0.437
2009	1.606	0.348	0.475	0.370	0.413
2010	1.721	0.367	0.525	0.391	0.438
2011	N/A	N/A	N/A	N/A	N/A
FAIRFIELD					
2002	2.180	0.550	0.460	0.430	0.740
2003	2.320	0.620	0.470	0.490	0.740
2004	2.370	0.660	0.490	0.510	0.710
2005	2.440	0.660	0.530	0.550	0.700
2006	2.520	0.670	0.540	0.580	0.730
2007	2.640	0.740	0.570	0.610	0.720
2008	2.790	0.780	0.590	0.670	0.750
2009	1.459	0.309	0.409	0.354	0.387
2010	1.556	0.313	0.438	0.396	0.409
2011	N/A	N/A	N/A	N/A	N/A

Source: Municipal Tax Collectors

N/A - Not Available

**WEST ESSEX REGIONAL SCHOOL DISTRICT
PROPERTY TAX RATES
PER \$100 OF ASSESSED VALUATION
LAST TEN YEARS
(Unaudited)**

<u>Calendar Year</u>	<u>Total</u>	<u>West Essex Regional School District</u>	<u>Local School District</u>	<u>Municipality</u>	<u>County</u>
NORTH CALDWELL					
2002	\$ 6.120	\$ 1.340	\$ 1.900	\$ 1.080	\$ 1.800
2003	6.760	1.640	2.160	1.110	1.850
2004	6.990	1.750	2.280	1.120	1.840
2005	7.220	1.860	2.390	1.150	1.820
2006	7.250	1.720	2.490	1.180	1.860
2007	7.360	1.730	2.630	1.220	1.780
2008	1.600	0.370	0.580	0.270	0.380
2009	1.674	0.396	0.591	0.300	0.387
2010	1.925	0.446	0.679	0.343	0.457
2011	2.036	0.475	0.724	0.363	0.474
ROSELAND					
2002	8.923	1.780	1.633	2.880	2.630
2003	9.350	1.970	1.670	2.970	2.740
2004	9.530	2.120	1.780	3.040	2.590
2005	10.130	2.340	2.150	3.120	2.520
2006	10.410	2.630	2.430	3.120	2.230
2007	11.430	2.840	2.470	3.120	3.000
2008	12.083	3.167	2.687	3.209	3.020
2009	12.821	3.194	3.009	3.402	3.216
2010	1.833	0.432	0.407	0.558	0.436
2011	1.873	0.448	0.414	0.580	0.431

N/A - Not Available

Source: Municipal Tax Collectors

WEST ESSEX REGIONAL SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAXPAYERS,
 CURRENT YEAR AND NINE YEARS AGO
 (Unaudited)

Taxpayer	2011		2002	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
<u>ESSEX FELLS</u>				
Essex Fells Country Club	\$ 20,939,900	2.72%		
Resident #1	3,569,200	0.46%		
Resident #2	3,441,900	0.45%		
Resident #3	3,272,200	0.43%		
Resident #4	3,235,500	0.42%		
Resident #5	3,234,800	0.42%		
Resident #6	3,198,500	0.42%		
Resident #7	2,927,500	0.38%		
Resident #8	2,916,200	0.38%		
Resident #9	2,909,800	0.38%		
	<u>\$ 49,645,500</u>	<u>6.47%</u>		
<u>FAIRFIELD (For 2010 Year)</u>				
AMB-AMS	\$ 112,392,900	3.61%		
Rt. 46 Associates	43,665,000	1.40%		
CRG 300 LLC	36,981,900	1.19%		
GRE Greenbrook Property, LLC	32,644,400	1.05%		
Karczynski, Stanley	32,413,300	1.04%		
True North Fairfield Property LLC	26,858,300	0.86%		
RRAMC	23,240,300	0.75%		
Marshall Field/Target Corp.	21,915,500	0.70%		
Hollywood Associates	20,614,800	0.66%		
Skyline Properties	20,058,400	0.64%		
	<u>\$ 370,784,800</u>	<u>11.90%</u>		

INFORMATION
NOT AVAILABLE

INFORMATION
NOT AVAILABLE

Source: Municipal Tax Assessor

**WEST ESSEX REGIONAL SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

Taxpayer	2011		2002	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
<u>NORTH CALDWELL</u>				
Greenbrook Country Club	\$ 16,156,800	1.02%		
K. Hovnanian at North Caldwell III	10,827,200	0.69%		
K. Hovnanian at Hilltop, LLC	10,809,000	0.68%		
Hidden Ridge at North Caldwell	4,175,000	0.26%		
Individual Taxpayer #1	3,930,700	0.25%		
Individual Taxpayer #2	3,869,400	0.24%		
Individual Taxpayer #3	3,137,900	0.20%		
Individual Taxpayer #4	2,961,400	0.19%		
Individual Taxpayer #5	2,905,700	0.18%		
Public Service Electric & Gas Co.	<u>2,901,000</u>	<u>0.18%</u>		
	<u>\$ 61,674,100</u>	<u>3.90%</u>		
<u>ROSELAND</u>				
Prudential Financial, Inc.	\$ 89,038,300	4.93%		
Organon Inter'l c/o Merck Inc.	86,908,400	4.81%		
ADP, Inc. ATT: Robert Singer, Esq.	62,888,500	3.48%		
Prudential Financial, Inc.	58,048,800	3.21%		
Segal Development Co. of NJ LLC	53,906,200	2.99%		
Mack-Cali Realty Corp. c/o D.Danscuk	42,781,900	2.37%		
Mack-Cali Realty Corp. c/o D.Danscuk	36,072,600	2.00%		
Mack-Cali Realty Corp. c/o D.Danscuk	33,130,000	1.84%		
Mack-Cali Realty Corp. c/o D.Danscuk	23,893,200	1.32%		
Mack-Cali Realty Corp. c/o D.Danscuk	<u>18,786,100</u>	<u>1.04%</u>		
	<u>\$ 505,454,000</u>	<u>27.99%</u>		

INFORMATION
NOT AVAILABLE

INFORMATION
NOT AVAILABLE

Source: Municipal Tax Assessor

**WEST ESSEX REGIONAL SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 18,380,182	\$ 18,380,182	100.00%	
2003	18,830,751	18,830,751	100.00%	
2004	22,535,801	22,535,801	100.00%	
2005	24,500,803	24,500,803	100.00%	
2006	25,539,940	25,539,940	100.00%	
2007	26,576,969	26,576,969	100.00%	
2008	28,288,320	28,288,320	100.00%	
2009	29,581,985	29,581,985	100.00%	
2010	30,352,656	30,352,656	100.00%	
2011	31,877,680	31,685,577	99.40%	

**WEST ESSEX REGIONAL SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST SEVEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities			Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Sale/Leaseback Contracts	Capital Leases	Total District		
2005	\$ 26,085,000		\$ 1,052,090			\$ 27,137,090	22,192	\$ 1,223
2006	24,685,000		786,480			25,471,480	21,977	1,159
2007	23,285,000		487,574			23,772,574	21,823	1,089
2008	21,885,000		1,204,941	\$ 300,000		23,389,941	21,875	1,069
2009	20,485,000		950,000	200,803		21,635,803	22,003	983
2010	25,622,000		779,625	102,051		26,503,676	22,003 (E)	1,205
2011	24,222,000		-	-		24,222,000	22,003 (E)	1,101

Source: District records

Note:

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

(E) - Estimates

**WEST ESSEX REGIONAL SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST SEVEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2005	\$ 26,085,000		\$ 26,085,000	0.88%	\$ 1,175
2006	24,685,000		24,685,000	0.82%	1,123
2007	23,285,000		23,285,000	0.77%	1,067
2008	21,885,000		21,885,000	0.49%	1,000
2009	20,485,000		20,485,000	0.34%	931
2010	25,622,000		25,622,000	0.35%	1,164
2011	24,222,000		24,222,000	N/A	1,101

Source: District records

N/A - Not Available

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2007 only seven years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**WEST ESSEX REGIONAL SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
FOR THE YEAR ENDED DECEMBER 31, 2010
(Unaudited)**

Total Direct Debt of West Essex Regional School District as of June 30, 2011		\$ 24,222,000
Total Overlapping Debt of School District		
Borough of Essex Fells	\$ 6,494,750	
Township of Fairfield	13,484,305	
Borough of North Caldwell	14,892,500	
Borough of Roseland	16,789,838	
County of Essex	26,394,102	
Essex County Utilities Authority	<u>6,468,227</u>	
		<u>84,523,722</u>
Total Direct and Overlapping Debt		<u>\$ 108,745,722</u>

(A) The debt for this entity was apportioned by dividing the Municipality's 2010 equalized value by the total 2010 equalized value for Essex County.

Source:

- (1) 2010 Annual Debt Statements - Borough of Essex Fells, Township of Fairfield, Borough of North Caldwell and Borough of Roseland
- (2) Essex County 2010 Annual Debt Statement
- (3) Essex County Utilities Authority

**WEST ESSEX REGIONAL SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST SEVEN FISCAL YEARS**

Legal Debt Margin Calculation for Fiscal Year 2011

	Equalized valuation basis
	2008 7,790,041,257
	2009 7,673,904,999
	2010 7,360,531,404
	<u>\$ 22,824,477,660</u>
Average equalized valuation of taxable Property	\$ 7,608,159,220
Debt Limit 3.5% of average equalization value	266,285,573
Total Net Debt Applicable to Limit	<u>24,222,000</u>
Legal debt margin	<u>\$ 242,063,573</u>

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt Limit	\$ 185,082,023	\$ 207,843,041	\$ 223,151,659	\$ 242,438,250	\$ 265,880,775	\$ 269,902,819	\$ 266,285,573
Total Net Debt Applicable to Limit	<u>26,085,000</u>	<u>24,685,000</u>	<u>23,285,000</u>	<u>21,885,000</u>	<u>27,022,000</u>	<u>25,622,000</u>	<u>24,222,000</u>
Legal Debt Margin	<u>\$ 158,997,023</u>	<u>\$ 183,158,041</u>	<u>\$ 199,866,659</u>	<u>\$ 220,553,250</u>	<u>\$ 238,858,775</u>	<u>\$ 244,280,819</u>	<u>\$ 242,063,573</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	14.09%	11.88%	10.43%	9.03%	10.16%	9.49%	9.10%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

Note:
GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2007 only seven years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

EXHIBIT J-14

WEST ESSEX REGIONAL SCHOOL DISTRICT
 DEMOGRAPHIC STATISTICS
 LAST TEN YEARS
 (Unaudited)

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income</u> (1)	<u>School District Population</u>
ESSEX FELLS			
2002	1.7	\$ 37,988	2,141
2003	1.7	38,980	2,128
2004	1.4	41,737	2,098
2005	1.2	43,649	2,069
2006	2.5	47,837	2,032
2007	2.2	50,146	2,006
2008	2.7	51,924	2,094
2009	5.5	50,349	2,135
2010	5.6	N/A	2,135 (E)
2011	N/A	N/A	2,135 (E)
FAIRFIELD			
2002	2.7	\$ 37,988	7,391
2003	2.6	38,980	7,398
2004	2.2	41,737	7,707
2005	3.1	43,649	7,628
2006	3.3	47,837	7,558
2007	2.9	50,146	7,481
2008	3.6	51,924	7,442
2009	7.2	50,349	7,447
2010	7.3	N/A	7,447 (E)
2011	N/A	N/A	7,447 (E)

(1) Per Capita Income for Essex County

N/A - Not Available

(E) - Estimate

WEST ESSEX REGIONAL SCHOOL DISTRICT
 DEMOGRAPHIC STATISTICS
 LAST TEN YEARS
 (Unaudited)

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income</u> (1)	<u>School District Population</u>
NORTH CALDWELL			
2002	1.8	\$ 37,988	7,357
2003	1.8	38,980	7,329
2004	1.4	41,737	7,260
2005	2.8	43,649	7,182
2006	3.0	47,837	7,091
2007	2.7	50,146	7,034
2008	3.3	51,924	7,020
2009	6.6	50,349	7,071
2010	6.7	N/A	7,071 (E)
2011	N/A	N/A	7,071 (E)
ROSELAND			
2002	2.3	\$ 37,988	5,279
2003	3.0	38,980	5,255
2004	2.5	41,737	5,261
2005	3.3	43,649	5,313
2006	3.4	47,837	5,296
2007	3.1	50,146	5,302
2008	3.8	51,924	5,319
2009	7.6	50,349	5,350
2010	7.7	N/A	5,350 (E)
2011	N/A	N/A	5,350 (E)

(1) Per Capita Income for Essex County

N/A - Not Available

(E) - Estimate

WEST ESSEX REGIONAL SCHOOL DISTRICT
 PRINCIPAL EMPLOYERS,
 CURRENT YEAR AND NINE YEARS AGO
 (Unaudited)

<u>Employer</u>	<u>2010</u>		<u>2001</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION IS NOT AVAILABLE

WEST ESSEX REGIONAL SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST SEVEN FISCAL YEARS
(Unaudited)

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction	131	134	141	147	141	143	143
Support Services:							
Student and Instruction Related Services	42	36	33	33	38	36	36
General Administration	2	2	2	2	1	2	2
School Administrative Services	17	16	11	17	9	8	8
Central and Other Support Services	6	5	6	6	7	8	8
Plant Operations And Maintenance	29	27	32	26	27	27	27
Total	<u>227</u>	<u>220</u>	<u>225</u>	<u>231</u>	<u>223</u>	<u>224</u>	<u>224</u>

Source: District Personnel Records

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

WEST ESSEX REGIONAL SCHOOL DISTRICT
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 (Unaudited)

Fiscal Year	Pupil/Teacher Ratio										
	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Junior High School	Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2002	1,334	\$ 20,502,681	\$ 15,369	0.51%	N/A	N/A	N/A	1,334	1,284	7.06%	96.25%
2003	1,420	22,370,090	15,754	2.50%	N/A	N/A	N/A	1,420	1,342	6.45%	94.51%
2004	1,507	23,963,581	15,902	0.94%	N/A	N/A	N/A	1,507	1,437	6.13%	95.36%
2005	1,543	25,295,294	16,394	3.09%	163.0	1:11	1:10	1,543	1,462	2.39%	94.75%
2006	1,561	26,689,774	17,098	4.30%	N/A	N/A	N/A	1,561	N/A	1.17%	N/A
2007	1,615	29,499,502	18,266	6.83%	150.0	1:13	1:8	1,597	1,530	2.31%	95.80%
2008	1,604	31,513,676	19,647	7.56%	147.0	1:8	1:13	1,604	1,566	0.44%	97.63%
2009	1,633	31,610,115	19,357	-1.48%	146.0	1:11	1:18	1,633	1,583	1.81%	96.94%
2010	1,591	31,361,775	19,712	1.83%	143.0	1:12	1:12	1,561	1,498	-4.41%	95.96%
2011	1,589	31,176,424	19,620	-0.47%	143.0	1:11	1:11	1,589	1,522	1.79%	95.78%

N/A - Not Available

Sources: District records

**WEST ESSEX REGIONAL SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST FISCAL YEAR
(Unaudited)**

INFORMATION NOT AVAILABLE

WEST ESSEX REGIONAL SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN YEARS
(Unaudited)

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
School Facilities										
Senior High School	\$ 78,950	\$ 30,578	\$ 62,595	\$ 97,761	\$ 103,750	\$ 71,685	\$ 105,794	\$ 95,732	\$ 35,367	\$ 141,776
Junior High School	<u>53,600</u>	<u>29,406</u>	<u>-</u>	<u>15,726</u>	<u>40,805</u>	<u>22,637</u>	<u>66,060</u>	<u>48,828</u>	<u>27,830</u>	<u>63,160</u>
Total	<u>\$ 132,550</u>	<u>\$ 59,984</u>	<u>\$ 62,595</u>	<u>\$ 113,487</u>	<u>\$ 144,555</u>	<u>\$ 94,322</u>	<u>\$ 171,854</u>	<u>\$ 144,560</u>	<u>\$ 63,197</u>	<u>\$ 204,936</u>

Source: School District's Financial Statements

WEST ESSEX REGIONAL SCHOOL DISTRICT
SCHEDULE OF INSURANCE
JUNE 30, 2011
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Graphic Arts		
Property - Blanket and Building Contents	\$ 85,340,365	\$ 1,000
Comprehensive General Liability	\$5,000,000 Occurrence/ \$5,000,000 Aggregate	
Comprehensive Automobile Liability	\$ 5,000,000	
Comprehensive Crime Coverage:		
Public Employee Blanket Bond - Form P	100,000	
Form C - Inside	50,000	
Form C - Outside	50,000	
Form B - Forgery	100,000	
Inland Marine:	4,313,520	
Data Processing Equipment		250
Audio Visual		250
Musical Instruments		250
Band and Sports Uniforms		250
Boiler and Machinery:		
Property Damage	Included	250
Umbrella Liability - Utica Mutual:		
Umbrella Policy	\$ 10,000,000	10,000
School Board Legal Liability - Utica Mutual	\$1,000,000/ 1,000,000	2,500
Employee Benefits Liability	\$5,000,000/ 5,000,000	1,000
Blanket Dishonesty Bond including Faithful Performance	100,000 each person 400,000 per loss	1,000 1,000
Public Officials Bonds - Utica		
School Board Administrator	100,000	
Treasurer of School Monies	250,000	

Source: School District's records

SINGLE AUDIT

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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EDWARD N. KERE, CPA

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

Honorable President and Members
of the Board of Trustees
West Essex Regional School District
North Caldwell, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the West Essex Regional School District as of and for the fiscal year ended June 30, 2011, which collectively comprise the West Essex Regional School District's basic financial statements and have issued our report thereon dated October 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the West Essex Regional School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the West Essex Regional School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the West Essex Regional School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the West Essex Regional School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the West Essex Regional School District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we have reported to management of the West Essex Regional School District in a separate report entitled, "Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance" dated October 14, 2011.

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

LERCH, VINCI & HIGGINS, LLP

LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants

Public School Accountants

Jeffrey C. Bliss

Public School Accountant

PSA Number CS00932

Fair Lawn, New Jersey
October 14, 2011

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

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EDWARD N. KERE, CPA

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

Independent Auditor's Report

Honorable President and Members
of the Board of Trustees
West Essex Regional School District
North Caldwell, New Jersey

Compliance

We have audited the West Essex Regional School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of West Essex Regional School District's major state programs for the fiscal year ended June 30, 2011. West Essex Regional School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the West Essex Regional School District's management. Our responsibility is to express an opinion on West Essex Regional School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about West Essex Regional School District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on West Essex Regional School District's compliance with those requirements.

In our opinion, West Essex Regional School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

Management of West Essex Regional School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered West Essex Regional School District's internal control over compliance with requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

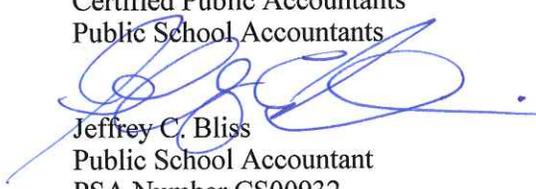
A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected on a timely basis.

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

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the New Jersey State Department of Education and other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

LERCH, VINCI & HIGGINS, LLP

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


Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
October 14, 2011

WEST ESSEX REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2010	Cash Received	Carryover/ (Walkover) Amount Def. Rev.	Carryover/ (Walkover) Amount A/R	Budgetary Expenditures	Refund of Prior Years' Balances	Adjustment	June 30, 2011		Memo GAAP Receivable	
												Accounts Receivable	Deferred Revenue		Due to Grantor
U.S. Department of Education Passed-through State Department of Education															
Special Revenue Fund															
Title I	84.010A	NCLB-5630-09	9/01/10-8/31/11	\$ 34,019			\$ 232	(232)	\$ 30,158			\$ (34,251)	\$ 4,093	\$ (30,158)	
Title I	84.010A	NCLB-5630-09	9/01/09-8/31/10	30,294	(29)		(232)	232				(29)		(29)	
Title I	84.010A	NCLB-5630-08	9/01/08-8/31/09	42,125	101					\$ 101		(24,923)	10,093	(14,839)	
Title II A	84.367A	NCLB-5630-09	9/01/10-8/31/11	20,445	(5,318)		4,478	(4,478)	14,830			(5,318)		(5,318)	
Title II A	84.367A	NCLB-5630-09	9/01/09-8/31/10	20,095	504		(4,478)	4,478							
Title II A C/O	84.318X	NCLB-5630-06	9/01/06-8/31/07	20,192			160	(160)	160			(236)	76	(160)	
Title II D	84.318X	NCLB-5630-09	9/01/10-8/31/11	76	(150)		(160)	160				(150)		(150)	
Title II D	84.318X	NCLB-5630-09	9/01/09-8/31/10	310	180					180					
Title II D	84.318X	NCLB-5630-07	9/01/06-8/31/07	180	(811)						\$ 811				
Title III	84.365A	NCLB-5630-07	9/01/06-8/31/07	973											
Title IV	84.186A	NCLB-5630-10	9/01/10-8/31/11	2,569	(54)		75	(75)	75			(75)		(75)	
Title IV	84.186A	NCLB-5630-09	9/01/09-8/31/10	2,630	225		(75)	75				(54)		(54)	
Title IV	84.186A	NCLB-5630-08	9/01/08-8/31/09	3,429	829					225					
Title IV	84.186A	NCLB-5630-07	9/01/06-8/31/07	1,590	779					829					
Title V	84.298A	NCLB-5630-07	9/01/06-8/31/07	1,590						779					
IDEIA Basic - ARRA	84.391	IDEA-5630-10	9/01/09-8/31/11	323,171	(31,232)							(161,830)	6,112	(155,718)	
IDEIA Basic	84.027	IDEA-5630-09	9/01/10-8/31/11	278,887			3,799	(3,799)	124,486			(282,686)		(282,686)	
IDEIA Basic	84.027	IDEA-5630-09	9/01/09-8/31/10	274,586	(56,702)		(3,799)	3,799	282,686						
IDEIA Basic	84.027	IDEA-5630-08	9/01/08-8/31/09	274,281	2,702					2,702					
IDEIA Basic	84.027	IDEA-5630-07	9/01/07-8/31/08	267,457	223					223					
Total U.S. Department of Education					\$ (88,753)	\$ 54,000	\$ -	\$ -	\$ 452,395	\$ 5,543	\$ 3,513	\$ (509,552)	\$ 20,374	\$ (489,178)	

See Accompanying Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance

Note: This schedule was not subject to an audit in accordance with OMB-A-133.

**WEST ESSEX REGIONAL SCHOOL DISTRICT
 NOTES TO THE SCHEDULES OF EXPENDITURES OF
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's basic financial statements.

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$116,995 for the general fund and a decrease of \$16,166 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,700,570	\$ 2,700,570
Special Revenue Fund	\$ 436,229		436,229
Capital Projects Fund	-	3,260,692	3,260,692
	<u>\$ 436,229</u>	<u>\$ 5,961,262</u>	<u>\$ 6,397,491</u>
Total Financial Assistance			

**WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

TPAF Social Security contributions in the amount of \$983,322 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011. The amount reported as TPAF Pension System Contributions in the amount of \$40,803 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$866,662 represents the amount paid by the State on behalf of the District for the year ended June 30, 2011.

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

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

WEST ESSEX REGIONAL SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditors' report issued on financial statements Unqualified

Internal control over financial reporting:

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

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

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

Federal Awards Section

NOT APPLICABLE

**WEST ESSEX REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over major programs:

(1) Material weakness(es) identified?

_____ yes X no

(2) Significant deficiencies identified that are not considered to be material weakness(es)?

_____ yes X none reported

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

Unqualified

Any audit findings disclosed that are required to be reported in accordance with N.J. Circular Letter 04-04?

_____ yes X no

Identification of major state programs:

GMIS Number(s)	Name of State Program
11-495-034-5120-473	Extraordinary Aid
11-100-034-5095-002	TPAF Social Security Contributions
SP-202761; SP-5630-050/070-09	School Development Authority -
	Grants Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

_____ yes X no

**WEST ESSEX REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Part 2 – Schedule of Financial Statement Findings

NOT APPLICABLE

**WEST ESSEX REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

CURRENT YEAR FEDERAL AWARDS

There are none.

**WEST ESSEX BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

CURRENT YEAR STATE AWARDS

There are none.

**WEST ESSEX REGIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND
QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

STATUS OF PRIOR YEAR FINDINGS

Finding 2010-1

Condition

It was noted during our examination of encumbrances and accounts payable that:

- The accounts payable balance per the general ledger in the General Fund was not in agreement with subsidiary records (accounts payable list) by \$23,900.
- Prior year adjustments to accounts payable in the Capital Projects Fund in the amount of \$1,806,071 was not properly reflected in the District's accounting software.
- Several contract payables noted were either understated and in one instance overstated.
- The balance due to the Food Service Management Company at year end in the amount of \$81,414 was not properly established as an accounts payable in the Food Service Fund at year end.
- Certain purchase orders included in the balance of reserve for encumbrances were determined to be accounts payable. In addition, certain balances in the reserve for encumbrances were deemed to be incorrect.
- A certain contract award for renovations to High School science classrooms was split between multiple funding sources but not specified in the resolution.

Current Status

Corrective action has been taken.

Finding 2010-2

Condition

The capital asset records were not updated on a current basis. In addition, the District's capital asset accounting system did not calculate the current year depreciation expense and accumulated depreciation.

Current Status

Corrective action has been taken.

Finding 2010-3

Condition

Our audit of the Capital Projects Fund revealed that a deficit exists of \$115,978 and \$65,375, inclusive of outstanding encumbrances, in the Junior High School Roof Project and Senior High School Window Project, respectively of the 2009 referendum.

Current Status

Corrective action has been taken.

**WEST ESSEX REGIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND
QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

STATUS OF PRIOR YEAR FINDINGS (Continued)

Finding 2010-4

Condition

It was noted that in certain instances purchase orders and/or their supporting documentation were not available for audit.

Current Status

Corrective action has been taken.

Finding 2010-5

Condition

Our audit of the travel and expense reimbursements revealed the following:

- A district maximum travel expense amount was not approved by the Board.
- Post-travel reports were not always available for audit as required by policy.
- There was one instance where reimbursement for meals and incidental expenses exceeded the maximum allowed.
- There was one instance where their travel was not pre-approved in accordance with policy.

Current Status

Corrective action has been taken.

Finding 2010-6

Condition

Our audit revealed:

- There were two instances where there was no approval in the minutes for a State contract awarded.
- There was one instance where there was no evidence of quotes being obtained.
- There were several instances where a political disclosure form was not on file.
- There was one instance where two vehicles were purchased through the Morris County Co-Op but the minutes indicate only one was approved.
- There were two instances where there was no proof of advertisement for the awarding of a contract for a professional service.
- There was one instance where the District did not provide notification to the Office of the State Comptroller of a contract awarded in an amount exceeding \$2 million in accordance with N.J.S.A. 52:15C-10.

Current Status

Corrective action has been taken.

**WEST ESSEX REGIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND
QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

STATUS OF PRIOR YEAR FINDINGS (Continued)

Finding 2010-7

Condition

Our audit revealed that budget appropriation transfers were made from certain advertised budget line items which exceeded the statutory maximum (10%). In addition, transfers were made to capital outlay. Executive County Superintendent approval was not sought and obtained for such transfers.

Current Status

Corrective action has been taken.

Finding 2010-8

Condition

The District renewed a transportation contract for the 2009/10 school year but did not obtain the approval of the County.

Current Status

Corrective action has been taken.