

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**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, 2012**

**Prepared by**

**Finance Department**

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**INTRODUCTORY SECTION**

# WEST ESSEX REGIONAL SCHOOL DISTRICT

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## Board of Education

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

October 17, 2012

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, 2012 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 2011 - 2012 fiscal year with an enrollment of 1615, students, which is 8 students above 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>
2011-2012	1,615	.50
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)

**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 2011-2012 school year was one of advancement and improvement. The completion of a variety of capital projects brings our facilities in line with current health and safety standards as well as setting a foundation for innovations in learning.

For example, the stadium bleachers were brought up code and the entrance way canopy roofs were completed. The implementation of wireless internet in the district opened 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. 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, 2012.

**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.

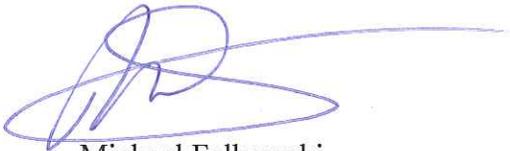
**10. ACKNOWLEDGEMENTS:**

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 2011/2012 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,

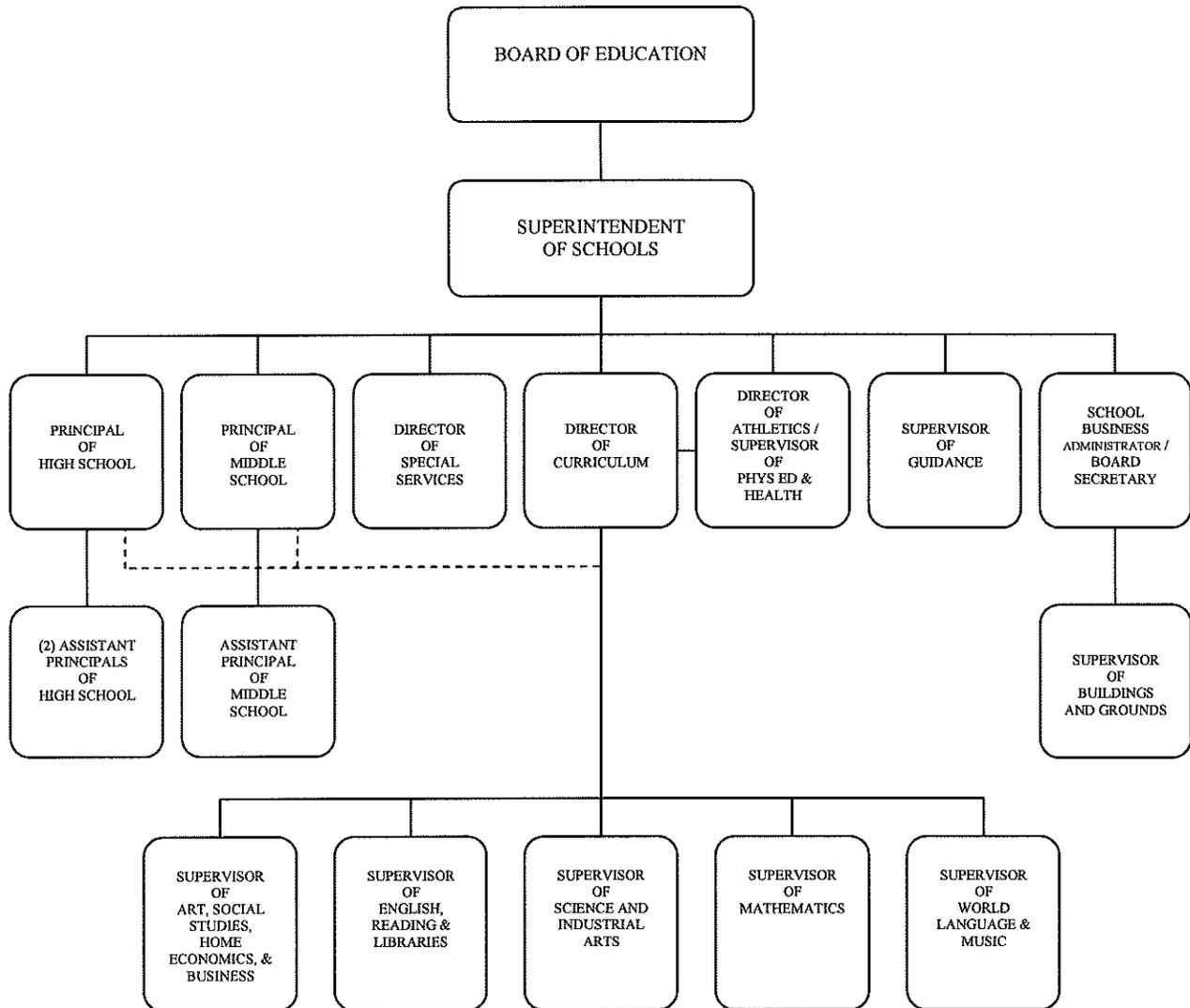


Barbara Longo  
Superintendent of Schools



Michael Falkowski  
School Business Administrator/  
Board Secretary

## 1110 ORGANIZATIONAL CHART



Adopted: 6 April 2009  
Modified: 26 September 2011



WEST ESSEX REGIONAL SCHOOL DISTRICT  
NORTH CALDWELL, NEW JERSEY

ROSTER OF OFFICIALS

AT JUNE 30, 2012

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Marie Rosenberg, President	2013
Paul Rando, Vice President, Resigned June 18, 2012	2012
Angela Gerken	2012
Frank Antonucci	2014
Joyce Candido	2012
David Laible	2013
Diane Storey	2013
Dawn Smith	2014
Anthony Rubinich	2014

Other Officials

Mrs. Barbara Longo, Superintendent of Schools

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

**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 AUDITOR'S 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 as of and for the fiscal year ended June 30, 2012, 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 Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 17, 2012 on our consideration of the West Essex Regional School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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'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 also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining fund financial statements and schedules of expenditures of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*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 17, 2012

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# WEST ESSEX REGIONAL SCHOOL DISTRICT

## Management Discussion and Analysis Year Ended June 30, 2012

### 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, 2012. 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 (2011-2012) and the prior year (2010-2011) 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, 2012. 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 2012?" 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, 2012

### 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 2011-2012 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, 2012

### 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 required supplementary information can be found following the notes to the basic financial statements.

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

### FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year 2012 are as follows:

- The assets of the West Essex Regional School District exceeded its liabilities at the close of the fiscal year by \$28,784,753 (net assets). The amount available to meet the District's ongoing obligations (unrestricted net assets) was \$454,801.
- The School District's total net assets increased \$2,767,756.
- General revenues accounted for \$33,226,419 or 87 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants accounted for \$4,816,925 or 13 percent of total revenues of \$38,043,344.
- The School District had \$34,580,467 in expenses for governmental activities; only \$4,090,856 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$33,226,419 were adequate to provide for these programs.

# WEST ESSEX REGIONAL SCHOOL DISTRICT

## Management's Discussion and Analysis Year Ended June 30, 2012

### FINANCIAL HIGHLIGHTS (Continued)

- The General Fund had \$34,357,941 in revenues and \$32,768,796 in expenditures. The General Fund's balance increased \$1,589,145 over the previous year to \$3,773,411. Of this amount, \$619,125 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 \$1,191,026 which represented an increase of \$72,570 over the previous year.

### 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 2012 and 2011:

#### Net Assets As of June 30, 2012 and 2011

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current Assets	\$ 5,842,306	\$ 4,337,245	\$ 181,856	\$ 156,992	\$ 6,024,162	\$ 4,494,237
Capital Assets	46,868,080	47,571,106	33,447	42,605	46,901,527	47,613,711
<b>Total Assets</b>	<u>52,710,386</u>	<u>51,908,351</u>	<u>215,303</u>	<u>199,597</u>	<u>52,925,689</u>	<u>52,107,948</u>
Long-Term Liabilities	23,107,889	24,741,775			23,107,889	24,741,775
Other Liabilities	1,017,859	1,318,746	15,188	30,430	1,033,047	1,349,176
<b>Total Liabilities</b>	<u>24,125,748</u>	<u>26,060,521</u>	<u>15,188</u>	<u>30,430</u>	<u>24,140,936</u>	<u>26,090,951</u>
Net Assets						
Invested in capital assets, net of related debt, as restated	25,449,244	24,390,753	33,447	42,605	25,482,691	24,433,358
Restricted	2,847,261	668,730			2,847,261	668,730
Unrestricted	288,133	788,347	166,668	126,562	454,801	914,909
<b>Total Net Assets</b>	<u>\$ 28,584,638</u>	<u>\$ 25,847,830</u>	<u>\$ 200,115</u>	<u>\$ 169,167</u>	<u>\$ 28,784,753</u>	<u>\$ 26,016,997</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, 2012**

**THE SCHOOL DISTRICT AS A WHOLE (Continued)**

The following shows the changes in Net Assets for fiscal years 2012 and 2011:

**Change in Net Assets  
For The Years Ended June 30, 2012 and 2011**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 168,593	\$ 145,971	\$ 726,069	\$ 635,113	\$ 894,662	\$ 781,084
Operating Grants and Contributions	3,903,058	3,135,488			3,903,058	3,135,488
Capital Grants and Contributions	19,205	3,262,003			19,205	3,262,003
<b>General Revenues</b>						
Property Taxes	32,830,823	31,877,680			32,830,823	31,877,680
Other	395,596	359,117	-	-	395,596	359,117
<b>Total Revenues</b>	<b><u>37,317,275</u></b>	<b><u>38,780,259</u></b>	<b><u>726,069</u></b>	<b><u>635,113</u></b>	<b><u>38,043,344</u></b>	<b><u>39,415,372</u></b>
<b>Expenses</b>						
<b>Instruction</b>						
Regular	14,254,374	13,639,725			14,254,374	13,639,725
Special Education	5,291,950	4,614,351			5,291,950	4,614,351
Other Instruction	58,892	33,961			58,892	33,961
School Sponsored Activities and Athletics	1,667,883	1,649,919			1,667,883	1,649,919
<b>Support Services</b>						
Student and Instruction Related Services	3,848,598	3,852,337			3,848,598	3,852,337
General Administrative Services	821,645	913,994			821,645	913,994
School Administrative Services	1,964,673	1,608,671			1,964,673	1,608,671
Central and Other Support Services	584,917	549,639			584,917	549,639
Plant Operations and Maintenance	3,598,805	3,592,306			3,598,805	3,592,306
Pupil Transportation	1,823,129	1,772,268			1,823,129	1,772,268
Interest on Debt	665,601	1,010,252			665,601	1,010,252
Food Services	-	-	695,121	683,937	695,121	683,937
<b>Total Expenses</b>	<b><u>34,580,467</u></b>	<b><u>33,237,423</u></b>	<b><u>695,121</u></b>	<b><u>683,937</u></b>	<b><u>35,275,588</u></b>	<b><u>33,921,360</u></b>
<b>Change in Net Assets</b>	<b>2,736,808</b>	<b>5,542,836</b>	<b>30,948</b>	<b>(48,824)</b>	<b>2,767,756</b>	<b>5,494,012</b>
<b>Net Assets, Beginning of Year</b>	<b>25,847,830</b>	<b>20,217,328</b>	<b>169,167</b>	<b>231,252</b>	<b>26,016,997</b>	<b>20,448,580</b>
<b>Prior Period Adjustment</b>	<b>-</b>	<b>87,666</b>	<b>-</b>	<b>(13,261)</b>	<b>-</b>	<b>74,405</b>
<b>Net Assets, End of Year</b>	<b><u>\$ 28,584,638</u></b>	<b><u>\$ 25,847,830</u></b>	<b><u>\$ 200,115</u></b>	<b><u>\$ 169,167</u></b>	<b><u>\$ 28,784,753</u></b>	<b><u>\$ 26,016,997</u></b>

# WEST ESSEX REGIONAL SCHOOL DISTRICT

## Management's Discussion and Analysis Year Ended June 30, 2012

**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 \$37,317,275 and \$30,780,259 for the fiscal years ended June 30, 2012 and 2011. Property taxes of \$32,830,823 and \$31,877,680 made up 88% and 82% of the revenues for governmental activities for the West Essex Regional School District for fiscal years ended June 30, 2012 and 2011. Federal, state and local grants and aid accounted for another \$3,922,263 and \$6,397,491 representing 11% and 16% of total revenues for the fiscal years ended June 30, 2012 and 2011, respectively. In addition, tuition and other miscellaneous income is earned. Miscellaneous income includes items such as interest, prior year refunds and other miscellaneous revenue items.

The total cost of all governmental activities programs and services were \$34,580,467 and \$33,237,423 for the fiscal years ended June 30, 2012 and 2011. Instruction comprised \$21,273,099 (61%) and \$19,937,956 (60%) of District expenses for the fiscal years ended June 30, 2012 and 2011, respectively. Support services totaled \$12,641,767 (37%) and \$12,289,215 (37%) of District expense and interest on debt totaled \$665,601 (2%) and \$1,010,252 (3%) of District expenses for fiscal year ended June 30, 2012 and 2011, respectively.

Total governmental activities revenues exceeded expenses, increasing net assets \$2,736,808 and \$5,542,836 for the fiscal years ended June 30, 2012 and 2011, 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, 2012**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Instruction				
Regular	\$ 14,254,374	\$ 13,639,725	\$ 12,986,668	\$ 12,608,592
Special Education	5,291,950	4,614,351	3,424,523	3,288,891
Other Instruction	58,892	33,961	27,516	16,377
School Sponsored Activities and Athletics	1,667,883	1,649,919	1,565,000	1,561,098
Support Services				
Student and Instruction Related Services	3,848,598	3,852,337	3,506,787	3,507,852
General Administrative Services	821,645	913,994	786,275	878,104
School Administrative Services	1,964,673	1,608,671	1,806,339	1,495,579
Central and Other Support Services	584,917	549,639	542,950	515,512
Plant Operations and Maintenance	3,598,805	3,592,306	3,427,033	186,377
Pupil Transportation	1,823,129	1,772,268	1,750,919	1,625,327
Interest on Debt	665,601	1,010,252	665,601	1,010,252
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
<b>Total</b>	<b><u>\$ 34,580,467</u></b>	<b><u>\$ 33,237,423</u></b>	<b><u>\$ 30,489,611</u></b>	<b><u>\$ 26,693,961</u></b>

# WEST ESSEX REGIONAL SCHOOL DISTRICT

## Management's Discussion and Analysis Year Ended June 30, 2012

### 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 revenues exceeded expenses by \$30,948 for the current year while expenses exceeded revenues by \$48,824 for the previous year.
- Charges for services were \$726,069 and \$635,113 and represents 100% of the revenue for the fiscal years ended June 30, 2012 and 2011. This represents amounts paid by patrons for daily food services.
- Expenses were \$695,121 and \$683,937 for the fiscal years ended June 30, 2012 and 2011, respectively. 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, 2012**

**THE SCHOOL DISTRICT'S FUNDS**

Information about the School District's major funds is included in the June 30, 2012 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 \$37,317,275 and \$38,780,259 and expenditures of \$36,700,954 and \$39,521,275 for the fiscal years ended June 30, 2012 and 2011, 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, 2012 and 2011, and the amount and percentage of change in relation to prior-year revenues.

	<u>Years Ended June 30,</u>		<u>Amount of</u>	
	<u>2012</u>	<u>2011</u>	<u>Increase</u>	<u>Percent</u>
			<u>(Decrease)</u>	<u>Change</u>
Local Sources				
Property Taxes	\$ 30,284,468	\$ 30,787,000	\$ (502,532)	-2%
Tuition	168,593	145,971	22,622	15%
Other	395,596	359,117	36,479	10%
State Sources	3,451,708	2,700,570	751,138	28%
Federal Sources	<u>57,576</u>	<u>-</u>	<u>57,576</u>	100%
<b>Total General Fund Revenues</b>	<u>\$ 34,357,941</u>	<u>\$ 33,992,658</u>	<u>\$ 365,283</u>	1%

Overall General Fund revenues increased only 1% from the previous year. The change in Local Sources is attributable to a tax decrease of 2% due to a decrease in budgeted expenditures for the 2012 fiscal year. State sources increased 28% mainly due to the result of an increase in special education formula aid and on-behalf contributions made by the State for the District's share of teachers' pension contributions.

# WEST ESSEX REGIONAL SCHOOL DISTRICT

## Management's Discussion and Analysis Year Ended June 30, 2012

### THE SCHOOL DISTRICT'S FUNDS (Continued)

The following schedule presents a summary of General Fund expenditures for the fiscal years ended June 30, 2012 and 2011:

	<u>Year Ended June 30,</u>		<u>Amount of</u>	<u>Percent</u>
	<u>2012</u>	<u>2011</u>	<u>Increase</u>	<u>Change</u>
			<u>(Decrease)</u>	
Instruction	\$ 19,987,555	\$ 18,884,283	\$ 1,103,272	6%
Support Services	12,110,607	11,857,223	253,384	2%
Debt Service		1,114,309	(1,114,309)	-100%
Capital Outlay	<u>670,634</u>	<u>1,580,126</u>	<u>(909,492)</u>	-58%
<b>Total General Fund Expenditures</b>	<b>\$ <u>32,768,796</u></b>	<b>\$ <u>33,435,941</u></b>	<b>\$ <u>(667,145)</u></b>	<b>-2%</b>

The increase in Instruction is attributed to increases in special education instructional cost resulting from increased tuition costs for out-of-district classified students. In addition, on-behalf teachers' pension contributions made by the State were also a contributing factor.

The increase in Support Services is attributable to an increase in school administrative service costs resulting from on-behalf teachers' pension contributions made by the State. In addition, increases associated with transportation costs also contributed to the increase in support services. These increases were offset with a decrease in energy costs.

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

For the 2012 school year, General Fund revenues exceeded expenditures by \$1,589,145. Total fund balance increased to \$3,773,411 at June 30, 2012. After deducting fund balances restricted and assigned, the unassigned fund balance decreased from \$700,917 at June 30, 2011 to \$619,125 at June 30, 2012.

### 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 the budgetary basis and encumbrance accounting. In addition, certain state aid which is deferred by the state to the 2012-2013 fiscal year is required to be recognized as revenue by the School District for budgetary purposes only during the 2011-2012 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, 2012

### GENERAL FUND BUDGETING HIGHLIGHTS

During the course of the 2012 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, 2012, General Fund budgetary revenues exceeded expenditures increasing budgetary fund balance by \$1,743,507 from the previous year. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance increased \$72,570 from \$1,118,456 at June 30, 2011 to \$1,191,026 at June 30, 2012.

### CAPITAL ASSETS

At the end of fiscal years 2012 and 2011, the School District had \$46,901,527 and \$47,613,711 invested in land, land improvements, buildings, machinery and equipment, net of accumulated depreciation. Depreciation charges for the fiscal years 2012 and 2011 were \$1,400,828 and \$1,143,277 for governmental activities, respectively, and \$9,158 and \$4,539 for business-type activities, respectively.

#### Capital Assets at June 30, 2012 and 2011

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 288,849	\$ 288,849			\$ 288,849	\$ 288,849
Land Improvements	2,223,215	2,035,112			2,223,215	2,035,112
Buildings and Building Improvements	53,194,665	52,843,884			53,194,665	52,843,884
Machinery and Equipment	<u>1,271,644</u>	<u>1,112,726</u>	<u>\$ 171,084</u>	<u>\$ 171,084</u>	<u>1,442,728</u>	<u>1,283,810</u>
	56,978,373	56,280,571	171,084	171,084	57,149,457	56,451,655
Less Accumulated Depreciation	<u>(10,110,293)</u>	<u>(8,709,465)</u>	<u>(137,637)</u>	<u>(128,479)</u>	<u>(10,247,930)</u>	<u>(8,837,944)</u>
<b>Total</b>	<u>\$ 46,868,080</u>	<u>\$ 47,571,106</u>	<u>\$ 33,447</u>	<u>\$ 42,605</u>	<u>\$ 46,901,527</u>	<u>\$ 47,613,711</u>

**WEST ESSEX REGIONAL SCHOOL DISTRICT**

**Management's Discussion and Analysis  
Year Ended June 30, 2012**

**LONG-TERM LIABILITIES**

At June 30, 2012, the School District had \$22,611,109 as outstanding debt consisting of \$524,109 for compensated absences, and \$22,087,000 of serial bonds for school construction projects. The following is a comparison of the June 30, 2012 and 2011 balances:

**Outstanding Long-Term Liabilities  
At June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Bonds Payable	\$ 22,087,000	\$ 24,222,000
Compensated Absences	<u>524,109</u>	<u>519,775</u>
<b>Total</b>	<u>\$ 22,611,109</u>	<u>\$ 24,741,775</u>

**FOR THE FUTURE**

While many factors influence the School District's future, the availability of funding for special education needs, changes in student population 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 2012-2013 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 2012-2013. Budgeted expenditures in the General Fund increased approximately 2.6 percent to \$32,487,769 for fiscal year 2012-2013.

**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, 2012**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,248,061	\$ 170,559	\$ 3,418,620
Receivables, Net	2,462,985		2,462,985
Deferred Charges	131,260		131,260
Inventory		11,297	11,297
Capital Assets, Not Being Depreciated	288,849		288,849
Capital Assets, Being Depreciated, Net	<u>46,579,231</u>	<u>33,447</u>	<u>46,612,678</u>
Total Assets	<u>52,710,386</u>	<u>215,303</u>	<u>52,925,689</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Liabilities	211,039	15,188	226,227
Accrued Interest Payable	192,440		192,440
Unearned Revenue	614,380		614,380
Noncurrent Liabilities			
Due within one year	1,715,000		1,715,000
Due beyond one year	<u>21,392,889</u>	<u>-</u>	<u>21,392,889</u>
Total Liabilities	<u>24,125,748</u>	<u>15,188</u>	<u>24,140,936</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	25,449,244	33,447	25,482,691
Restricted for:			
Capital Projects	2,638,729		2,638,729
Debt Service	78,532		78,532
Plant Maintenance	130,000		130,000
Unrestricted	<u>288,133</u>	<u>166,668</u>	<u>454,801</u>
Total Net Assets	<u>\$ 28,584,638</u>	<u>\$ 200,115</u>	<u>\$ 28,784,753</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, 2012

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	\$ 14,254,374	\$ 168,593	\$ 1,256,474	\$ 11,232	\$ (12,986,668)	\$ (12,986,668)	\$ (12,986,668)
Special Education	5,291,950		1,695,497	3,337	(3,424,523)	(3,424,523)	(3,424,523)
Other Instruction	58,892		31,376		(27,516)	(27,516)	(27,516)
School Sponsored Activities and Athletics	1,667,883		102,883		(1,565,000)	(1,565,000)	(1,565,000)
Support Services:							
Student & Instruction Related Services	3,848,598		341,811		(3,506,787)	(3,506,787)	(3,506,787)
General Administrative Services	821,645		35,370		(786,275)	(786,275)	(786,275)
School Administrative Services	1,964,673		158,334		(1,806,339)	(1,806,339)	(1,806,339)
Central and Other Support Services	584,917		41,967		(542,950)	(542,950)	(542,950)
Plant Operations and Maintenance	3,598,805		167,136	4,636	(3,427,033)	(3,427,033)	(3,427,033)
Pupil Transportation	1,823,129		72,210		(1,750,919)	(1,750,919)	(1,750,919)
Interest on Long Term Debt	665,601	-	-	-	(665,601)	(665,601)	(665,601)
Total Governmental Activities	34,580,467	168,593	3,903,058	19,205	(30,489,611)	-	(30,489,611)
Business-Type Activities:							
Food Service	695,121	726,069	-	-	-	30,948	30,948
Total Business-Type Activities	695,121	726,069	-	-	-	30,948	30,948
Total Primary Government	\$ 35,275,588	\$ 894,662	\$ 3,903,058	\$ 19,205	(30,489,611)	30,948	(30,458,663)

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, 2012

	<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
General Revenues:			
Taxes:			
Property Taxes, levied for general purposes, net	\$ 30,284,468		\$ 30,284,468
Property Taxes, levied for debt service, Net	2,546,355		2,546,355
Miscellaneous Income	395,596	-	395,596
Total General Revenues	<u>33,226,419</u>	<u>-</u>	<u>33,226,419</u>
Change in Net Assets	2,736,808	\$ 30,948	2,767,756
Net Assets, Beginning of Year	<u>25,847,830</u>	<u>169,167</u>	<u>26,016,997</u>
Net Assets, End of year	<u>\$ 28,584,638</u>	<u>\$ 200,115</u>	<u>\$ 28,784,753</u>

**FUND FINANCIAL STATEMENTS**

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,143,119	\$ 26,410		\$ 78,532	\$ 3,248,061
Receivables, Net					
Intergovernmental	177,928	2,009	\$ 2,279,965		2,459,902
Due from Other Funds	<u>619,692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>619,692</u>
Total assets	<u>\$ 3,940,739</u>	<u>\$ 28,419</u>	<u>\$ 2,279,965</u>	<u>\$ 78,532</u>	<u>\$ 6,327,655</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 167,328	\$ 28,419	\$ 15,292		\$ 211,039
Due to Other Funds			616,609		616,609
Deferred Revenue	<u>-</u>	<u>-</u>	<u>614,380</u>	<u>-</u>	<u>614,380</u>
Total Liabilities	<u>167,328</u>	<u>28,419</u>	<u>1,246,281</u>	<u>-</u>	<u>1,442,028</u>
Fund Balances:					
Restricted					
Capital Reserve	2,638,729				2,638,729
Maintenance Reserve	130,000				130,000
Capital Projects			1,033,684		1,033,684
Debt Service				78,532	78,532
Assigned					
Year End Encumbrances	84,087				84,087
Designated for Subsequent Years Expenditures	301,470				301,470
Unassigned	<u>619,125</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>619,125</u>
Total Fund balances	<u>3,773,411</u>	<u>-</u>	<u>1,033,684</u>	<u>78,532</u>	<u>4,885,627</u>
Total Liabilities and Fund Balances	<u>\$ 3,940,739</u>	<u>\$ 28,419</u>	<u>\$ 2,279,965</u>	<u>\$ 78,532</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 \$56,978,373 and the accumulated depreciation is \$10,110,293.	46,868,080
Bond issuance costs are deferred and amortized over the life of the bonds on the statement of net assets.	131,260
The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:	(192,440)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds	
Bonds Payable, net	\$ 22,583,780
Compensated Absences	<u>524,109</u>
	<u>(23,107,889)</u>
Net assets of governmental activities	<u>\$ 28,584,638</u>

**WEST ESSEX REGIONAL SCHOOL DISTRICT**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources:					
Property Tax Levy	\$ 30,284,468			\$ 2,546,355	\$ 32,830,823
Tuition	168,593				168,593
Miscellaneous	395,596	\$ 31,799	-	-	427,395
Total - Local Sources	30,848,657	31,799	-	2,546,355	33,426,811
State Sources	3,451,708		\$ 4,636		3,456,344
Federal Sources	57,576	376,544	-	-	434,120
Total Revenues	34,357,941	408,343	4,636	2,546,355	37,317,275
<b>EXPENDITURES</b>					
Current					
Instruction					
Regular Instruction	13,518,516	18,571			13,537,087
Special Education Instruction	4,839,380	289,686			5,129,066
Other Instruction	29,629	29,259			58,888
School Sponsored Activities and Athletics	1,600,030				1,600,030
Support Services					
Student & Instruction Related Services	3,615,887	56,258			3,672,145
General Administrative Services	757,690				757,690
School Administrative Services	1,869,652				1,869,652
Central Services	557,774				557,774
Plant Operations and Maintenance	3,493,524				3,493,524
Pupil Transportation	1,816,080				1,816,080
Debt Service					
Principal				1,720,000	1,720,000
Interest				747,824	747,824
Costs of Issuance				149,028	149,028
Advance Refunding Escrow				894,364	894,364
Capital Outlay	670,634	14,569	12,599	-	697,802
Total Expenditures	32,768,796	408,343	12,599	3,511,216	36,700,954
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,589,145	-	(7,963)	(964,861)	616,321
<b>OTHER FINANCING SOURCES (USES)</b>					
Refunding Bond Proceeds	-			14,470,000	14,470,000
Premium on Refunding Bonds				1,458,392	1,458,392
Payment to Refunded Bond Escrow Agent	-	-	-	(14,885,000)	(14,885,000)
Total Other Financing Sources and Uses	-	-	-	1,043,392	1,043,392
Net Change in Fund Balances	1,589,145	-	(7,963)	78,531	1,659,713
Fund Balance, Beginning of Year	2,184,266	-	1,041,647	1	3,225,914
Fund Balance, End of Year	\$ 3,773,411	\$ -	\$ 1,033,684	\$ 78,532	\$ 4,885,627

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, 2012**

Total net change in fund balances - governmental funds (from B-2) \$ 1,659,713

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 depreciation exceeded capital outlay in the period.

Capital outlays	\$ 697,802	
Depreciation expense	<u>(1,400,828)</u>	(703,026)

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.

Payment of Principal on Serial Bonds		1,720,000
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The issuance of refunding bonds provides current financial resources to the governmental funds, while the repayment of the refunded bonds uses those current financial resources of governmental funds. Neither transactions, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums and other such items related to the refunding bonds when they are first issued, whereas these amounts are deferred and amortized in the statement of activities.

Refunding Bond Proceeds	(14,470,000)	
Premium on Refunding Bonds	(1,458,392)	
Payments to Escrow Agent for Refunding	15,779,364	
Cost of Issuance	149,028	
Amortization of Bond Premium	173,882	
Amortization of Deferred Amounts on Refunding	(106,634)	
Amortization of Cost of Issuance	<u>(17,768)</u>	49,480

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.

Decrease in Accrued Interest		14,975
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In the statement of activities, certain operating expenses, e.g., compensated absences 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).

Increase in Compensated Absences		<u>(4,334)</u>
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<b>Change in net assets of governmental activities</b>		<u>\$ 2,736,808</u>
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**WEST ESSEX REGIONAL SCHOOL DISTRICT  
 PROPRIETARY FUND  
 STATEMENT OF NET ASSETS  
 AS OF JUNE 30, 2012**

	<b>Business-Type  <u>Activities</u>            Enterprise Fund  <u>Food Service</u></b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 170,559
Inventories	<u>11,297</u>
Total Current Assets	<u>181,856</u>
Capital Assets	
Equipment	171,084
Accumulated Depreciation	<u>(137,637)</u>
Total Capital Assets	<u>33,447</u>
Total Assets	<u>215,303</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	<u>15,188</u>
Total Current Liabilities	<u>15,188</u>
<b>NET ASSETS</b>	
Invested in Capital Assets	33,447
Unrestricted	<u>166,668</u>
Total Net Assets	<u>\$ 200,115</u>

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

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
 PROPRIETARY FUND  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET ASSETS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b>Business-Type  <u>Activities</u>            Enterprise Fund  <u>Food Service</u></b>
<b>OPERATING REVENUES</b>	
Local Sources	
Daily Sales	\$ 726,069
	<hr/>
Total Operating Revenues	726,069
	<hr/>
<b>OPERATING EXPENSES</b>	
Salaries and Benefits	262,673
Cost of Sales	307,023
Purchased Management Services	43,982
Miscellaneous Purchased Services	22,269
Repairs and Maintenance Services	13,685
Supplies and Materials	30,491
Miscellaneous Expenses	5,840
Depreciation	9,158
	<hr/>
Total Operating Expenses	695,121
	<hr/>
Operating Income	30,948
	<hr/>
Total Net Assets, Beginning of Year	169,167
	<hr/>
Total Net Assets, End of Year	\$ 200,115
	<hr/>

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, 2012**

	<b>Business-Type  <u>Activities</u>  <b>Enterprise Fund  <u>Food Service</u></b></b>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 726,069
Cash Payments for Employees	
Salaries and Benefits	(262,673)
Cash Payments to Suppliers for Goods and Services	<u>(444,678)</u>
Net Cash Provided by Operating Activities	<u>18,718</u>
Net Increase in Cash and Cash Equivalents	18,718
Cash and Cash Equivalents, Beginning of Year	<u>151,841</u>
Cash and Cash Equivalents, End of Year	<u>\$ 170,559</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	<u>\$ 30,948</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	9,158
Change in Assets and Liabilities	
(Increase)/Decrease in Inventory	(6,146)
Increase/(Decrease) in Accounts Payable	<u>(15,242)</u>
Total Adjustments	<u>(12,230)</u>
Net Cash Provided by Operating Activities	<u>\$ 18,718</u>

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
AS OF JUNE 30, 2012**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 106,501	\$ 179,278	\$ 344,476
Total Assets	<u>106,501</u>	<u>179,278</u>	<u>\$ 344,476</u>
<b>LIABILITIES</b>			
Intergovernmental Payable - State	11,476		
Payroll Deductions Payable			\$ 29,625
Due to Other Funds			3,083
Due to Student Groups	<u>-</u>	<u>-</u>	<u>311,768</u>
Total Liabilities	<u>11,476</u>	<u>-</u>	<u>\$ 344,476</u>
<b>NET ASSETS</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 95,025</u>	<u>\$ 179,278</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, 2012**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Trust</u>
<b>ADDITIONS</b>		
Contributions		
Employer	\$ 127,876	
Employees	41,825	
Private Donations	-	\$ 20,358
	<hr/>	<hr/>
Total Contributions	169,701	20,358
Investment earnings		
Interest	194	488
	<hr/>	<hr/>
Total Additions	169,895	20,846
<b>DEDUCTIONS</b>		
Unemployment Claims	109,323	
Scholarship Awards	-	8,800
	<hr/>	<hr/>
Total Deductions	109,323	8,800
Change in Net Assets	60,572	12,046
Net Assets, Beginning of the Year	<hr/> 34,453	<hr/> 167,232
Net Assets, End of the Year	<u>\$ 95,025</u>	<u>\$ 179,278</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, 2012**

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

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net 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, 2012**

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

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

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

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets 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.

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

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

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

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

The District reports the following major governmental funds:

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

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal 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 capital facilities and other capital assets, other than those financed by the proprietary funds.

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

The District reports the following major proprietary funds which are 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 types:

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.

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

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

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

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, 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 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.

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 2010-2011 and 2011-2012 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.

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

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

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

**2. *Receivables and Payables* (Continued)**

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 1<sup>st</sup> in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

**3. *Inventories***

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

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.

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

<u>Assets</u>	<u>Years</u>
Land Improvements	15-20
Buildings	50
Building Improvements	20
Machinery and Equipment	5-20

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and refunding gains or losses. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

7. *Fund Equity*

With the implementation of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during fiscal year 2011, fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

*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.

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

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 2012/2013 District budget certified for taxes.

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

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 for review and approval prior to adoption 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 2011/2012. During 2011/2012 the Board increased the original budget by \$403,201. The increase was funded by additional Federal aid, 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, 2012**

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

**A. Budgetary Information (Continued)**

On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 13, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law.

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

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

**B. Capital Reserve**

A capital reserve account was established by the District on 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.

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

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

**B. Capital Reserve (Continued)**

The activity of the capital reserve for the fiscal year ended June 30, 2012 is as follows:

Balance, July 1, 2011	\$ 638,729
Increased by:	
Deposits Approved by Board Resolution	<u>2,000,000</u>
Balance, June 30, 2012	<u>\$ 2,638,729</u>

**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 the lesser 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, 2012, the book value of the Board's deposits was \$4,048,875 and bank balances of the Board's cash and deposits amounted to \$3,466,640. 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>\$ 3,466,640</u>
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**WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

**Deposits**

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, 2012 none of the Board’s bank balances were 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, 2012, 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.

**B. Receivables**

Receivables as of June 30, 2012 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>Total</u>
Receivables:				
Intergovernmental				
Local	\$ 55,943	\$ 2,009		\$ 57,952
State	<u>121,985</u>	<u>-</u>	<u>\$ 2,279,965</u>	<u>2,401,950</u>
Gross Receivables	177,928	2,009	2,279,965	2,459,902
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 177,928</u>	<u>\$ 2,009</u>	<u>\$ 2,279,965</u>	<u>\$ 2,459,902</u>

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

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

**B. Receivables (Continued)**

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>
Capital Projects Fund	
Unrealized School Facilities Grant	\$ <u>614,380</u>
 Total Deferred Revenue for Governmental Funds	 \$ <u><u>614,380</u></u>

**C. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	<u>Balance, July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2012</u>
<b>Governmental activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 288,849	-	-	\$ 288,849
Total Capital Assets, Not Being Depreciated	<u>288,849</u>	<u>-</u>	<u>-</u>	<u>288,849</u>
Capital Assets, Being Depreciated:				
Land Improvements	2,035,112	\$ 188,103		2,223,215
Buildings and Building Improvements	52,843,884	350,781		53,194,665
Machinery and Equipment	1,112,726	158,918	-	1,271,644
Total Capital Assets Being Depreciated	<u>55,991,722</u>	<u>697,802</u>	<u>-</u>	<u>56,689,524</u>
Less Accumulated Depreciation for:				
Land Improvements	(918,463)	(82,911)		(1,001,374)
Buildings and Building Improvements	(6,872,601)	(1,270,169)		(8,142,770)
Machinery and Equipment	(918,401)	(47,748)	-	(966,149)
Total Accumulated Depreciation	<u>(8,709,465)</u>	<u>(1,400,828)</u>	<u>-</u>	<u>(10,110,293)</u>
Total Capital Assets, Being Depreciated, Net	<u>47,282,257</u>	<u>(703,026)</u>	<u>-</u>	<u>46,579,231</u>
Government Activities Capital Assets, Net	<u>\$ 47,571,106</u>	<u>\$ (703,026)</u>	<u>\$ -</u>	<u>\$46,868,080</u>

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

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

**C. Capital Assets (Continued)**

	<u>Balance, July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2012</u>
<b>Business-Type Activities:</b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 171,084	-	-	\$ 171,084
Total Capital Assets Being Depreciated	<u>171,084</u>	<u>-</u>	<u>-</u>	<u>171,084</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(128,479)	\$ (9,158)	-	(137,637)
Total Accumulated Depreciation	<u>(128,479)</u>	<u>(9,158)</u>	<u>-</u>	<u>(137,637)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 42,605</u>	<u>\$ (9,158)</u>	<u>\$ -</u>	<u>\$ 33,447</u>

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

**Governmental Activities:**

Instruction		
Regular		\$ 715,002
Special		162,370
School Sponsored		<u>67,654</u>
Total Instruction		<u>945,026</u>
Support Services		
Student and Instruction Related Services		175,900
General Administrative Services		46,119
School Administrative Services		94,715
Central Services		27,062
Operations and Maintenance of Plant		104,957
Transportation		<u>7,049</u>
Total Support Services		<u>455,802</u>
Total Governmental Activities		<u>\$ 1,400,828</u>
<b>Business-Type Activities:</b>		
Food Service Fund		\$ 9,158
Total Depreciation Expense-Business-Type Activities		<u>\$ 9,158</u>

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

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

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

The composition of interfund balances as of June 30, 2012, is as follows:

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 616,609
General Fund	Payroll Agency Fund	<u>3,083</u>
		<u>\$ 619,692</u>

The above balances are the result of revenues earned in one fund which are due to another fund and to cover cash balances which were in an overdraft position.

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

**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.

Bonds payable at June 30, 2012 are comprised of the following issues:

\$25,485,000, 2003 Bonds, due in annual installments of \$1,400,000 through November 1, 2012, interest at 3.60%	\$1,400,000
\$6,537,000, 2009 Bonds, due in annual installments of \$265,000 to \$440,000 through August 15, 2029, interest at 3.00% to 4.00%	6,317,000
\$14,470,000, 2011 Refunding Bonds, due in annual installments of \$1,415,000 to \$1,490,000 through November 1, 2022, interest at 2.25% to 5.00%	<u>14,370,000</u>
	<u>\$22,087,000</u>

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

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

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

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

**Governmental Activities:**

Year Ending June 30,	Serial Bonds		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2013	\$ 1,665,000	\$ 842,680	\$ 2,507,680
2014	1,705,000	780,730	2,485,730
2015	1,710,000	715,105	2,425,105
2016	1,720,000	649,280	2,369,280
2017	1,720,000	586,749	2,306,749
2018-2022	8,770,000	1,928,956	10,698,956
2023-2027	3,480,000	500,413	3,980,413
2028-2030	<u>1,317,000</u>	<u>78,900</u>	<u>1,395,900</u>
	<u>\$ 22,087,000</u>	<u>\$ 6,082,813</u>	<u>\$ 28,169,813</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2012 was as follows:

3.5% of Equalized Valuation Basis (Municipal)	\$ 260,818,888
Less: Net Debt Issued	<u>22,087,000</u>
Remaining Borrowing Power	<u>\$ 238,731,888</u>

**Advance Refunding of Debt**

On July 27, 2011, the District issued \$14,470,000 in School District Refunding Bonds having an interest rate of 2.00% to 5.00%. These bonds were issued in order to advance refund certain principal maturities and certain interest payments of the 2003 School District Bonds of the District. The total bond principal defeased was \$14,885,000 and the total interest payments defeased was \$933,938. The net proceeds of \$15,779,364 (after payment of underwriting fees, insurance and other insurance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the advance refunding met the requirements of an in-substance debt defeasance and the refunded bond liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$894,364. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over 12 years by \$749,583 and resulted in an economic gain of \$644,456.

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

**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, 2012, was as follows:

	Balance, July 1, 2011	Additions	Deletions	Balance, June 30, 2012	Due Within One Year
<b>Governmental activities:</b>					
Bonds Payable	\$ 24,222,000	\$ 14,470,000	\$ 16,605,000	\$ 22,087,000	\$ 1,665,000
Add: Original Issue Premium		1,458,392	173,882	1,284,510	
Less: Loss on Refunding	-	(894,364)	(106,634)	(787,730)	-
	<u>24,222,000</u>	<u>15,034,028</u>	<u>16,672,248</u>	<u>22,583,780</u>	<u>1,665,000</u>
Total Bonds Payable	24,222,000	15,034,028	16,672,248	22,583,780	1,665,000
Compensated Absences	<u>519,775</u>	<u>4,334</u>	<u>-</u>	<u>524,109</u>	<u>50,000</u>
Governmental Activity Long-Term Liabilities	<u>\$ 24,741,775</u>	<u>\$ 15,038,362</u>	<u>\$ 16,672,248</u>	<u>\$ 23,107,889</u>	<u>\$ 1,715,000</u>

For the governmental activities, the liabilities for 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 Group 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, 2012**

**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:

Year Ended June 30,	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2012	\$ 127,876	\$ 41,825	\$ 109,323	\$ 95,025
2011	129,701	42,963	183,926	34,453
2010	151,693	42,459	173,024	45,633

**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, 2012, 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, 2012, 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, 2012**

**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 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](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

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

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

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

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

- New members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. TPAF and PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Funding Status and Funding Progress**

As of July 1, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 78.5 percent and \$10.7 billion.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2010 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 5.91 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 6.5% for PERS, 6.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

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

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2012 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2012, 2011 and 2010 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 <u>June 30,</u>	<u>PERS</u>	On-Behalf <u>TPAF</u>	<u>DCRP</u>
2012	\$ 346,746	\$ 427,103	\$ 14,252
2011	329,472	40,803	1,261
2010	258,587	44,782	None

During the previous two fiscal years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$427,103 during 2011/2012 for normal cost pension, accrued liability and the NCGI premium. For fiscal years 2010/2011 and 2009/2010, the State contributed \$40,803 and \$44,782, respectively, for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$953,401 during the year ended June 30, 2012 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.

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

**NOTE 4 OTHER INFORMATION (Continued)**

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

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 547 state and local participating employers and contributing entities for Fiscal Year 2011.

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

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

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

**Basis of Accounting**

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

**Significant Legislation**

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Investment Valuation**

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

**Funded Status and Funding Progress**

As of July 1, 2010, the most recent actuarial valuation date, the State had a \$59.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$21.1 billion for state active and retired members and \$38.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2010, 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, 2011, there were 93,323 retirees receiving post-retirement medical benefits and the State contributed \$935.5 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 2011.

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

**NOTE 4 OTHER INFORMATION (Continued)**

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

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2012, 2011 and 2010 were \$858,591, \$866,662 and \$841,074, 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.

**BUDGETARY COMPARISON SCHEDULES**

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 30,284,468		\$ 30,284,468	\$ 30,284,468	
Tuition	120,000		120,000	168,593	\$ 48,593
Miscellaneous	250,000	-	250,000	395,596	145,596
<b>Total Local Revenues</b>	<u>30,654,468</u>	<u>-</u>	<u>30,654,468</u>	<u>30,848,657</u>	<u>194,189</u>
State Sources					
Special Education Aid	480,461		480,461	781,931	301,470
Extraordinary Aid				512,834	512,834
Additional Non - Public Transportation Aid				72,210	72,210
On Behalf TPAF Pension System Contribution (Non Budgeted)					
Pension Benefit Contributions				385,711	385,711
Pension - NGCI Premium				41,392	41,392
Post Retirement Medical Benefit Contribution				858,591	858,591
On Behalf Reimbursed TPAF Social Security Contribution (Non Budgeted)	-	-	-	953,401	953,401
<b>Total State Revenues</b>	<u>480,461</u>	<u>-</u>	<u>480,461</u>	<u>3,606,070</u>	<u>3,125,609</u>
Federal Sources					
Education Jobs Fund	55,827	\$ 1,749	57,576	57,576	-
<b>Total State Revenues</b>	<u>55,827</u>	<u>1,749</u>	<u>57,576</u>	<u>57,576</u>	<u>-</u>
<b>Total Revenues</b>	<u>31,190,756</u>	<u>1,749</u>	<u>31,192,505</u>	<u>34,512,303</u>	<u>3,319,798</u>
<b>CURRENT EXPENDITURES</b>					
Regular Programs - Instruction					
Salaries of Teachers					
Grades 6-8	3,152,529	239,734	3,392,263	3,391,803	460
Grades 9-12	6,098,744	3,891	6,102,635	6,102,371	264
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Svcs.	1,550	3,000	4,550	3,480	1,070
Other Purchased Services	190,990	(5,566)	185,424	178,105	7,319
General Supplies	255,570	289,928	545,498	516,184	29,314
Textbooks	157,658	42,346	200,004	193,052	6,952
Other Objects	1,626	(696)	930	267	663
<b>Total Regular Programs</b>	<u>9,858,667</u>	<u>572,637</u>	<u>10,431,304</u>	<u>10,385,262</u>	<u>46,042</u>
Special Education					
Learning / Language Disabilities					
Salaries of Teachers	163,634	(65,782)	97,852	96,342	1,510
General Supplies	325	-	325	72	253
Textbooks	2,620	-	2,620	1,878	742
<b>Total Learning / Language Disabilities</b>	<u>166,579</u>	<u>(65,782)</u>	<u>100,797</u>	<u>98,292</u>	<u>2,505</u>
Resource Room / Resource Center					
Salaries of Teachers	1,417,493	45,179	1,462,672	1,462,672	-
Other Salaries for Instruction	465,516	68,723	534,239	529,626	4,613
Purchased Technical Services	56,670	(45,220)	11,450	11,450	-
General Supplies	3,200	(220)	2,980	1,803	1,177
Textbooks	1,951	-	1,951	258	1,693
<b>Total Resource Room / Resource Center</b>	<u>1,944,830</u>	<u>68,462</u>	<u>2,013,292</u>	<u>2,005,809</u>	<u>7,483</u>

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education (Continued)					
Home Instruction					
Salaries of Teachers	\$ 84,000	\$ (33,785)	\$ 50,215	\$ 46,215	\$ 4,000
Total Home Instruction	84,000	(33,785)	50,215	46,215	4,000
Total Special Education	2,195,409	(31,105)	2,164,304	2,150,316	13,988
Bilingual Education					
Salaries of Teachers	28,962	(11,931)	17,031	17,031	-
Total Bilingual Education	28,962	(11,931)	17,031	17,031	-
School Sponsored Co-Curricular Activities					
Salaries	181,301	-	181,301	168,754	12,547
Purchased Services	4,442	1,252	5,694	5,694	-
Supplies and Materials	27,860	(8,960)	18,900	14,121	4,779
Other Objects	10,900	14,707	25,607	24,770	837
Total School Sponsored Co-Curricular Activities	224,503	6,999	231,502	213,339	18,163
School Sponsored Athletics - Instruction					
Salaries	761,662	-	761,662	658,805	102,857
Purchased Services	142,114	9,850	151,964	125,781	26,183
Supplies and Materials	179,710	140	179,850	175,864	3,986
Total School Sponsored Athletics - Instruction	1,083,486	9,990	1,093,476	960,450	133,026
Community Service Programs/Operations					
Salaries	7,000	-	7,000	7,000	-
Total Community Service Programs/Oper.	7,000	-	7,000	7,000	-
Total - Instruction	13,398,027	546,590	13,944,617	13,733,398	211,219
Undistributed Expenditures					
Instruction					
Tuition - Other LEA's Within State - Regular	-	12,680	12,680	12,680	-
Tuition - Other LEA's Within State - Special	447,039	195,321	642,360	522,687	119,673
Tuition to County Voc. School District-Special	99,154	(1,238)	97,916	36,909	61,007
Tuition to CSSD & Reg. Day Schools	72,135	(62,084)	10,051	4,700	5,351
Tuition to Private Schools - Disabled Within State	1,310,997	(55,714)	1,255,283	1,226,407	28,876
Tuition to Private Schools - Disabled Outside State	186,084	(83,094)	102,990	97,961	5,029
Tuition - State Facilities	-	-	-	-	-
Total Undistributed Expenditures - Instruction	2,115,409	5,871	2,121,280	1,901,344	219,936
Attendance and Social Work Services					
Salaries	63,847	-	63,847	61,594	2,253
Supplies and Materials	4,393	(300)	4,093	3,162	931
Total Attendance and Social Work Services	68,240	(300)	67,940	64,756	3,184
Health Services					
Salaries	163,295	2,123	165,418	165,418	-
Purchased Professional and Technical Svcs.	18,400	45	18,445	17,196	1,249
Supplies and Materials	3,775	(45)	3,730	3,693	37
Total Health Services	185,470	2,123	187,593	186,307	1,286

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Speech, OT, PT and Related Services					
Purchased Professional-Educational Svcs.	\$ 29,876	-	\$ 29,876	\$ 24,214	\$ 5,662
Total Speech, OT, PT and Related Services	29,876	-	29,876	24,214	5,662
Other Support Services-Students-Extra Services					
Purchased Professional-Educational Services	134,160	\$ (6,822)	127,338	86,848	40,490
Total Other Support Services-Extra Services	134,160	(6,822)	127,338	86,848	40,490
Guidance					
Salaries of Other Professional Staff	862,374	(102,614)	759,760	758,594	1,166
Salaries of Secretarial and Clerical Assistants	151,015	1,332	152,347	151,622	725
Other Salaries	16,000	-	16,000	14,103	1,897
Purchased Professional and Technical Services	25,585	(6,715)	18,870	9,343	9,527
Other Purchased Services	5,000	-	5,000	616	4,384
Supplies and Materials	15,665	2,766	18,431	17,107	1,324
Total Guidance	1,075,639	(105,231)	970,408	951,385	19,023
Child Study Teams					
Salaries of Other Professional Staff	406,350	21,282	427,632	427,632	-
Salaries of Secretarial and Clerical Assistants	100,677	-	100,677	93,226	7,451
Purchased Professional - Educational Services	95,000	78,776	173,776	148,688	25,088
Other Purchased Prof. and Tech. Services	5,925	18,588	24,513	24,099	414
Miscellaneous Purchased Services	1,000	4	1,004	703	301
Supplies and Materials	4,595	396	4,991	4,991	-
Other Objects	1,300	(1,188)	112	-	112
Total Child Study Teams	614,847	117,858	732,705	699,339	33,366
Educational Media Services/School Library					
Salaries	302,877	(27,689)	275,188	275,188	-
Supplies and Materials	38,692	7,326	46,018	41,267	4,751
Total Educational Media Services/School Library	341,569	(20,363)	321,206	316,455	4,751
Instructional Staff Training Services					
Salaries of Supervisors of Instruction	485,282	(54,500)	430,782	346,902	83,880
Salaries of Other Professional Staff	30,680	-	30,680	2,617	28,063
Purchased Professional-Educational Services	52,458	-	52,458	35,429	17,029
Other Purchased Services	34,200	900	35,100	8,177	26,923
Total Instructional Staff Training Services	602,620	(53,600)	549,020	393,125	155,895
Support Services General Administration					
Salaries	362,718	(8,000)	354,718	284,504	70,214
Legal Services	98,900	5,000	103,900	60,711	43,189
Audit Fees	40,000	5,000	45,000	30,700	14,300
Other Purchased Professional Services	30,100	10,000	40,100	5,695	34,405
Communications/Telephone	114,567	15,000	129,567	114,832	14,735
BOE - Other Purchased Services	1,500	7,000	8,500	5,210	3,290
Miscellaneous Purchased Services	13,635	818	14,453	10,526	3,927
General Supplies	4,200	11,000	15,200	11,009	4,191
Miscellaneous Expenditures	26,574	(5,294)	21,280	7,050	14,230
BOE Membership Dues and Fees	17,381	16,476	33,857	28,525	5,332
Total Support Services General Administration	709,575	57,000	766,575	558,762	207,813

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Support Services School Administration					
Salaries of Principals/Asst. Principals/Prog. Dir.	\$ 626,684	\$ (78,605)	\$ 548,079	\$ 547,923	\$ 156
Salaries of Other Professional Staff	229,971	193,199	423,170	411,495	11,675
Salaries of Secretarial and Clerical Assistants	280,059	34,147	314,206	314,166	40
Purchased Professional and Technical Services	6,540	(2,767)	3,773	3,342	431
Other Purchased Service	3,130	(2,500)	630	404	226
Supplies and Materials	71,584	14,529	86,113	85,019	1,094
Other Objects	53,013	(21,153)	31,860	30,145	1,715
<b>Total Support Services School Administration</b>	<b>1,270,981</b>	<b>136,850</b>	<b>1,407,831</b>	<b>1,392,494</b>	<b>15,337</b>
Central Services					
Salaries	339,145	15,000	354,145	337,568	16,577
Purchased Professional Services	12,960	-	12,960	10,683	2,277
Miscellaneous Purchased Services	3,760	17,828	21,588	15,308	6,280
Supplies and Materials	4,110	16,700	20,810	16,891	3,919
Interest on Lease Purchase Agreements	29,984	(13,028)	16,956	-	16,956
Miscellaneous Expenditures	4,200	2,500	6,700	3,457	3,243
<b>Total Central Services</b>	<b>394,159</b>	<b>39,000</b>	<b>433,159</b>	<b>383,907</b>	<b>49,252</b>
Required Maintenance for School Facilities					
Cleaning, Repair & Maintenance Services	95,433	-	95,433	81,212	14,221
General Supplies	45,950	17,186	63,136	63,001	135
<b>Total Required Maintenance for School Facilities</b>	<b>141,383</b>	<b>17,186</b>	<b>158,569</b>	<b>144,213</b>	<b>14,356</b>
Custodial Services					
Salaries	1,500,054	(45,109)	1,454,945	1,344,385	110,560
Purchased Professional and Technical Services	1,500	-	1,500	689	811
Cleaning, Repair and Maintenance Svc.	100,134	-	100,134	90,456	9,678
Other Purchased Property Services	31,850	-	31,850	26,946	4,904
Insurance	253,841	(48,740)	205,101	205,028	73
Miscellaneous Purchased Services	23,000	459	23,459	23,459	-
General Supplies	185,355	764	186,119	185,645	474
Energy (Electricity)	800,660	-	800,660	780,266	20,394
<b>Total Custodial Services</b>	<b>2,896,394</b>	<b>(92,626)</b>	<b>2,803,768</b>	<b>2,656,874</b>	<b>146,894</b>
Student Transportation Services					
Contracted Services (Between Home and School) - Vendors	684,702	7,309	692,011	692,011	-
Contracted Services (Other Than Between Home and School) - Vendors	245,790	45,743	291,533	291,494	39
Contracted Services (Spec Ed) - Vendors	700,000	(190,660)	509,340	474,403	34,937
Contracted Services - Aid in Lieu of Payments	419,900	(61,728)	358,172	358,172	-
Miscellaneous Expenditures	2,000	(186)	1,814	-	1,814
<b>Total Student Transportation Services</b>	<b>2,052,392</b>	<b>(199,522)</b>	<b>1,852,870</b>	<b>1,816,080</b>	<b>36,790</b>

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CURRENT EXPENDITURES (Continued)</b>					
Unallocated Benefits-Employee Benefits					
Social Security Contributions	\$ 381,354	-	\$ 381,354	\$ 362,039	\$ 19,315
Other Retirement Contributions - PERS	364,479	-	364,479	360,998	3,481
Unemployment Compensation	245,600	\$ (117,724)	127,876	127,876	-
Workmen's Compensation	157,902	3,206	161,108	161,108	-
Health Benefits	3,596,867	(177,080)	3,419,787	3,346,999	72,788
Tuition Reimbursement	42,000	4,308	46,308	44,687	1,621
Other Employee Benefits	99,500	-	99,500	93,467	6,033
<b>Total Unallocated Benefits-Employee Benefits</b>	<u>4,887,702</u>	<u>(287,290)</u>	<u>4,600,412</u>	<u>4,497,174</u>	<u>103,238</u>
On Behalf TPAF Pension System Contributions (Non Budgeted)					
Pension Benefit Contributions				385,711	(385,711)
Pension - NGCI Premium				41,392	(41,392)
Post Retirement Medical Benefit Contribution				858,591	(858,591)
Reimbursed TPAF Social Security Contribution (Non Budgeted)	-	-	-	953,401	(953,401)
<b>Total On-Behalf Contributions</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,239,095</u>	<u>(2,239,095)</u>
<b>Total Undistributed Expenditures</b>	<u>17,520,416</u>	<u>(389,866)</u>	<u>17,130,550</u>	<u>18,312,372</u>	<u>(1,181,822)</u>
<b>Total Expenditures - Current Expenditures</b>	<u>30,918,443</u>	<u>156,724</u>	<u>31,075,167</u>	<u>32,045,770</u>	<u>(970,603)</u>
<b>CAPITAL OUTLAY</b>					
Equipment					
Undistributed Expenditures					
Operation of Maintenance and Plant	-	381,215	381,215	199,853	181,362
<b>Total Equipment</b>	<u>-</u>	<u>381,215</u>	<u>381,215</u>	<u>199,853</u>	<u>181,362</u>
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	32,675	7,875	40,550	38,679	1,871
Construction Services	246,725	190,881	437,606	417,606	20,000
Supplies and Materials	75,000	(54,805)	20,195	14,496	5,699
Lease Purchase Agreements-Principal	339,979	(339,979)	-	-	-
Other Objects	52,392	-	52,392	52,392	-
<b>Total Facilities Acquis. and Const. Services</b>	<u>746,771</u>	<u>(196,028)</u>	<u>550,743</u>	<u>523,173</u>	<u>27,570</u>
<b>Total Capital Outlay</b>	<u>746,771</u>	<u>185,187</u>	<u>931,958</u>	<u>723,026</u>	<u>208,932</u>
Transfer to Charter School	-	-	-	-	-
<b>Total Expenditures</b>	<u>31,665,214</u>	<u>341,911</u>	<u>32,007,125</u>	<u>32,768,796</u>	<u>(761,671)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(474,458)</u>	<u>(340,162)</u>	<u>(814,620)</u>	<u>1,743,507</u>	<u>2,558,127</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ (474,458)	\$ (340,162)	\$ (814,620)	1,743,507	2,558,127
Fund Balances, Beginning of Year	<u>2,601,805</u>	<u>-</u>	<u>2,601,805</u>	<u>2,601,805</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 2,127,347</u>	<u>\$ (340,162)</u>	<u>\$ 1,787,185</u>	<u>\$ 4,345,312</u>	<u>\$ 2,558,127</u>
<b>Recapitulation</b>					
<b>Restricted Fund Balance</b>					
Capital Reserve				\$ 2,638,729	
Maintenance Reserve				130,000	
<b>Assigned Fund Balance</b>					
Year End Encumbrances				84,087	
Designated for Subsequent Year's Expenditures				301,470	
<b>Unassigned Fund Balance</b>				<u>1,191,026</u>	
				4,345,312	
<b>Reconciliation to Governmental Funds Statements (GAAP)</b>					
Less State Aid Revenue Not Recognized on GAAP Basis				<u>(571,901)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 3,773,411</u>	

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
EDUCATION JOBS FUND  
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>REVENUES</b>					
Federal Sources					
Education Jobs Fund	\$ 55,827	\$ 1,749	\$ 57,576	\$ 57,576	\$ -
Total Federal Sources	55,827	1,749	57,576	57,576	-
Total Revenues	55,827	1,749	57,576	57,576	-
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
Undistributed Expenditures					
Unallocated Benefits- Employee Benefits					
Health Benefits	55,827	1,749	57,576	57,576	-
Total Unallocated Benefits	55,827	1,749	57,576	57,576	-
Total Undistributed Expenditures	55,827	1,749	57,576	57,576	-
Total Current Expenditures	55,827	1,749	57,576	57,576	-
Total Expenditures	55,827	1,749	57,576	57,576	-
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
Local		\$ 31,799	\$ 31,799	\$ 31,799	
Federal	\$ 330,887	29,491	360,378	360,378	\$ -
Total Revenues	330,887	61,290	392,177	392,177	-
<b>EXPENDITURES</b>					
Instruction					
Tuition	278,887	8,887	287,774	287,774	-
Other Purchased Services	52,000	(52,000)	-	-	-
General Supplies	-	47,830	47,830	47,830	-
Other Objects	-	69	69	69	-
Total Instruction	330,887	4,786	335,673	335,673	-
Support Services					
Purchased Professional & Technical Services	-	2,192	2,192	2,192	-
Other Purchased Services	-	26,278	26,278	26,278	-
Supplies and Materials	-	13,465	13,465	13,465	-
Total Support Services	-	41,935	41,935	41,935	-
Facilities Acquisition and Construction					
Instructional Equipment	-	14,569	14,569	14,569	-
Total Facilities Acquisition and Equipment	-	14,569	14,569	14,569	-
Total Expenditures	330,887	61,290	392,177	392,177	-
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 34,512,303	(C-2) \$ 392,177
Difference - Budget to GAAP:		
State Aid revenue recognized for budgetary purposes, not recognized for GAAP statements.(2011-2012)	(571,901)	
State Aid revenue recognized for GAAP statements, not recognized for budgetary purposes (2010-2011)	417,539	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2012	-	16,166
Encumbrances, June 30, 2011	-	16,166
 Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 <u>\$ 34,357,941</u>	 <u>\$ 408,343</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 32,768,796	(C-2) \$ 392,177
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, 2012	-	16,166
Encumbrances , June 30, 2011	-	16,166
 Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 <u>\$ 32,768,796</u>	 <u>\$ 408,343</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, 2012

	<u>IDEIA Part B</u>					Various Local	Total
	<u>Title I</u>	<u>Basic</u>	<u>ARRA</u>	<u>Title II A</u>	<u>Title II D</u>		
<b>REVENUES</b>							
Intergovernmental							
Federal	\$ 38,678	\$ 287,774	\$ 6,112	\$ 27,738	\$ 76		\$ 360,378
Local	-	-	-	-	-	\$ 31,799	31,799
Total Revenues	<u>\$ 38,678</u>	<u>\$ 287,774</u>	<u>\$ 6,112</u>	<u>\$ 27,738</u>	<u>\$ 76</u>	<u>\$ 31,799</u>	<u>\$ 392,177</u>
<b>EXPENDITURES</b>							
Instruction							
Tuition		\$ 287,774					\$ 287,774
General Supplies	\$ 29,259					\$ 18,571	47,830
Other Objects	-	-	\$ 69	-	-	-	69
Total Instruction	<u>29,259</u>	<u>287,774</u>	<u>69</u>	<u>-</u>	<u>-</u>	<u>18,571</u>	<u>335,673</u>
Support Services							
Purchased Prof. and Technical Services	2,192						2,192
Other Purchased Services				\$ 26,202	\$ 76		26,278
Supplies and Materials	<u>7,227</u>	<u>-</u>	<u>2,706</u>	<u>1,536</u>	<u>-</u>	<u>\$ 1,996</u>	<u>13,465</u>
Total Support Services	<u>9,419</u>	<u>-</u>	<u>2,706</u>	<u>27,738</u>	<u>76</u>	<u>1,996</u>	<u>41,935</u>
Facilities Acquisition and Construction							
Instructional Equipment	-	-	3,337	-	-	11,232	14,569
Total Facilities Acquisition and Equipment	<u>-</u>	<u>-</u>	<u>3,337</u>	<u>-</u>	<u>-</u>	<u>11,232</u>	<u>14,569</u>
Total Expenditures	<u>\$ 38,678</u>	<u>\$ 287,774</u>	<u>\$ 6,112</u>	<u>\$ 27,738</u>	<u>\$ 76</u>	<u>\$ 31,799</u>	<u>\$ 392,177</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
STATEMENT OF PRESCHOOL EDUCATION PROGRAM AID  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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, 2012**

<u>Year</u>	<u>Issue/Project Title</u>	<u>Modified Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance June 30, 2012</u>	
			<u>Prior Years</u>	<u>Current Year</u>		
2005	Senior High School Renovation Project	\$ 32,477,459	\$ 32,477,459	-	-	
2005	Junior High School Renovation Project	4,378,500	3,843,567	\$ 3,663	\$ 531,270	
2008	Security System	950,000	950,000	-	-	
2009	Senior High School Roof Replacement	3,895,391	3,540,988	-	354,403	
2009	Junior High School Roof Replacement	1,472,037	1,472,037	-	-	
2009	Senior High School Window Replacement	1,350,000	1,272,258	(61)	77,803	
2009	Junior High School Window Replacement	1,315,000	987,930	-	327,070	
2009	Junior High School Boiler Replacement	910,000	543,485	8,997	357,518	
		<u>\$ 46,748,387</u>	<u>\$ 45,087,724</u>	<u>\$ 12,599</u>	<u>\$ 1,648,064</u>	
<b>Reconciliation of Fund Balance</b>						
					Project Balances, June 30, 2011	\$ 1,648,064
					Less:	
					Unearned Revenue - SDA State	<u>614,380</u>
					Fund Balance, June 30, 2011 (GAAP)	<u>\$ 1,033,684</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, 2012**

**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	\$	822
Construction Services		2,333
Furniture and Equipment		9,444
Other Financing Uses:		
Transfer to General Fund		-
		<hr/>
Total Expenditures		<hr/> 12,599

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(12,599)
---	----------

Fund Balance, Beginning of Year	<hr/> 1,660,663
Fund Balance - End of Year	<hr/> <u>\$ 1,648,064</u>

Reconciliation to GAAP Basis:

Fund Balance, June 30, 2011 - Budgetary Basis	\$ 1,648,064
Less: Unearned Revenue - State Aid	<hr/> (614,380)
Fund Balance, June 30, 2011 - GAAP Basis	<hr/> <u>\$ 1,033,684</u>

**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, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - 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/>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	3,513,640	-	3,513,640	2,970,110
Construction Services	28,920,882	-	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	32,477,459	-	32,477,459	32,477,459
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Revenue Over Expenditures	\$ -	\$ -	\$ -	\$ -

**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, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - 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)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	4,378,500	-	4,378,500	4,378,500
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	863,883	\$ 822	864,705	865,000
Construction Services	2,643,797	(6,603)	2,637,194	3,167,500
Furniture and Equipment	268,999	9,444	278,443	279,000
Contingency	66,888	-	66,888	67,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	3,843,567	3,663	3,847,230	4,378,500
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Revenue Over Expenditures	\$ 534,933	\$ (3,663)	\$ 531,270	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>

**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	100.00%
Original Target Completion Date	December 2005
Revised Target Completion Date	June 2012

**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, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - 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/>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	-	-	-	-
Construction Services	950,000	-	950,000	950,000
Furniture and Equipment	-	-	-	-
Contingency	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	950,000	-	950,000	950,000
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Revenue Over Expenditures	\$ -	\$ -	\$ -	\$ -

**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, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 1,612,848	\$ -	\$ 1,612,848	\$ 1,612,848
Bond Proceeds	2,282,543	-	2,282,543	2,282,543
	<u>3,895,391</u>	<u>-</u>	<u>3,895,391</u>	<u>3,895,391</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	296,037	-	296,037	296,037
Construction Services	3,244,951	-	3,244,951	3,599,354
Furniture and Equipment	-	-	-	-
Contingency	-	-	-	-
	<u>3,540,988</u>	<u>-</u>	<u>3,540,988</u>	<u>3,895,391</u>
Excess of Revenue Over Expenditures	<u>\$ 354,403</u>	<u>\$ -</u>	<u>\$ 354,403</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	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  
JUNIOR HIGH SCHOOL ROOF REPLACEMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 501,308	-	\$ 501,308	\$ 501,308
Bond Proceeds	<u>970,729</u>	<u>-</u>	<u>970,729</u>	<u>970,729</u>
 Total Revenues	 <u>1,472,037</u>	 <u>-</u>	 <u>1,472,037</u>	 <u>1,472,037</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	69,178	-	69,178	69,178
Construction Services	1,402,859	-	1,402,859	1,402,859
Furniture and Equipment	-	-	-	-
Contingency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Expenditures	 <u>1,472,037</u>	 <u>-</u>	 <u>1,472,037</u>	 <u>1,472,037</u>
 Excess of Revenue Over Expenditures	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</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, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - 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>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	63,976	-	63,976	64,000
Construction Services	1,208,282	\$ (61)	1,208,221	1,286,000
Furniture and Equipment	-		-	-
Contingency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Expenditures	 <u>1,272,258</u>	 <u>(61)</u>	 <u>1,272,197</u>	 <u>1,350,000</u>
 Excess of Revenue Over Expenditures	 <u>\$ 77,742</u>	 <u>\$ 61</u>	 <u>\$ 77,803</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	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  
JUNIOR HIGH SCHOOL WINDOW REPLACEMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - 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>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	67,035	-	67,035	64,000
Construction Services	920,895	-	920,895	1,251,000
Furniture and Equipment	-	-	-	-
Contingency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Expenditures	 <u>987,930</u>	 <u>-</u>	 <u>987,930</u>	 <u>1,315,000</u>
 Excess of Revenue Over Expenditures	 <u>\$ 327,070</u>	 <u>\$ -</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	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  
JUNIOR HIGH SCHOOL BOILER REPLACEMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 364,000		\$ 364,000	\$ 364,000
Bond Proceeds	546,000	-	546,000	546,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	910,000	-	910,000	910,000
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	37,272	-	37,272	50,000
Construction Services	506,213	\$ 8,997	515,210	860,000
Furniture and Equipment	-		-	-
Contingency	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	543,485	8,997	552,482	910,000
Excess of Revenue Over Expenditures	<u>\$ 366,515</u>	<u>\$ (8,997)</u>	<u>\$ 357,518</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	100.00%
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, 2012**

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, 2012**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

**STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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, 2012**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 311,768	\$ 32,708	\$ 344,476
Total Assets	<u>\$ 311,768</u>	<u>\$ 32,708</u>	<u>\$ 344,476</u>
<b>LIABILITIES</b>			
Payroll Deductions Payable		\$ 29,625	\$ 29,625
Due to Other Funds		3,083	3,083
Due to Student Groups	<u>\$ 311,768</u>	<u>-</u>	<u>311,768</u>
Total Liabilities	<u>\$ 311,768</u>	<u>\$ 32,708</u>	<u>\$ 344,476</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, 2012

NOT APPLICABLE

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

	Balance, July 1, <u>2011</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2012</u>
<b>JUNIOR/SENIOR HIGH SCHOOL</b>				
Activity Account	\$ 372,479	\$ 683,051	\$ 743,762	\$ 311,768
<b>TOTAL JUNIOR/SENIOR HIGH SCHOOL</b>	<u>\$ 372,479</u>	<u>\$ 683,051</u>	<u>\$ 743,762</u>	<u>\$ 311,768</u>

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
FIDUCIARY FUNDS  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b>Balance, July 1, <u>2011</u></b>	<b>Cash <u>Receipts</u></b>	<b>Cash <u>Disbursements</u></b>	<b>Balance, June 30, <u>2012</u></b>
<b>ASSETS</b>				
Cash	\$ 12,181	\$ 19,821,223	\$ 19,800,696	\$ 32,708
Total Assets	<u>\$ 12,181</u>	<u>\$ 19,821,223</u>	<u>\$ 19,800,696</u>	<u>\$ 32,708</u>
<b>LIABILITIES</b>				
Payroll Deductions Payable	\$ 12,181	\$ 7,913,747	\$ 7,896,303	\$ 29,625
Interfund Accounts Payable		3,083		3,083
Accrued Salaries and Wages	<u>-</u>	<u>11,904,393</u>	<u>11,904,393</u>	<u>-</u>
Total Liabilities	<u>\$ 12,181</u>	<u>\$ 19,821,223</u>	<u>\$ 19,800,696</u>	<u>\$ 32,708</u>

**LONG-TERM DEBT**

WEST ESSEX REGIONAL SCHOOL DISTRICT  
 SCHEDULE OF SERIAL BONDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Issue	Date of Issue	Amount of Issue	Date	Amount	Interest Rate	Balance, July 1, 2011	Issued Current Year	Retired Current Year	Balance June 30, 2012
Serial Bonds	01/15/03	\$ 28,485,000	11/01/2012	\$ 1,400,000	3.60%	\$ 17,685,000		\$ 16,285,000	\$ 1,400,000
Serial Bonds	8/15/2009	6,537,000	8/15/2012	265,000	3.000%				
			8/15/2013	265,000	3.000%				
			8/15/2014	270,000	3.000%				
			8/15/2015	285,000	3.000%				
			8/15/2016	290,000	3.125%				
			8/15/2017	305,000	3.250%				
			8/15/2018	310,000	3.250%				
			8/15/2019	325,000	3.500%				
			8/15/2020	340,000	3.500%				
			8/15/2021	355,000	3.500%				
			8/15/2022	370,000	3.625%				
			8/15/2023	385,000	3.750%				
			8/15/2024	400,000	3.750%				
			8/15/2025	410,000	4.000%				
			8/15/2026	425,000	4.000%				
			8/15/2027	440,000	4.000%				
			8/15/2028	440,000	4.000%				
			8/15/2029	437,000	4.000%	6,537,000		220,000.00	6,317,000
Refunding Bonds	7/14/2011	14,470,000	11/01/2013	1,440,000	4.000%				
			11/01/2014	1,440,000	4.000%				
			11/01/2015	1,435,000	4.000%				
			11/01/2016	1,430,000	3.500%				
			11/01/2017	120,000	2.250%				
			11/01/2017	675,000	3.000%				
			11/01/2017	625,000	4.000%				
			11/01/2018	1,365,000	4.000%				
			11/01/2018	50,000	5.000%				
			11/01/2019	1,415,000	5.000%				
			11/01/2020	1,420,000	5.000%				
			11/01/2021	1,465,000	3.500%				
			11/01/2022	1,490,000	5.000%			100,000	14,370,000
							\$ 14,470,000		
							\$ 14,470,000	\$ 16,605,000	\$ 22,087,000
							\$ 24,222,000	\$ 14,470,000	\$ 16,605,000
							Refunding Issue	\$ 14,470,000	\$ 14,885,000
							Paid by Budget	-	1,720,000
							\$ 14,470,000	\$ 16,605,000	

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES AND SALE/LEASEBACK CONTRACTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2011</u>	<u>Net Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2012</u>
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NOT APPLICABLE

WEST ESSEX REGIONAL SCHOOL DISTRICT  
 DEBT SERVICE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 2,546,355	-	\$ 2,546,355	\$ 2,546,355	-
Total Revenues	2,546,355	-	2,546,355	2,546,355	-
<b>EXPENDITURES</b>					
Regular Debt Service					
Interest	926,355	\$ (100,000)	826,355	747,824	\$ 78,531
Principal	1,620,000	100,000	1,720,000	1,720,000	-
Bond Issuance Costs	-	-	-	149,028	(149,028)
Advance Refunding Escrow	-	-	-	894,364	(894,364)
Total Expenditures	2,546,355	-	2,546,355	3,511,216	(964,861)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(964,861)	(964,861)
<b>OTHER FINANCING SOURCES (USES)</b>					
Refunding Bond Proceeds				14,470,000	(14,470,000)
Premium on Refunding Bonds				1,458,392	(1,458,392)
Payment to Refunded Bond Escrow Agent				(14,885,000)	14,885,000
Total Other Financing Sources and Uses	-	-	-	1,043,392	(1,043,392)
Net Change in Fund Balances	-	-	-	78,531	(2,008,253)
Fund Balance, Beginning of Year	1	-	1	1	-
Fund Balance, End of Year	\$ 1	\$ -	\$ 1	\$ 78,532	\$ (2,008,253)

## 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 EIGHT FISCAL YEARS**  
(Unaudited)  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental Activities</b>								
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	\$ 25,449,244
Restricted	1	1	1	1	1	400,001	668,730	2,847,261
Unrestricted	879,909	1,429,427	1,207,018	524,397	(103,637)	253,989	788,347	288,133
<b>Total Governmental Activities Net Assets</b>	<b>\$ 12,297,543</b>	<b>\$ 14,413,931</b>	<b>\$ 16,470,174</b>	<b>\$ 17,811,918</b>	<b>\$ 18,711,404</b>	<b>\$ 20,103,129</b>	<b>\$ 25,847,830</b>	<b>\$ 28,584,638</b>
<b>Business-Type Activities</b>								
Invested in Capital Assets	\$ 65,785	\$ 73,131	\$ 63,458	\$ 53,785	\$ 47,940	\$ 24,050	\$ 42,605	\$ 33,447
Restricted	80,355	132,899	233,146	303,201	318,082	193,941	169,167	166,668
<b>Total Business-Type Activities Net Assets</b>	<b>\$ 146,140</b>	<b>\$ 206,030</b>	<b>\$ 296,604</b>	<b>\$ 356,986</b>	<b>\$ 366,022</b>	<b>\$ 217,991</b>	<b>\$ 211,772</b>	<b>\$ 200,115</b>
<b>District-Wide</b>								
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	\$ 25,482,691
Restricted	1	1	1	1	1	400,001	668,730	2,847,261
Unrestricted	960,264	1,562,326	1,440,164	827,598	214,445	447,930	957,514	454,801
<b>Total District Net Assets</b>	<b>\$ 12,443,683</b>	<b>\$ 14,619,961</b>	<b>\$ 16,766,778</b>	<b>\$ 18,168,904</b>	<b>\$ 19,077,426</b>	<b>\$ 20,321,120</b>	<b>\$ 26,059,602</b>	<b>\$ 28,784,753</b>

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 eight 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 EIGHT FISCAL YEARS  
 (Unaudited)  
 (accrual basis of accounting)

	Fiscal Year Ended June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>								
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	\$ 14,254,374
Special Education	2,816,055	3,374,453	3,713,674	4,619,720	5,210,393	4,944,372	4,614,351	5,291,950
Other Instruction	145,265	122,262	119,476	115,385	49,460	39,674	33,961	58,892
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	1,667,883
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	3,848,598
General Administrative Services	1,465,489	843,569	1,297,506	1,016,751	858,745	691,266	913,994	821,645
School Administrative Services	1,302,671	1,162,973	1,296,691	1,435,789	1,800,938	1,819,095	1,608,671	1,964,673
Central and Other Support Services	553,249	541,917	584,498	743,597	743,597	652,801	549,639	584,917
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	3,598,805
Pupil Transportation	1,773,216	1,759,709	2,019,717	2,198,035	2,423,669	2,369,440	1,772,268	1,823,129
Interest On Long-Term Debt	1,002,375	1,045,209	945,610	892,860	874,887	1,068,923	1,010,252	665,601
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	34,580,467
Business-Type Activities:								
Food Service	549,169	481,591	494,000	560,853	550,230	632,181	683,937	695,121
Total Business-Type Activities Expense	549,169	481,591	494,000	560,853	550,230	632,181	683,937	695,121
Total District Expenses	\$ 27,354,149	\$ 28,482,966	\$ 31,279,065	\$ 33,440,577	\$ 34,136,733	\$ 34,358,694	\$ 33,921,360	\$ 35,275,588
<b>Program Revenues</b>								
Governmental Activities:								
Charges For Services:								
Instruction (Tuition)	174,700	152,890	116,528	46,944	20,635	67,175	145,971	168,593
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	3,903,058
Capital Grants And Contributions	2,821,882	210,765	765,770	509,127	706,619	4,500	3,262,003	19,205
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	4,090,856
Business-Type Activities:								
Charges For Services	563,516	541,481	584,574	621,235	559,266	497,411	635,113	726,069
Food Service	-	-	-	-	-	-	-	-
Operating Grants And Contributions	-	-	-	-	-	-	-	-
Total Business Type Activities Program Revenues	563,516	541,481	584,574	621,235	559,266	497,411	635,113	726,069
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	\$ 4,816,925

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

	Fiscal Year Ended June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
<b>Net (Expense)/Revenue</b>								
Governmental Activities	\$ (21,826,713)	\$ (24,262,371)	\$ (25,557,465)	\$ (27,894,669)	\$ (29,048,978)	\$ (29,053,011)	\$ (26,693,961)	\$ (30,489,611)
Business-Type Activities	14,347	59,890	90,574	60,382	9,036	(134,770)	(48,824)	30,948
<b>Total District-Wide Net Expense</b>	<u>\$ (21,812,366)</u>	<u>\$ (24,202,481)</u>	<u>\$ (25,466,891)</u>	<u>\$ (27,834,287)</u>	<u>\$ (29,039,942)</u>	<u>\$ (29,187,781)</u>	<u>\$ (26,742,785)</u>	<u>\$ (30,458,663)</u>
<b>General Revenues and Other Changes in Net Assets</b>								
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	\$ 30,284,468
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	2,546,355
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	395,596
Loss on Disposal of Capital Assets	-	-	-	(1,900)	-	-	-	-
<b>Total Governmental Activities</b>	<u>26,414,056</u>	<u>26,378,759</u>	<u>27,613,708</u>	<u>29,065,630</u>	<u>29,948,464</u>	<u>30,558,935</u>	<u>32,236,797</u>	<u>33,226,419</u>
Business-Type Activities:								
Investment Earnings	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
<b>Total Business-Type Activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total District-Wide</b>	<u>\$ 26,414,056</u>	<u>\$ 26,378,759</u>	<u>\$ 27,613,708</u>	<u>\$ 29,065,630</u>	<u>\$ 29,948,464</u>	<u>\$ 30,558,935</u>	<u>\$ 32,236,797</u>	<u>\$ 33,226,419</u>
<b>Change in Net Assets</b>								
Governmental Activities	\$ 4,587,343	\$ 2,116,388	\$ 2,056,243	\$ 1,170,961	\$ 899,486	\$ 1,505,924	\$ 5,542,836	\$ 2,736,808
Business-Type Activities	14,347	59,890	90,574	60,382	9,036	(134,770)	(48,824)	30,948
<b>Total District</b>	<u>\$ 4,601,690</u>	<u>\$ 2,176,278</u>	<u>\$ 2,146,817</u>	<u>\$ 1,231,343</u>	<u>\$ 908,522</u>	<u>\$ 1,371,154</u>	<u>\$ 5,494,012</u>	<u>\$ 2,767,756</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 eight 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 EIGHT FISCAL YEARS

(Unaudited)  
 (modified accrual basis of accounting)

	Fiscal Year Ended June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Fund</b>								
Reserved	\$ 931,250	\$ 1,443,149	\$ 1,182,293	\$ 27,001	\$ 415,426	\$ 1,141,261	\$ 668,729	\$ 2,768,729
Unreserved	521,603	499,952	492,733	1,335,627	261,838	324,835	98,123	385,557
Restricted							716,497	619,125
Committed							700,917	
Assigned								
Unassigned								
<b>Total General Fund</b>	<b>\$ 1,452,853</b>	<b>\$ 1,943,101</b>	<b>\$ 1,675,026</b>	<b>\$ 1,362,628</b>	<b>\$ 677,264</b>	<b>\$ 1,466,096</b>	<b>\$ 2,184,266</b>	<b>\$ 3,773,411</b>
<b>All Other Governmental Funds</b>								
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	\$ 1,041,648	\$ 1,112,216
Restricted								
Committed								
Assigned								
Unassigned								
<b>Total All Other Governmental Funds</b>	<b>\$ 10,957,555</b>	<b>\$ 9,885,488</b>	<b>\$ 6,404,717</b>	<b>\$ 4,750,575</b>	<b>\$ 1,400,257</b>	<b>\$ 2,339,681</b>	<b>\$ 1,041,648</b>	<b>\$ 1,112,216</b>

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 eight 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 EIGHT FISCAL YEARS**  
**(Unaudited)**  
*(modified accrual basis of accounting)*

	Fiscal Year Ended June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>								
Property Tax Levy	\$ 24,500,803	\$ 25,539,940	\$ 26,576,969	\$ 28,288,320	\$ 29,581,985	\$30,352,656	\$ 31,877,680	\$ 32,830,823
Tuition	174,700	152,890	116,528	46,944	20,635	67,175	145,971	168,593
Miscellaneous	416,165	532,405	680,307	372,946	351,627	207,879	359,117	427,395
State Sources	3,266,598	3,380,672	4,397,615	4,491,433	4,192,380	4,084,854	5,961,262	3,456,344
Federal Sources	306,536	301,091	304,119	343,814	339,362	519,873	436,229	434,120
<b>Total Revenue</b>	<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>	<u>37,317,275</u>
<b>Expenditures</b>								
Instruction								
Regular Instruction	10,829,879	11,268,864	12,289,086	12,992,305	12,019,960	12,648,777	13,099,598	13,537,087
Special Education Instruction	2,773,055	3,347,002	3,677,783	4,569,763	5,162,725	4,876,189	4,505,230	5,129,066
Other Instruction	143,265	120,791	117,663	112,860	47,051	36,228	34,033	58,888
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	1,600,030
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	3,672,145
General Administrative Services	676,550	839,213	1,291,578	1,008,500	850,872	680,005	861,798	757,690
School Administrative Services	1,282,671	1,149,910	1,279,456	1,411,800	1,778,048	1,786,354	1,549,120	1,869,652
Central and Other Support Services	703,848	546,504	533,546	572,846	732,480	636,899	529,614	557,774
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	3,493,524
Pupil Transportation	1,773,629	1,759,394	2,019,717	2,198,035	2,423,669	2,369,440	1,768,021	1,816,080
Capital Outlay	19,856,159	1,114,053	3,662,992	2,708,359	3,015,490	6,118,034	4,740,163	697,802
Debt Service:								
Principal	1,643,655	1,665,610	1,698,906	1,632,633	1,754,138	1,669,127	2,443,129	1,720,000
Interest and Other Charges	1,077,466	1,019,380	962,984	905,329	853,257	892,245	1,161,859	1,791,216
<b>Total Expenditures</b>	<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>	<u>36,700,954</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<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>	<u>616,321</u>

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

	Fiscal Year Ended June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
<b>Other Financing Sources (Uses)</b>								
Proceeds from Leases				1,250,000		6,537,000	161,453	
Proceeds from Bonds								14,470,000
Proceeds from Refunding Bonds								1,458,392
Premium on Bonds								(14,885,000)
Payment to Refunded Bonds Escrow Agent				107,564	47,839	263,293	1,138,728	
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)					
<b>Total Other Financing Sources (Uses)</b>	-	-	-	1,250,000	-	6,537,000	161,453	1,043,392
<b>Net Change in Fund Balances</b>	<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>	<u>\$ 1,659,713</u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	9.71%	9.14%	8.28%	7.45%	7.62%	7.55%	10.36%	9.75%

\* 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 eight 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>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>	<u>2012</u>
General Fund										
Tuition	\$ 143,744	\$ 195,643	\$ 174,700	\$ 152,890	\$ 116,528	\$ 46,944	\$ 20,635	\$ 67,175	\$ 145,971	\$ 168,593
Rentals/Facility Use	10,832	12,643	770	200	1,600	9,600	72,125	34,582	52,091	58,431
Interest	200,910	267,210	30,841	62,554	123,700	90,726	78,696	71,081	6,449	6,765
Donations/Teen Center		12,745		2,874						
Request for Proposal Fees					5,950	3,300				
Music School Fees/Festival										
Athletic Game Receipts	4,663	4,324	8,084	7,642	9,840	12,499	14,474	12,471	15,414	9,185
Student Fines	6,010	7,057	18,627	5,379	6,460					
Prior Year Refunds and Reimbursements	74,323	69,008	71,236	85,283	41,225	122,914	89,537	55,927	40,295	65,654
Sale of School Property	5,950	1,000			1,000					
Energy Rebate	112,780				114,429	12,132			82,060	36,161
E-Rate						12,213	27,862	20,515	3,726	35,984
Workers Compensation Refund										91,520
Vending Machines	20331	16,533	6,623	20,617					94,341	91,896
Student Activity Fees										
Miscellaneous	1,891	468	31	864	1,600	1,998	21,094	9,682	64,741	-
<b>Total Miscellaneous</b>	<b>\$ 581,434</b>	<b>\$ 586,631</b>	<b>\$ 310,912</b>	<b>\$ 338,303</b>	<b>\$ 422,332</b>	<b>\$ 312,326</b>	<b>\$ 324,423</b>	<b>\$ 271,433</b>	<b>\$ 505,088</b>	<b>\$ 564,189</b>

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,	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
<b>ESSEX FELLS</b>												
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			814,952,500	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	755,974,800			25,143,800			767,581,800	336,248	767,918,048	829,476,548	0.367
2011	6,463,200	736,848,900			25,143,800			768,455,900	327,163	768,783,063	806,128,748	0.367
2012								762,944,100	293,033	763,237,133	757,461,483	N/A
<b>FAIRFIELD</b>												
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	64,300	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	64,300	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	\$ 11,701,000	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	11,701,000	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	11,701,000	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	16,500,000	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	16,500,000	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	15,000,000	3,077,428,200	10,130,737	3,087,558,937	3,004,475,056	0.468
2012								2,677,182,100	10,025,440	2,687,207,540	2,962,755,685	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	
		\$		\$		\$		\$		\$		\$		\$		\$		\$		\$		\$		
<b><u>NORTH CALDWELL</u></b>																								
2003	4,899,600	\$	335,634,800	\$	123,700	\$	7,500	\$	5,146,200	\$	739,600	\$	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		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		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		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		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		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		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		29,817,500		2,916,300		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		2,916,300		1,580,182,200		568,100		1,580,750,300		1,705,642,135		0.475	
2012	27,965,000		1,477,834,400		424,000		4,000		25,749,200		2,916,300		2,916,300		1,534,892,900		572,300		1,535,465,200		1,629,143,891		0.475	
<b><u>ROSELAND</u></b>																								
2003	6,255,300	\$	111,573,541	\$		\$	3,500	\$	126,546,600	\$	13,068,800	\$	13,068,800	\$	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		13,068,800		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		12,819,900		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		13,241,600		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		13,509,200		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		12,437,700		239,721,841		228,176		239,630,017		1,848,524,833		3.167	
2009	1,543,600		131,487,941				3,500		84,649,300		12,191,000		12,191,000		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		85,871,000		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		85,545,200		1,804,324,052		1,741,868		1,806,065,920		1,806,358,981		0.448	
2012															1,713,019,652		1,612,156		1,714,631,808		1,876,699,561		N/A	

N/A - Not Available

Source: County Abstract of Ratables

**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>
<b>ESSEX FELLS</b>					
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	1.775	0.367	0.538	0.412	0.458
2012	N/A	N/A	N/A	N/A	N/A
<b>FAIRFIELD</b>					
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	1.627	0.468	0.321	0.416	0.422
2012	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>
<b>NORTH CALDWELL</b>					
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
2012	2.112	0.475	0.762	0.381	0.494
<b>ROSELAND</b>					
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
2012	N/A	N/A	N/A	N/A	N/A

N/A - Not Available

Source: Municipal Tax Collectors

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

Taxpayer	2012		2006	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
<b><u>ESSEX FELLS</u></b>				
Essex Fells Country Club	\$ 20,939,900	2.72%	\$ 17,670,400	2.18%
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%		
Residents #1 to #9	-	0.00%	<u>\$ 32,318,000</u>	<u>3.98%</u>
	<u>\$ 49,645,500</u>	<u>6.47%</u>	<u>\$ 49,988,400</u>	<u>6.16%</u>
<b><u>FAIRFIELD (For 2010 Year)</u></b>				
AMB-AMS	\$ 112,392,900	3.61%	\$ 39,729,400	2.51%
Rt. 46 Associates	43,665,000	1.40%	27,200,000	1.72%
Prime Hospitality Corp.			22,200,000	1.40%
Transwestern Greenbrook			21,800,000	1.38%
CRG 300 LLC	36,981,900	1.19%	20,157,500	1.27%
Kyocera Mita America			18,511,800	1.17%
GRE Greenbrook Property, LLC	32,644,400	1.05%		
Karczynski, Stanley	32,413,300	1.04%	11,000,000	0.69%
AMB Partners II LP			13,755,000	0.87%
True North Fairfield Property LLC	26,858,300	0.86%		
AMCHU Assoc.			11,701,000	0.74%
RRAMC	23,240,300	0.75%		
Marshall Field/Target Corp.	21,915,500	0.70%	15,413,800	0.97%
Hollywood Associates	20,614,800	0.66%		
Skyline Properties	20,058,400	0.64%	-	0.00%
	<u>\$ 370,784,800</u>	<u>11.90%</u>	<u>\$ 201,468,500</u>	<u>12.72%</u>

Note: GASB requires that the principal property taxpayers from nine years prior to the current year be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only principal property taxpayers from six years ago is available.

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

Taxpayer	2012		2006	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
<b><u>NORTH CALDWELL</u></b>				
Greenbrook Country Club	\$ 14,000,000	0.89%	\$ 4,128,000	1.13%
K. Hovnanian at North Caldwell III	11,270,700	0.71%	5,540,836	1.51%
K. Hovnanian at Hilltop, LLC	8,503,100	0.54%		
Hidden Ridge at North Caldwell	4,430,000	0.28%		
Zephyr Spc. 1 LLC			833,000	0.23%
Individual Taxpayer #1	3,473,500	0.22%	980,100	0.27%
Individual Taxpayer #2	3,425,400	0.22%	945,800	0.26%
Transcontinental Pipeline			708,400	0.19%
Individual Taxpayer #3	2,961,400	0.19%	655,700	0.18%
Individual Taxpayer #4	2,824,800	0.18%	621,900	0.17%
Individual Taxpayer #5	2,776,800	0.18%	558,300	0.15%
Individual Taxpayer #6	2,724,500	0.17%	533,400	0.15%
	<u>\$ 56,390,200</u>	<u>3.57%</u>	<u>\$ 15,505,436</u>	<u>4.24%</u>
<b><u>ROSELAND</u></b>				
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	18,786,100	1.04%		
	<u>\$ 505,454,000</u>	<u>27.99%</u>		

INFORMATION  
NOT AVAILABLE

Note: GASB requires that the principal property taxpayers from nine years prior to the current year be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only principal property taxpayers from six years ago is 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	
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%	192,103
2012	32,830,823	32,830,823	100.00%	

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities			Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Sale/Leaseback Contracts	Capital Leases	Total District	Population	
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	21,584	1,228
2011	24,222,000		-	-		24,222,000	21,615	1,121
2012	22,087,000		-	-		22,087,000	21,615	1,022

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 eight 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 EIGHT FISCAL YEARS**  
**(Unaudited)**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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	0.33%	1,121
2012	22,087,000		22,087,000	N/A	1,022

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 eight 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, 2011  
(Unaudited)**

Total Direct Debt of West Essex Regional School District as of June 30, 2012		\$ 22,087,000
Total Overlapping Debt of School District		
Borough of Essex Fells	\$ 5,818,666	
Township of Fairfield	11,629,834	
Borough of North Caldwell	7,046,750	
Borough of Roseland	10,496,221	
County of Essex	27,287,853	
Essex County Utilities Authority	<u>6,821,873</u>	
		<u>69,101,197</u>
 Total Direct and Overlapping Debt		 <u>\$ 91,188,197</u>

(A) The debt for this entity was apportioned by dividing the Municipality's 2011 equalized value by the total 2011 equalized value for Essex County.

Source:

- (1) 2011 Annual Debt Statements - Borough of Essex Fells, Township of Fairfield, Borough of North Caldwell and Borough of Roseland
- (2) Essex County 2011 Annual Debt Statement
- (3) Essex County Utilities Authority

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

Legal Debt Margin Calculation for Fiscal Year 2012

	2004	2005	2006	2007	2008	2009	2010	2011
Average equalized valuation of taxable Property								
Debt Limit 3.5% of average equalization value								
Total Net Debt Applicable to Limit	\$ 185,082,023	\$ 207,843,041	\$ 223,151,659	\$ 242,438,250	\$ 265,880,775	\$ 269,902,819	\$ 266,285,573	\$ 260,818,888
Legal debt margin	26,085,000	24,685,000	23,285,000	21,885,000	27,022,000	25,622,000	24,222,000	22,087,000
	\$ 158,997,023	\$ 183,158,041	\$ 199,866,659	\$ 220,553,250	\$ 238,858,775	\$ 244,280,819	\$ 242,063,573	\$ 238,731,888
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%	8.47%

Equalized valuation basis

2009	\$ 7,673,904,999
2010	7,360,531,404
2011	7,321,468,278
	<u>\$ 22,355,904,681</u>

	\$ 7,451,968,227
	260,818,888
	22,087,000
	<u>\$ 238,731,888</u>

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 eight 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  
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>
<b>ESSEX FELLS</b>			
2003	1.7	38,746	2,128
2004	1.4	41,417	2,098
2005	1.2	43,231	2,069
2006	2.5	47,290	2,032
2007	2.2	49,850	2,006
2008	2.7	51,665	2,094
2009	5.5	48,901	2,135
2010	5.6	50,791	2,113
2011	5.3	N/A	2,116
2012	N/A	N/A	2,116 (E)
<b>FAIRFIELD</b>			
2003	2.6	38,746	7,398
2004	2.2	41,417	7,707
2005	3.1	43,231	7,628
2006	3.3	47,290	7,558
2007	2.9	49,850	7,481
2008	3.6	51,665	7,442
2009	7.2	48,901	7,447
2010	7.3	50,791	7,467
2011	6.9	N/A	7,478
2012	N/A	N/A	7,478 (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>
<b>NORTH CALDWELL</b>			
2003	1.8	38,746	7,329
2004	1.4	41,417	7,260
2005	2.8	43,231	7,182
2006	3.0	47,290	7,091
2007	2.7	49,850	7,034
2008	3.3	51,665	7,020
2009	6.6	48,901	7,071
2010	6.7	50,791	6,184
2011	6.4	N/A	6,193
2012	N/A	N/A	6,193 (E)
<b>ROSELAND</b>			
2003	3.0	38,746	5,255
2004	2.5	41,417	5,261
2005	3.3	43,231	5,313
2006	3.4	47,290	5,296
2007	3.1	49,850	5,302
2008	3.8	51,665	5,319
2009	7.6	48,901	5,350
2010	7.7	50,791	5,820
2011	7.3	N/A	5,828
2012	N/A	N/A	5,828 (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 EIGHT FISCAL YEARS**  
**(Unaudited)**

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction	131	134	141	147	141	143	143	146
Support Services:								
Student and Instruction Related Services	42	36	33	33	38	36	36	36
General Administration	2	2	2	2	1	2	2	2
School Administrative Services	17	16	11	17	9	8	8	9
Central and Other Support Services	6	5	6	6	7	8	8	8
Plant Operations And Maintenance	29	27	32	26	27	27	27	27
<b>Total</b>	<u>227</u>	<u>220</u>	<u>225</u>	<u>231</u>	<u>223</u>	<u>224</u>	<u>224</u>	<u>228</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										Student Attendance Percentage
	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	
2003	1,420	\$ 22,370,090	\$ 15,754	3.02%	N/A	N/A	N/A	1,420	1,342	13.96%	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	23,295,294	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%
2012	1,615	32,491,936	20,119	2.54%	146.0	1:11	1:11	1,615	1,573	1.64%	97.40%

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)

	<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>	<u>2012</u>
<b>UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES</b>										
<u>School Facilities</u>										
Senior High School	\$ 30,578	\$ 62,595	\$ 97,761	\$ 103,750	\$ 71,685	\$ 105,794	\$ 95,732	\$ 35,367	\$ 141,776	\$ 83,489
Junior High School	<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>	<u>60,724</u>
Total	<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>	<u>\$ 144,213</u>

Source: School District's Financial Statements

**WEST ESSEX REGIONAL SCHOOL DISTRICT**  
**SCHEDULE OF INSURANCE**  
**JUNE 30, 2012**  
**(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	\$ 15,000,000	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

17 - 17 ROUTE 208  
FAIR LAWN, NJ 07410  
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DEBORAH K. LERCH, CPA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
RALPH M. PICONE, CPA, RMA, PSA  
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, 2012, which collectively comprise the West Essex Regional School District's basic financial statements and have issued our report thereon dated October 17, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, 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 previously.

### Compliance and Other Matters

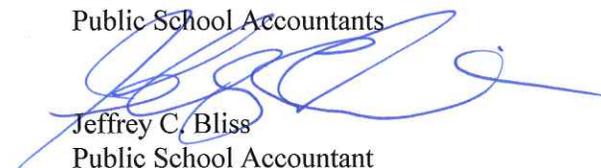
As part of obtaining reasonable assurance about whether the West Essex Regional School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have 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 Office of School Finance, 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, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated October 17, 2012.

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 17, 2012

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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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, 2012. 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 Office of School Finance, 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 federal and state programs for the fiscal year ended June 30, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements which is required to be reported in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04 and which is described in the accompanying schedule of findings and questioned costs as item 2012-1.

### 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.

The Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Board of Education's responses and, accordingly, we express no opinion on the responses.

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 17, 2012

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

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2011	Cash Received	Carryover/ (Walkover) Amount Def. Rec.	Carryover/ (Walkover) Amount A/R	Budgetary Expenditures	Refund of Prior Years' Balances	Adjustment	June 30, 2012		Memo GAAP Receivable
												Accounts Receivable	Deferred Revenue	
U.S. Department of Education Passed-through State Department of Education Education Jobs Fund	84.410	N/A	7/1/11-6/30/12	\$ 57,576	\$ -	\$ 57,576	\$ -	\$ -	\$ 57,576	\$ -	\$ -	\$ -	\$ -	\$ -
Total General Fund				\$ 57,576	\$ -	\$ 57,576	\$ -	\$ -	\$ 57,576	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Special Revenue Fund</b>														
Title I	84.010A	NCLB-5630-09	9/01/11-8/31/12	34,585	-	34,585	-	-	34,585	-	-	-	-	-
Title I	84.010A	NCLB-5630-09	9/01/10-8/31/11	34,019	(30,158)	34,251	-	-	4,093	-	-	-	-	-
Title I	84.010A	NCLB-5630-09	9/01/09-8/31/10	30,294	(29)	29	-	-	17,645	-	-	-	-	-
Title II A	84.367A	NCLB-5630-09	9/01/11-8/31/12	17,645	(14,830)	17,645	-	-	10,093	-	-	-	-	-
Title II A	84.367A	NCLB-5630-09	9/01/10-8/31/11	20,445	(5,318)	24,923	-	-	76	-	-	-	-	-
Title II A C/O	84.367A	NCLB-5630-06	9/01/09-8/31/10	20,095	(160)	5,318	-	-	236	-	-	-	-	-
Title II D	84.318X	NCLB-5630-09	9/01/10-8/31/11	76	(150)	150	-	-	75	-	-	-	-	-
Title II D	84.318X	NCLB-5630-07	9/01/09-8/31/10	310	(75)	75	-	-	54	-	-	-	-	-
Title IV	84.186A	NCLB-5630-09	9/01/09-8/31/10	2,569	(54)	75	-	-	161,830	-	-	-	-	-
Title IV	84.186A	NCLB-5630-08	9/01/08-8/31/09	2,630	(155,718)	161,830	-	-	287,774	-	-	-	-	-
IDEA Basic - ARRA	84.391	IDEA-5630-10	9/01/09-8/31/11	323,171	(282,686)	287,774	-	-	360,378	-	-	-	-	-
IDEA Basic	84.027	IDEA-5630-09	9/01/11-8/31/12	287,774	-	287,774	-	-	417,954	-	-	-	-	-
IDEA Basic	84.027	IDEA-5630-09	9/01/10-8/31/11	278,887	(489,178)	849,556	-	-	360,378	-	-	-	-	-
Total Special Revenue Fund				\$ 489,178	\$ (489,178)	\$ 907,132	\$ -	\$ -	\$ 417,954	\$ -	\$ -	\$ -	\$ -	\$ -
Total U.S. Department of Education				\$ 57,576	\$ -	\$ 57,576	\$ -	\$ -	\$ 57,576	\$ -	\$ -	\$ -	\$ -	\$ -

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  
SCHEDULE OF EXPENDITURE OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2011	Adjustment	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Accounts Receivable	Deferred Revenue	Due to Grantor	MEMO		
												GAAP Receivable	Cumulative Total Expenditures	
<b>General Fund</b>														
<b>State Department of Education</b>														
Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	\$ 781,931			\$ 722,864	\$ 781,931		\$ (59,067)			\$	\$ 781,931	
Special Education Aid	11-495-034-5120-089	7/1/10-6/30/11	178,991	(3,648)		3,648								
Extraordinary Aid	12-100-034-5120-473	7/1/11-6/30/12	512,834				512,834		(512,834)				512,834	
Extraordinary Aid	11-100-034-5120-473	7/1/10-6/30/11	413,891	(413,891)		413,891								
Additional Non-Public Transportation Aid	N/A	7/1/11-6/30/12	72,210				72,210		(72,210)				72,210	
Additional Non-Public Transportation Aid	N/A	7/1/10-6/30/11	80,040	(80,040)		80,040								
TPAF/Wage Freeze Grant	11-495-034-5095-002	7/1/10-6/30/11	19,866	(9,933)		9,933								
<b>TPAF Pension Contribution</b>														
Pension Benefit Contribution	12-495-034-5095-007	7/1/11-6/30/12	385,711			385,711	385,711						385,711	
Pension - NGCI Premium	12-495-034-5095-006	7/1/11-6/30/12	41,392			41,392	41,392						41,392	
Post Retirement Medical Pension Cost Cont.	12-495-034-5095-001	7/1/11-6/30/12	858,591			858,591	858,591						858,591	
Reimbursed TPAF Social Security Contr.	12-495-034-5095-002	7/1/11-6/30/12	953,401			904,812	953,401						953,401	
Reimbursed TPAF Social Security Contr.	11-495-034-5095-002	7/1/10-6/30/11	983,322	(49,729)		49,729			(48,589)				(48,589)	
Total General Fund				(557,241)		3,470,611	3,606,070		(692,700)				(120,799)	3,606,070
<b>Capital Projects Fund</b>														
<b>Schools Development Authority</b>														
Senior High School Impr.	SP#202746	07/1/02-6/30/06	7,054,705	(317,461)					(317,461)				\$ (317,461)	7,054,705
Junior High School Impr.	SP#202761	07/1/02-6/30/06	1,562,754	(950,545)			1,062		(1,152,164)				(1,152,164)	1,115,696
Senior High School Roof Replacement	SP-5630-070-09-1001	N/A	2,372,000	(327,583)		289,297			(180,047)				(180,047)	1,416,395
Junior High School Roof Replacement	SP-5630-070-09-1002	N/A	556,000	(191,565)		236,242	(25)		30,000				30,000	541,298
Senior High School Window Replacement	SP-5630-050-09-1003	N/A	540,000	(64,480)					(95,577)				(95,577)	508,904
Junior High School Window Replacement	SP-5630-070-09-1004	N/A	526,000	(117,460)					(200,716)				(200,716)	442,745
Junior High School Boiler Replacement	SP-5630-070-09-1005	N/A	364,000	(217,394)			3,599		(364,000)				(364,000)	220,995
Total				(2,186,488)		525,539	4,636		(2,279,965)				(2,279,965)	11,300,736
				(2,743,729)		3,996,150	3,610,706		(2,972,665)				(2,400,764)	14,906,806
<b>Less On-Behalf TPAF Pension and Annuity Aid</b>														
T.P.A.F. - Post Ret. Medical	12-100-034-5095-001	7/1/11-6/30/12	858,591			858,591	858,591							858,591
T.P.A.F. Pension - NGCI Premium	12-495-034-5095-006	7/1/11-6/30/12	41,392			41,392	41,392							41,392
T.P.A.F. Pension - Benefit Contributions	12-100-034-5095-007	7/1/11-6/30/12	385,711			385,711	385,711							385,711
Total for State Financial Assistance Determination				(2,743,729)		2,710,456	2,325,012		(2,972,665)				(2,400,764)	13,621,112

**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, 2012**

**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. This basis of accounting is described in Notes 1(C) to the Board's basic financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the 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 a decrease of \$154,362 for the general fund and an increase 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	\$ 57,576	\$ 3,451,708	\$ 3,509,284
Special Revenue Fund	376,544		376,544
Capital Projects Fund	<u>-</u>	<u>4,636</u>	<u>4,636</u>
Total Financial Assistance	<u>\$ 434,120</u>	<u>\$ 3,456,344</u>	<u>\$ 3,890,464</u>

**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, 2012**

**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 \$953,401 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2012. The amount reported as TPAF Pension System Contributions in the amount of \$427,103 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$858,591 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2012.

**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, 2012

*Part I – Summary of Auditor’s Results*

**Financial Statement Section**

Type of auditors' report issued on financial statements	<u>Unqualified</u> _____	
Internal control over financial reporting:		
1) Material weakness(es) identified?	_____yes	<u>  X  </u> no
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____yes	<u>  X  </u> none reported
Noncompliance material to basic financial statements noted?	_____yes	<u>  X  </u> 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, 2012**

*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?

  X   yes      \_\_\_\_\_ no

Identification of major state programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
12-495-034-5120-473	Extraordinary Aid
12-100-034-5095-002	TPAF Social Security Contributions
12-495-034-5120-089	Special Education Aid

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, 2012**

*Part 2 – Schedule of Financial Statement Findings*

There are none.

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

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major 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**

Not applicable.

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

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major 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**

**Finding 2012-1**

A review of T.P.A.F. reimbursements revealed that certain employees included in the semi-monthly reimbursement claim form were not members of the T.P.A.F. pension system.

**State Program Information**

12-495-034-5095-002

Reimbursed T.P.A.F. Social Security Contributions

**Criteria or Specific Requirement**

N.J. Department of Education – Grant Compliance Supplement.

**Condition**

There were certain individuals who were claimed for reimbursement on the T.P.A.F. who were not members of the T.P.A.F. pension system.

**Questioned Costs**

None.

**Context**

During the first quarter of 2012, there appears to be an overclaim of \$3,937 for individuals claimed who could not be verified to enrollment in the T.P.A.F. pension system..

**Effect**

Amounts claimed for reimbursement for T.P.A.F. social security contributions could not be verified for certain individuals.

**Cause**

Unknown.

**Recommendation**

Only individuals who are enrolled in the T.P.A.F. pension system be included in the semi-monthly claim for reimbursement from the State.

**View of Responsible Officials and Planned Corrective Action**

Management has reviewed this finding and has indicated it will implement procedures to ensure corrective action is taken.

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND  
QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**STATUS OF PRIOR YEAR FINDINGS**

NOT APPLICABLE