

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**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, 2013**

**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)

November 27, 2013

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, 2013 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 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 2012-2013 fiscal year with an enrollment of 1591, students, which is 2 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>
2012-2013	1,617	.001
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)

**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.

In 2012-13 we completed work on our maintenance building and moved that department to their own headquarters. This project will make way for a new band room in the recently vacated maintenance center and we renovated several bathrooms in the middle school to be ADA compliant.

We have added new courses, such as AP Music Theory, AP Micro Economics, and our science department has added a new Sports Medicine class that has been a great success this school year. We have rewritten all the curricula to align with the common core and continue to update our network and prepare for PARCC testing which will take place next year. We also continue to add Smart boards to our classrooms every year in our mission to stay "state of the art" with our technology.

**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 committed or assigned fund balance at June 30, 2013.

**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 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 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.

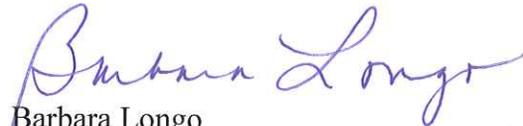
**9. OTHER INFORMATION:**

**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.

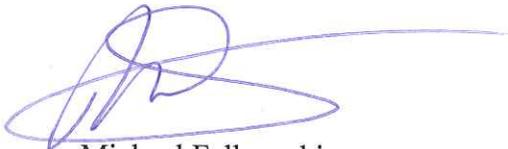
**10. ACKNOWLEDGEMENTS:**

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 2012-2013 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,

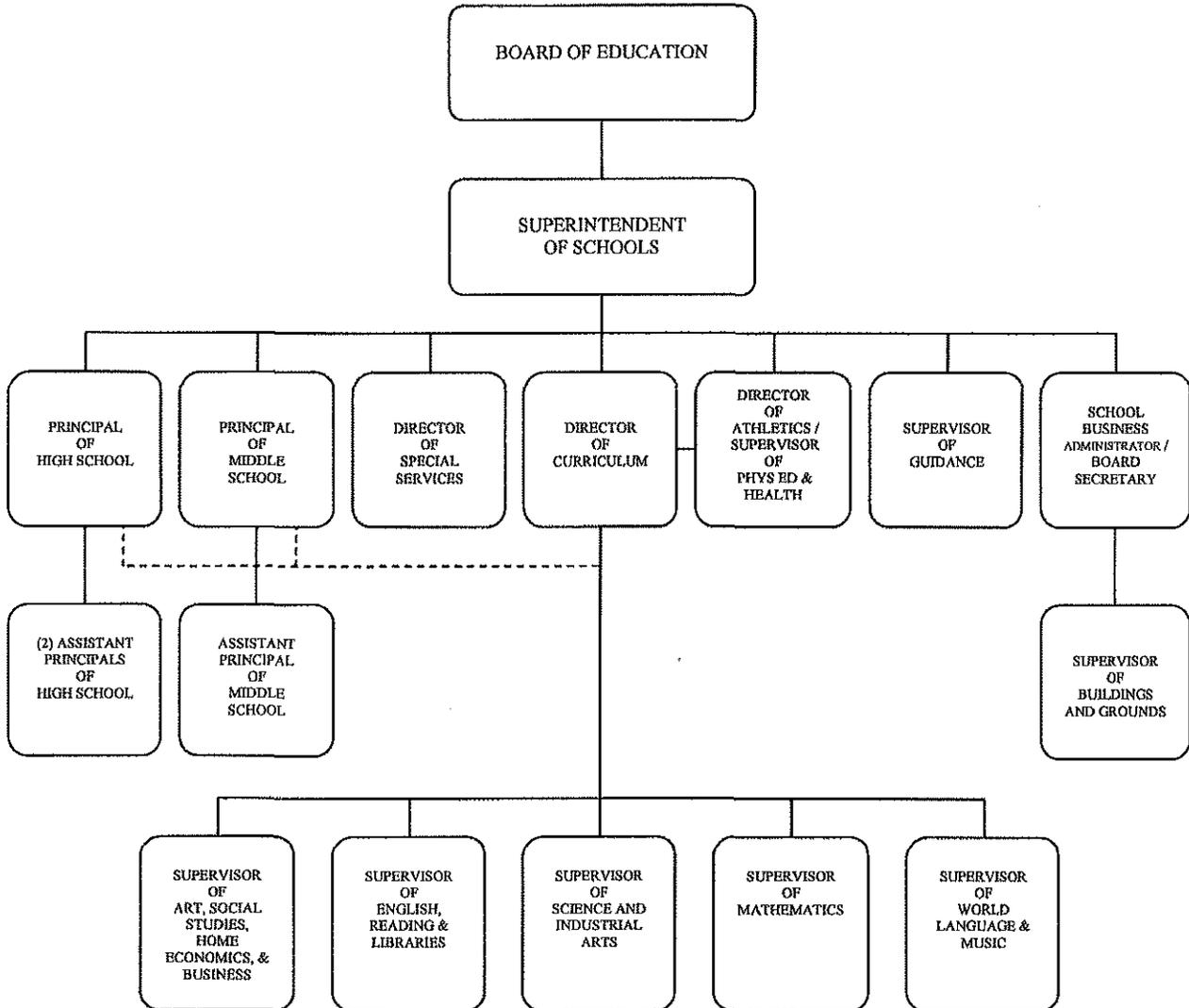


Barbara Longo  
Superintendent of Schools



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, 2013

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Frank Antonucci	2014
Kristin Bachmann	2015
Ann Fahey	2015
David Laible	2013
Marie Rusenberg	2013
Anthony Rubinich	2014
Dawn Smith	2014
Diane Storey	2013
Maryadele Wojtowicz	2015
<u>Other Officials</u>	
Mrs. Barbara Longo, Superintendent of Schools	
Michael J. Falkowski, Board Secretary/School Business Administrator	
Fogarty & Hara, Board Counsel	
Kerry Keane Murphy, 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

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

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

## INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

### ***Auditor's Responsibility***

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

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

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

## *Opinions*

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

## *Other Matters*

### *Required Supplementary Information*

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

### *Other Information*

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

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated November 27, 2013 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the West Essex Regional School District's internal control over financial reporting and compliance.

*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  
November 27, 2013

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# WEST ESSEX REGIONAL SCHOOL DISTRICT

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

### 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, 2013. 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 (2012-2013) and the prior year (2011-2012) 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, 2013. 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 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 Position 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 Position 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 2013?" The Statement of Net Position and Statement of Activities help answer this question. These Statements include all assets, liabilities and deferred outflows/inflows of resources using the accrual basis of accounting similar to the accounting 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 Fiscal Year Ended June 30, 2013

### REPORTING THE SCHOOL DISTRICT AS A WHOLE (Continued)

#### Statement of Net Position and the Statement of Activities (Continued)

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

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

- Governmental Activities – All of the School District's programs and services are reported here, including, 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 (Cafeteria) operations are 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 fiscal year 2013 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 Position 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 Fiscal Year Ended June 30, 2013

### 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 position and a statement of changes in fiduciary net position. 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 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 financial statements can be found following the financial statements.

#### Other Information

In addition to the 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 financial statements.

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

### FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year 2013 are as follows:

- The assets and deferred outflows of resources of the West Essex Regional School District exceeded its liabilities at the close of the fiscal year by \$30,873,618 (net position). The amount available to meet the District's ongoing obligations (unrestricted net position) was \$831,268.
- The School District's total net position increased \$2,220,125.
- Overall general revenues accounted for \$33,767,872 or 86 percent of all revenues. Overall program specific revenues in the form of charges for services, operating grants and contributions, and capital grants accounted for \$5,602,441 or 14 percent of total revenues of \$39,370,313.
- The School District had \$36,399,412 in expenses for governmental activities; only \$4,859,149 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$33,767,872 were adequate to provide for these programs.

# WEST ESSEX REGIONAL SCHOOL DISTRICT

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

### FINANCIAL HIGHLIGHTS (Continued)

- The General Fund had \$35,766,849 in revenues and \$34,637,101 in expenditures. The General Fund's balance increased \$1,129,748 over the previous year to \$4,903,159. Of this amount, \$621,000 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 \$1,148,235 which represented a decrease of \$42,791 from the previous year.

### THE SCHOOL DISTRICT AS A WHOLE

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

The following provides a summary of the School District's Net Position as of 2013 and 2012:

#### Net Position As of June 30, 2013 and 2012

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Assets</b>						
Current Assets	\$ 6,943,953	\$ 5,711,046	\$ 297,628	\$ 181,856	\$ 7,241,581	\$ 5,892,902
Capital Assets	46,285,711	46,868,080	24,289	33,447	46,310,000	46,901,527
<b>Total Assets</b>	<u>53,229,664</u>	<u>52,579,126</u>	<u>321,917</u>	<u>215,303</u>	<u>53,551,581</u>	<u>52,794,429</u>
<b>Deferred Outflows of Resources</b>	<u>676,981</u>	<u>787,730</u>	<u>-</u>	<u>-</u>	<u>676,981</u>	<u>787,730</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>53,906,645</u>	<u>53,366,856</u>	<u>321,917</u>	<u>215,303</u>	<u>54,228,562</u>	<u>53,582,159</u>
<b>Liabilities</b>						
Long-Term Liabilities	21,996,362	23,895,619			21,996,362	23,895,619
Other Liabilities	1,229,296	1,017,859	129,286	15,188	1,358,582	1,033,047
<b>Total Liabilities</b>	<u>23,225,658</u>	<u>24,913,478</u>	<u>129,286</u>	<u>15,188</u>	<u>23,354,944</u>	<u>24,928,666</u>
<b>Net Position</b>						
Net Investment in Capital Assets	26,350,801	25,317,984	24,289	33,447	26,375,090	25,351,431
Restricted	3,667,260	2,847,261			3,667,260	2,847,261
Unrestricted	662,926	288,133	168,342	166,668	831,268	454,801
<b>Total Net Position</b>	<u>\$ 30,680,987</u>	<u>\$ 28,453,378</u>	<u>\$ 192,631</u>	<u>\$ 200,115</u>	<u>\$ 30,873,618</u>	<u>\$ 28,653,493</u>

By far the largest portion of the School District's net position 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  
Fiscal Year Ended June 30, 2013**

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

The following shows the changes in Net Position for fiscal years 2013 and 2012:

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 77,076	\$ 168,593	\$ 743,292	\$ 726,069	\$ 820,368	\$ 894,662
Operating Grants and Contributions	4,782,073	3,903,058			4,782,073	3,903,058
Capital Grants and Contributions	-	19,205			-	19,205
General Revenues						
Property Taxes	33,397,836	32,830,823			33,397,836	32,830,823
Other	370,036	395,596	-	-	370,036	395,596
<b>Total Revenues</b>	<b><u>38,627,021</u></b>	<b><u>37,317,275</u></b>	<b><u>743,292</u></b>	<b><u>726,069</u></b>	<b><u>39,370,313</u></b>	<b><u>38,043,344</u></b>
<b>Expenses</b>						
Instruction						
Regular	15,319,829	14,254,374			15,319,829	14,254,374
Special Education	5,376,409	5,291,950			5,376,409	5,291,950
Other Instruction	48,195	58,892			48,195	58,892
School Sponsored Activities and Athletics	1,640,057	1,667,883			1,640,057	1,667,883
Support Services						
Student and Instruction Related Services	4,090,642	3,848,598			4,090,642	3,848,598
General Administrative Services	945,428	952,905			945,428	952,905
School Administrative Services	2,169,472	1,964,673			2,169,472	1,964,673
Central and Other Support Services	552,372	584,917			552,372	584,917
Plant Operations and Maintenance	3,655,757	3,598,805			3,655,757	3,598,805
Pupil Transportation	1,839,796	1,823,129			1,839,796	1,823,129
Interest on Debt	761,455	665,601			761,455	665,601
Food Services	-	-	750,776	695,121	750,776	695,121
<b>Total Expenses</b>	<b><u>36,399,412</u></b>	<b><u>34,711,727</u></b>	<b><u>750,776</u></b>	<b><u>695,121</u></b>	<b><u>37,150,188</u></b>	<b><u>35,406,848</u></b>
<b>Change in Net Position</b>	<b>2,227,609</b>	<b>2,605,548</b>	<b>(7,484)</b>	<b>30,948</b>	<b>2,220,125</b>	<b>2,636,496</b>
<b>Net Position, Beginning of Year</b>	<b><u>28,453,378</u></b>	<b><u>25,847,830</u></b>	<b><u>200,115</u></b>	<b><u>169,167</u></b>	<b><u>28,653,493</u></b>	<b><u>26,016,997</u></b>
<b>Net Position, End of Year</b>	<b><u>\$ 30,680,987</u></b>	<b><u>\$ 28,453,378</u></b>	<b><u>\$ 192,631</u></b>	<b><u>\$ 200,115</u></b>	<b><u>\$ 30,873,618</u></b>	<b><u>\$ 28,653,493</u></b>

**WEST ESSEX REGIONAL SCHOOL DISTRICT**

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

**Governmental Activities.** The District's total revenues for governmental activities were \$38,627,021 and \$37,317,275 for the fiscal years ended June 30, 2013 and 2012, respectively. Property taxes of \$33,397,836 and \$32,830,823 made up 86% and 88% of the revenues for governmental activities for the West Essex Regional School District for fiscal years ended June 30, 2013 and 2012. Federal, state and local grants and aid accounted for another \$4,782,073 and \$3,922,263 representing 12% and 11% of total revenues for the fiscal years ended June 30, 2013 and 2012, 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 \$36,399,412 and \$34,711,727 for the fiscal years ended June 30, 2013 and 2012, respectively. Instruction comprised \$22,384,490 (62%) and \$21,273,099 (61%) of District expenses for the fiscal years ended June 30, 2013 and 2012, respectively. Support services totaled \$13,253,467 (36%) and \$12,773,027 (37%) of District expense and interest on debt totaled \$761,455 (2%) and \$665,601 (2%) of District expenses for fiscal year ended June 30, 2013 and 2012, respectively.

Total governmental activities revenues exceeded expenses, increasing net position \$2,227,609 and \$2,605,548 for the fiscal years ended June 30, 2013 and 2012, 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 Years Ended June 30, 2013**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Instruction				
Regular	\$ 15,319,829	\$ 14,254,374	\$ 13,288,575	\$ 12,986,668
Special Education	5,376,409	5,291,950	3,364,884	3,424,523
Other Instruction	48,195	58,892	28,282	27,516
School Sponsored Activities and Athletics	1,640,057	1,667,883	1,640,057	1,565,000
Support Services				
Student and Instruction Related Services	4,090,642	3,848,598	3,746,099	3,506,787
General Administrative Services	945,428	952,905	945,428	917,535
School Administrative Services	2,169,472	1,964,673	1,953,401	1,806,339
Central and Other Support Services	552,372	584,917	552,372	542,950
Plant Operations and Maintenance	3,655,757	3,598,805	3,633,718	3,427,033
Pupil Transportation	1,839,796	1,823,129	1,625,992	1,750,919
Interest on Debt	761,455	665,601	761,455	665,601
<b>Total</b>	<b>\$ 36,399,412</b>	<b>\$ 34,711,727</b>	<b>\$ 31,540,263</b>	<b>\$ 30,620,871</b>

## WEST ESSEX REGIONAL SCHOOL DISTRICT

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

#### 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 were less than expenses by \$7,484 for the current year while revenues exceeded expenses by \$30,948 for the previous year.
- Charges for services were \$743,292 and \$726,069 and represents 100% of the revenue for the fiscal years ended June 30, 2013 and 2012. This represents amounts paid by patrons for daily food services.
- Expenses were \$750,776 and \$695,121 for the fiscal years ended June 30, 2013 and 2012, 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 Fiscal Year Ended June 30, 2013

### THE SCHOOL DISTRICT'S FUNDS

Information about the School District's major funds is included in the fiscal year 2013 Comprehensive Annual Financial Report as presented by the School District. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., General Fund, Special Revenue Fund, Capital Projects and Debt Service Fund) presented in the fund-based statements had total revenues of \$38,627,021 and \$37,317,275 and expenditures of \$37,316,932 and \$36,700,954 for the fiscal years ended June 30, 2013 and 2012, 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, 2013 and 2012, and the amount and percentage of change in relation to prior-year revenues.

	<u>Years Ended June 30,</u>		<u>Amount of</u>	<u>Percent</u>
	<u>2013</u>	<u>2012</u>	<u>Increase</u>	<u>Change</u>
			<u>(Decrease)</u>	
Local Sources				
Property Taxes	\$ 30,890,157	\$ 30,284,468	\$ 605,689	2%
Tuition	77,076	168,593	(91,517)	-54%
Other	370,036	395,596	(25,560)	-6%
State Sources	4,429,580	3,451,708	977,872	28%
Federal Sources	-	57,576	(57,576)	-100%
<b>Total General Fund Revenues</b>	<u>\$ 35,766,849</u>	<u>\$ 34,357,941</u>	<u>\$ 1,408,908</u>	4%

Overall General Fund revenues increased 4% from the previous year. The change in Local Sources is attributable to a tax increase of 2% needed to finance increases in budgeted expenditures for the 2013 fiscal year. State sources increased 28% mainly due to the result of an increase in categorical formula aid and on-behalf contributions made by the State for the District's share of teachers' pension and post-retirement medical benefit contributions.

# WEST ESSEX REGIONAL SCHOOL DISTRICT

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

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

The following schedule presents a summary of General Fund expenditures for the fiscal years ended June 30, 2013 and 2012:

	<u>Year Ended June 30,</u>		<u>Amount of</u>	<u>Percent</u>
	<u>2013</u>	<u>2012</u>	<u>Increase</u>	<u>Change</u>
			<u>(Decrease)</u>	
Instruction	\$ 21,139,056	\$ 19,987,555	\$ 1,151,501	6%
Support Services	12,679,586	12,110,607	568,979	5%
Capital Outlay	<u>818,459</u>	<u>670,634</u>	<u>147,825</u>	22%
<b>Total General Fund Expenditures</b>	<u>\$ 34,637,101</u>	<u>\$ 32,768,796</u>	<u>\$ 1,868,305</u>	6%

The increase in Instruction is attributed to increases in regular instructional cost resulting from contractual salary increases and related employee benefit costs. The increase in Support Services is attributable to an increase in student and instruction related services for students.

For the 2013 school year, General Fund revenues exceeded expenditures by \$1,129,748. Total fund balance increased to \$4,903,159 at June 30, 2013. After deducting fund balances restricted, committed and assigned, the unassigned fund balance increased from \$619,125 at June 30, 2012 to \$621,000 at June 30, 2013.

### 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 of revenues, expenditures and encumbrance accounting. In addition, certain state aid which is deferred by the state to the 2013-2014 fiscal year is required to be recognized as revenue by the School District for budgetary purposes during the 2012-2013 fiscal year. The most significant budgeted fund is the General Fund.

# WEST ESSEX REGIONAL SCHOOL DISTRICT

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

### GENERAL FUND BUDGETING HIGHLIGHTS

During the course of the 2013 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, 2013, General Fund budgetary revenues exceeded expenditures increasing budgetary fund balance by \$1,085,082 from the previous year. After deducting fund balances restricted, committed and assigned, the unassigned budgetary fund balance decreased \$42,791 from \$1,191,026 at June 30, 2012 to \$1,148,235 at June 30, 2013. However, the District's capital reserve increased \$820,000 through a transfer approved by the Board at year end.

### CAPITAL ASSETS

At the end of fiscal years 2013 and 2012, the School District had \$46,310,000 and \$46,901,527 invested in land, land improvements, buildings, machinery and equipment, net of accumulated depreciation. Depreciation charges for the fiscal years 2013 and 2012 were \$1,400,828 and \$1,400,828 for governmental activities, respectively, and \$9,158 and \$9,158 for business-type activities, respectively.

#### Capital Assets at June 30, 2013 and 2012

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 288,849	\$ 288,849			\$ 288,849	\$ 288,849
Construction in Progress	594,663	-			594,663	-
Land Improvements	2,223,215	2,223,215			2,223,215	2,223,215
Buildings and Building Improvements	53,333,640	53,194,665			53,333,640	53,194,665
Machinery and Equipment	<u>1,356,465</u>	<u>1,271,644</u>	\$ 171,084	\$ 171,084	<u>1,527,549</u>	<u>1,442,728</u>
	57,796,832	56,978,373	171,084	171,084	57,967,916	57,149,457
Less Accumulated Depreciation	<u>(11,511,121)</u>	<u>(10,110,293)</u>	<u>(146,795)</u>	<u>(137,637)</u>	<u>(11,657,916)</u>	<u>(10,247,930)</u>
<b>Total</b>	<u>\$ 46,285,711</u>	<u>\$ 46,868,080</u>	<u>\$ 24,289</u>	<u>\$ 33,447</u>	<u>\$ 46,310,000</u>	<u>\$ 46,901,527</u>

**WEST ESSEX REGIONAL SCHOOL DISTRICT**

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

**LONG-TERM LIABILITIES**

At June 30, 2013, the School District had \$20,892,445 as outstanding debt consisting of \$470,445 for compensated absences, and \$20,422,000 of serial bonds for school construction projects. The following is a comparison of the June 30, 2013 and 2012 balances:

**Outstanding Long-Term Liabilities  
At June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Bonds Payable	\$ 20,422,000	\$ 22,087,000
Compensated Absences	<u>470,445</u>	<u>524,109</u>
<b>Total</b>	<u>\$ 20,892,445</u>	<u>\$ 22,611,109</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 2013-2014 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were considered when adopting the budget for fiscal year 2013-2014. Budgeted expenditures in the General Fund increased approximately 9 percent to \$35,420,304 for fiscal year 2013-2014. The major of this increase related to capital outlay projects which were financed by a withdrawal from capital reserve in the amount of \$2.1 million.

**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 POSITION**  
**AS OF JUNE 30, 2013**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 5,225,174	\$ 285,583	\$ 5,510,757
Receivables, Net	1,718,779	-	1,718,779
Inventory	-	12,045	12,045
Capital Assets, Not Being Depreciated	883,512	-	883,512
Capital Assets, Being Depreciated, Net	<u>45,402,199</u>	<u>24,289</u>	<u>45,426,488</u>
Total Assets	<u>53,229,664</u>	<u>321,917</u>	<u>53,551,581</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Charges on Refunding of Debt	<u>676,981</u>	-	<u>676,981</u>
Total Deferred Outflows of Resources	<u>676,981</u>	-	<u>676,981</u>
Total Assets and Deferred Outflows of Resources	<u>53,906,645</u>	<u>321,917</u>	<u>54,228,562</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Liabilities	846,064	129,286	975,350
Accrued Interest Payable	181,059		181,059
Intergovernmental Liabilities	3		3
Unearned Revenue	202,170		202,170
Noncurrent Liabilities			
Due within one year	1,755,000		1,755,000
Due beyond one year	<u>20,241,362</u>	-	<u>20,241,362</u>
Total Liabilities	<u>23,225,658</u>	<u>129,286</u>	<u>23,354,944</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	26,350,801	24,289	26,375,090
Restricted for:			
Capital Projects	3,458,729		3,458,729
Plant Maintenance	130,000		130,000
Debt Service	78,531		78,531
Unrestricted	<u>662,926</u>	<u>168,342</u>	<u>831,268</u>
Total Net Position	<u>\$ 30,680,987</u>	<u>\$ 192,631</u>	<u>\$ 30,873,618</u>

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

WEST ESSEX REGIONAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 15,319,829	\$ 77,076	\$ 2,031,254		\$ (13,288,575)	\$	\$ (13,288,575)
Special Education	5,376,409		1,934,449		(3,364,884)		(3,364,884)
Other Instruction	48,195		19,913		(28,282)		(28,282)
School Sponsored Activities and Athletics	1,640,057				(1,640,057)		(1,640,057)
Support Services:							
Student & Instruction Related Services	4,090,642		344,543		(3,746,099)		(3,746,099)
General Administrative Services	945,428		-		(945,428)		(945,428)
School Administrative Services	2,169,472		216,071		(1,953,401)		(1,953,401)
Central and Other Support Services	552,372		-		(552,372)		(552,372)
Plant Operations and Maintenance	3,655,757		22,039		(3,633,718)		(3,633,718)
Pupil Transportation	1,839,796		213,804		(1,625,992)		(1,625,992)
Interest on Long Term Debt	761,455		-		(761,455)		(761,455)
Total Governmental Activities	36,399,412	77,076	4,782,073	-	(31,540,263)	-	(31,540,263)
Business-Type Activities:							
Food Service	750,776	743,292	-	-	-	\$ (7,484)	(7,484)
Total Business-Type Activities	750,776	743,292	-	-	-	(7,484)	(7,484)
Total Primary Government	\$ 37,150,188	\$ 820,368	\$ 4,782,073	\$ -	(31,540,263)	(7,484)	(31,547,747)

WEST ESSEX REGIONAL SCHOOL DISTRICT  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2013

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, levied for general purposes, net	\$ 30,890,157		\$ 30,890,157
Property Taxes, levied for debt service, Net	2,507,679		2,507,679
Miscellaneous Income	370,036	-	370,036
Total General Revenues	<u>33,767,872</u>	<u>-</u>	<u>33,767,872</u>
Change in Net Position	2,227,609	\$ (7,484)	2,220,125
Net Position, Beginning of Year (as Restated)	<u>28,453,378</u>	<u>200,115</u>	<u>28,653,493</u>
Net Position, End of year	<u>\$ 30,680,987</u>	<u>\$ 192,631</u>	<u>\$ 30,873,618</u>

**FUND FINANCIAL STATEMENTS**

WEST ESSEX REGIONAL SCHOOL DISTRICT  
 GOVERNMENTAL FUNDS  
 BALANCE SHEET  
 AS OF JUNE 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 5,119,300	\$ 27,343		\$ 78,531	\$ 5,225,174
Receivables, Net					
Intergovernmental	215,779	30,291	\$ 1,469,626		1,715,696
Due from Other Funds	342,834	-	-	-	342,834
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 5,677,913</u>	<u>\$ 57,634</u>	<u>\$ 1,469,626</u>	<u>\$ 78,531</u>	<u>\$ 7,283,704</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 774,754	\$ 56,018	\$ 15,292		\$ 846,064
Due to Other Funds		-	339,751		339,751
Payable to State Government		3			3
Unearned Revenue	-	1,613	200,557	-	202,170
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>774,754</u>	<u>57,634</u>	<u>555,600</u>	<u>-</u>	<u>1,387,988</u>
Fund Balances:					
Restricted					
Capital Reserve	1,358,729				1,358,729
Capital Reserve Designated for Subsequent Year's Expenditures	2,100,000				2,100,000
Maintenance Reserve	130,000				130,000
Capital Projects			914,026		914,026
Debt Service				78,531	78,531
Committed					
Year End Encumbrances	161,670				161,670
Assigned					
Year End Encumbrances	65,559				65,559
Designated for Subsequent Years Expenditures	466,201				466,201
Unassigned	621,000	-	-	-	621,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund balances	<u>4,903,159</u>	<u>-</u>	<u>914,026</u>	<u>78,531</u>	<u>5,895,716</u>
Total Liabilities and Fund Balances	<u>\$ 5,677,913</u>	<u>\$ 57,634</u>	<u>\$ 1,469,626</u>	<u>\$ 78,531</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$ 57,796,832 and the accumulated depreciation is \$ 11,511,121. 46,285,711

Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt. 676,981

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is: (181,059)

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	\$ 21,525,917	
Compensated Absences	470,445	
	<hr/>	<hr/>
		(21,996,362)

Net Position of governmental activities \$ 30,680,987

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources:					
Property Tax Levy	\$ 30,890,157			\$ 2,507,679	\$ 33,397,836
Tuition	77,076				77,076
Miscellaneous	370,036	\$ 30,194	-	-	400,230
<b>Total - Local Sources</b>	<b>31,337,269</b>	<b>30,194</b>	<b>-</b>	<b>2,507,679</b>	<b>33,875,142</b>
State Sources	4,429,580	143			4,429,723
Federal Sources	-	322,156	-	-	322,156
<b>Total Revenues</b>	<b>35,766,849</b>	<b>352,493</b>	<b>-</b>	<b>2,507,679</b>	<b>38,627,021</b>
<b>EXPENDITURES</b>					
Current					
Instruction					
Regular Instruction	14,602,645	30,264			14,632,909
Special Education Instruction	4,928,300	291,865			5,220,165
Other Instruction	33,253	15,011			48,264
School Sponsored Activities and Athletics	1,574,858				1,574,858
Support Services					
Student & Instruction Related Services	3,906,271	15,353			3,921,624
General Administrative Services	780,598		119,658		900,256
School Administrative Services	2,078,786				2,078,786
Central Services	526,331				526,331
Plant Operations and Maintenance	3,554,853				3,554,853
Pupil Transportation	1,832,747				1,832,747
Debt Service					
Principal				1,665,000	1,665,000
Interest				842,680	842,680
Capital Outlay	818,459	-	-	-	818,459
<b>Total Expenditures</b>	<b>34,637,101</b>	<b>352,493</b>	<b>119,658</b>	<b>2,507,680</b>	<b>37,616,932</b>
<b>Net Change in Fund Balances</b>	<b>1,129,748</b>	<b>-</b>	<b>(119,658)</b>	<b>(1)</b>	<b>1,010,089</b>
<b>Fund Balance, Beginning of Year</b>	<b>3,773,411</b>	<b>-</b>	<b>1,033,684</b>	<b>78,532</b>	<b>4,885,627</b>
<b>Fund Balance, End of Year</b>	<b>\$ 4,903,159</b>	<b>\$ -</b>	<b>\$ 914,026</b>	<b>\$ 78,531</b>	<b>\$ 5,895,716</b>

The accompanying Notes to the 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, 2013**

**Total net change in fund balances - governmental funds (Exhibit B-2)** **\$ 1,010,089**

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	\$ 818,459	
Depreciation expense	<u>(1,400,828)</u>	(582,369)

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

Payment of Principal on Serial Bonds		1,665,000
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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 position. Also, governmental funds report the effect of 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.

Amortization of Bond Premium	180,593	
Amortization of Deferred Amounts on Refunding	<u>(110,749)</u>	69,844

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		11,381
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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).

Decrease in Compensated Absences		<u>53,664</u>
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**Change in net position of governmental activities (Exhibit A-2)** **\$ 2,227,609**

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

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
 PROPRIETARY FUND  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2013**

	<b>Business-Type            Activities            Enterprise Fund  <u>Food Service</u></b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 285,583
Inventories	<u>12,045</u>
Total Current Assets	<u>297,628</u>
Capital Assets	
Equipment	171,084
Accumulated Depreciation	<u>(146,795)</u>
Total Capital Assets	<u>24,289</u>
Total Assets	<u>321,917</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	<u>129,286</u>
Total Current Liabilities	<u>129,286</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	24,289
Unrestricted	<u>168,342</u>
Total Net Position	<u>\$ 192,631</u>

The accompanying Notes to the 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 POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Business-Type  <u>Activities</u>            Enterprise Fund  <u>Food Service</u></b>
<b>OPERATING REVENUES</b>	
Local Sources	
Daily Sales	\$ 743,292
Total Operating Revenues	<u>743,292</u>
<b>OPERATING EXPENSES</b>	
Salaries and Benefits	304,159
Cost of Sales	326,172
Purchased Management Services	44,736
Miscellaneous Purchased Services	4,991
Repairs and Maintenance Services	22,564
Supplies and Materials	38,996
Depreciation	<u>9,158</u>
Total Operating Expenses	<u>750,776</u>
Operating Loss	(7,484)
Total Net Position, Beginning of Year	<u>200,115</u>
Total Net Position, End of Year	<u>\$ 192,631</u>

The accompanying Notes to the 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, 2013**

	<b>Business-Type  <u>Activities</u>  <b>Enterprise Fund  <u>Food Service</u></b></b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 743,292
Cash Payments for Employees	
Salaries and Benefits	(304,159)
Cash Payments to Suppliers for Goods and Services	<u>(324,109)</u>
Net Cash Provided by Operating Activities	<u>115,024</u>
Net Increase in Cash and Cash Equivalents	115,024
Cash and Cash Equivalents, Beginning of Year	<u>170,559</u>
Cash and Cash Equivalents, End of Year	<u>\$ 285,583</u>
<b>Reconciliation of Operating Loss to Net Cash    Provided by Operating Activities</b>	
Operating Loss	<u>\$ (7,484)</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
Depreciation	9,158
Change in Assets and Liabilities	
(Increase)/Decrease in Inventory	(748)
Increase/(Decrease) in Accounts Payable	<u>114,098</u>
Total Adjustments	<u>122,508</u>
Net Cash Provided by Operating Activities	<u>\$ 115,024</u>

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

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2013**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ <u>137,618</u>	\$ <u>147,295</u>	\$ <u>458,590</u>
Total Assets	<u>137,618</u>	<u>147,295</u>	<u>\$ 458,590</u>
<b>LIABILITIES</b>			
Intergovernmental Payable - State	\$ 5,364		
Payroll Deductions Payable			\$ 152,128
Due to Other Funds			3,083
Due to Student Groups	<u>-</u>	<u>-</u>	<u>303,379</u>
Total Liabilities	<u>5,364</u>	<u>-</u>	<u>\$ 458,590</u>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 132,254</u>	<u>\$ 147,295</u>	

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

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Trust</u>
<b>ADDITIONS</b>		
Contributions		
Employer	\$ 80,768	
Employees	113,751	
Private Donations	-	\$ 15,214
	<hr/>	<hr/>
Total Contributions	194,519	15,214
Investment earnings		
Interest	257	329
	<hr/>	<hr/>
Total Additions	<u>194,776</u>	<u>15,543</u>
<b>DEDUCTIONS</b>		
Unemployment Claims	157,547	
Scholarship Awards	-	47,526
	<hr/>	<hr/>
Total Deductions	<u>157,547</u>	<u>47,526</u>
Change in Net Position	37,229	(31,983)
Net Position, Beginning of the Year	<hr/> 95,025	<hr/> 179,278
Net Position, End of the Year	<u>\$ 132,254</u>	<u>\$ 147,295</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the 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. New Accounting Standards**

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

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

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

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

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

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

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

**District-Wide Financial Statements**

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

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

**District-Wide Financial Statements (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 and other items not properly included among program revenues are reported instead as general revenues.

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

**Fund Financial Statements**

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

The District reports the following major governmental funds:

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

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

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

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

The District reports the following major proprietary 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.

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

**Fund Financial Statements (continued)**

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.

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

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

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

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

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

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

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

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

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

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

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

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

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

***2. Receivables***

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

***3. Inventories***

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

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

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

**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 & Equipment	5-20

**5. Deferred Outflows/Inflows of Resources**

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

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

**6. *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, personal 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.

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

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

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

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

**District-Wide Statements**

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

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

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

**Governmental Fund Statements**

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.)

*Capital Reserve – Designated for Subsequent Year's Expenditures* – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 and represents the June 30, 2013 capital reserve balance that was appropriated in the 2013/2014 District budgeted certified for taxes. (See Note 2.)

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

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

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

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

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

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

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

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

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

**Governmental Fund Statements (Continued)**

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

***9. Reclassifications***

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

**F. Revenues and Expenditures/Expenses**

***1. Program Revenues***

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

***2. Property Taxes***

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

***3. Tuition Revenues and Expenditures***

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

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

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

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

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**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.

Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district’s annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On 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; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2012/2013. During 2012/2013 the Board increased the original budget by \$722,866. The increase was funded by additional unassigned fund balance appropriation, grant awards and the reappropriation of prior year general fund encumbrances.

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

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

**B. Excess Expenditures Over Appropriations**

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Speech, OT, PT and Related Services	\$26,785	\$29,353	\$(2,568)

The above variances were offset with other available resources.

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**C. Capital Reserve**

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

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

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

Balance, July 1, 2012	\$ 2,638,729
Increased by:	
Deposits Approved by Board Resolution	820,000
Balance, June 30, 2013	\$ 3,458,729

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

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

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

**Cash Deposits (Continued)**

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2013, the book value of the Board's deposits were \$6,254,260 and bank and brokerage firm balances of the Board's deposits amounted to \$6,372,024. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	\$ <u>6,372,024</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2013 none of the Board's bank 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, 2013, the Board had no outstanding investments.

**B. Receivables**

Receivables as of June 30, 2013 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	\$ 90,338			\$ 90,338
State	125,441		\$ 1,469,626	1,595,067
Federal	-	\$ 30,291	-	30,291
	<u>215,779</u>	<u>30,291</u>	<u>1,469,626</u>	<u>1,715,696</u>
Gross Receivables				
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 215,779</u>	<u>\$ 30,291</u>	<u>\$ 1,469,626</u>	<u>\$ 1,715,696</u>

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**C. Unearned Revenue**

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

	<u>Total</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 1,613
Capital Projects Fund	
Unrealized School Facilities Grant Awards	<u>200,557</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 202,170</u>

**D. Capital Assets**

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

	<u>Balance, July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2013</u>
<b>Governmental activities:</b>				
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ 288,849	-	-	\$ 288,849
Construction in Progress	-	\$ 594,663	-	594,663
Total Capital Assets, Not Being Depreciated	<u>288,849</u>	<u>594,663</u>	<u>-</u>	<u>883,512</u>
<b>Capital Assets, Being Depreciated:</b>				
Land Improvements	2,223,215			2,223,215
Buildings and Building Improvements	53,194,665	138,975		53,333,640
Machinery and Equipment	1,271,644	84,821	-	1,356,465
Total Capital Assets Being Depreciated	<u>56,689,524</u>	<u>223,796</u>	<u>-</u>	<u>56,913,320</u>
<b>Less Accumulated Depreciation for:</b>				
Land Improvements	(1,001,374)	(82,911)		(1,084,285)
Buildings and Building Improvements	(8,142,770)	(1,270,169)		(9,412,939)
Machinery and Equipment	(966,149)	(47,748)	-	(1,013,897)
Total Accumulated Depreciation	<u>(10,110,293)</u>	<u>(1,400,828)</u>	<u>-</u>	<u>(11,511,121)</u>
Total Capital Assets, Being Depreciated, Net	<u>46,579,231</u>	<u>(1,177,032)</u>	<u>-</u>	<u>45,402,199</u>
Government Activities Capital Assets, Net	<u>\$ 46,868,080</u>	<u>\$ (582,369)</u>	<u>\$ -</u>	<u>\$46,285,711</u>

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**D. Capital Assets (Continued)**

	Balance, July 1, 2012	<u>Increases</u>	<u>Decreases</u>	Balance, June 30, 2013
<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	(137,637)	\$ (9,158)	-	(146,795)
Total Accumulated Depreciation	<u>(137,637)</u>	<u>(9,158)</u>	<u>-</u>	<u>(146,795)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 33,447</u>	<u>\$ (9,158)</u>	<u>\$ -</u>	<u>\$ 24,289</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	455,802
Total Governmental Activities	<u>\$ 1,400,828</u>

**Business-Type Activities:**

Food Service Fund	\$ 9,158
Total Depreciation Expense-Business-Type Activities	<u>\$ 9,158</u>

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**D. Capital Assets (Continued)**

**Construction Commitments**

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

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Renovations Building "O" WEHS	\$ 445,628	\$ 106,873

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

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

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 339,751
General Fund	Payroll Agency Fund	<u>3,083</u>
		<u>\$ 342,834</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.

**F. Long-Term Debt**

**General Obligation Bonds**

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

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

\$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%	\$6,052,000
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**WEST ESSEX REGIONAL SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

**General Obligation Bonds (Continued)**

\$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>\$20,422,000</u>

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

**Governmental Activities:**

Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
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	1,725,000	528,261	2,253,261
2019-2023	8,905,000	1,560,169	10,465,169
2024-2028	2,060,000	384,819	2,444,819
2029-2030	<u>877,000</u>	<u>35,020</u>	<u>912,020</u>
	<u>\$ 20,422,000</u>	<u>\$ 5,240,133</u>	<u>\$ 25,662,133</u>

**Statutory Borrowing Power**

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

3.5% of Equalized Valuation Basis (Municipal)	\$ 252,130,498
Less: Net Debt Issued	<u>20,422,000</u>
Remaining Borrowing Power	<u>\$ 231,708,498</u>

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

**Changes in Long-Term Liabilities**

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

	Balance, July 1, 2012	Additions	Deletions	Balance, June 30, 2013	Due Within One Year
<b>Governmental activities:</b>					
Bonds Payable	\$ 22,087,000		\$ 1,665,000	\$ 20,422,000	\$ 1,705,000
Add: Original Issue Premium	<u>1,284,510</u>	<u>-</u>	<u>180,593</u>	<u>1,103,917</u>	<u>-</u>
Total Bonds Payable	23,371,510	-	1,845,593	21,525,917	1,705,000
Compensated Absences	<u>524,109</u>	<u>-</u>	<u>53,664</u>	<u>470,445</u>	<u>50,000</u>
Governmental Activity Long-Term Liabilities	<u>\$ 23,895,619</u>	<u>\$ -</u>	<u>\$ 1,899,257</u>	<u>\$ 21,996,362</u>	<u>\$ 1,755,000</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 (SAIF or Fund). The Fund is a risk sharing public entity pool, established for the purpose of insuring and providing various types of risk coverage's to the District.

The relationship between the Board and the 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.

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

The SAIF provides its members with risk management service, 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.

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 <u>June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013	\$ 80,768	\$ 113,751	\$ 157,547	\$ 132,254
2012	127,876	41,825	109,323	95,025
2011	129,701	42,963	183,926	34,453

**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, 2013, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

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

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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 FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Significant Legislation**

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

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

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members) decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

**Investment Valuation**

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

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

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Funding Status and Funding Progress**

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

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

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

**Actuarial Methods and Assumptions**

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

**Employer and Employee Pension Contributions**

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

**Annual Pension Costs (APC)**

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

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Annual Pension Costs (APC) (Continued)**

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

Year Ended <u>June 30,</u>	<u>PERS</u>	On-Behalf <u>TPAF</u>	<u>DCRP</u>
2013	\$ 323,229	\$ 881,561	\$ 6,139
2012	346,746	427,103	14,252
2011	329,472	40,803	1,261

The State contributed \$881,561 and \$427,103 during 2012/2013 and 2011/2012, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2010/2011, the State did not contribute to the TPAF for normal cost and accrued liability; however, the State contributed \$40,803 for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$997,251 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**E. Post-Retirement Medical Benefits**

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

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

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

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**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.

**Investment Valuation**

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

**Funded Status and Funding Progress**

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

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

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Funded Status and Funding Progress (Continued)**

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

**Actuarial Methods and Assumptions**

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

**Post-Retirement Medical Benefits Contributions**

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

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2013, 2012 and 2011 were \$996,822, \$858,591 and \$866,662, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**NOTE 5 RESTATEMENT**

On July 1, 2012, the West Essex Regional School District implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities". The West Essex Regional School District has determined that the effect of implementing these accounting changes on the financial statements previously reported as of and for the year ended June 30, 2012 was to eliminate in the District-wide statement of net position the deferred charge related to debt issuance costs in the amount of \$131,260 with a corresponding reduction in the net investment in capital assets component of net position. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2012 from \$28,584,638 as originally reported to \$28,453,378 as adjusted for the effects of the change in accounting principle.

**BUDGETARY COMPARISON SCHEDULES**

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 30,890,157		\$ 30,890,157	\$ 30,890,157	
Tuition	-		-	77,076	\$ 77,076
Miscellaneous	300,000	-	300,000	370,036	70,036
<b>Total Local Revenues</b>	<u>31,190,157</u>	<u>-</u>	<u>31,190,157</u>	<u>31,337,269</u>	<u>147,112</u>
State Sources					
Special Education Aid	818,396		818,396	818,396	-
Security Aid	24,171		24,171	24,171	-
Transportation Aid	153,575		153,575	153,575	-
Extraordinary Aid	-		-	439,362	439,362
Additional Non - Public Transportation Aid On Behalf TPAF Pension System Contribution (Non Budgeted)	-		-	73,776	73,776
Pension - Normal Contributions				837,497	837,497
Pension - NGCI Premium				44,064	44,064
Post Retirement Medical Benefit Contribution				996,822	996,822
On Behalf Reimbursed TPAF Social Security Contribution (Non Budgeted)	-	-	-	997,251	997,251
<b>Total State Revenues</b>	<u>996,142</u>	<u>-</u>	<u>996,142</u>	<u>4,384,914</u>	<u>3,388,772</u>
<b>Total Revenues</b>	<u>32,186,299</u>	<u>-</u>	<u>32,186,299</u>	<u>35,722,183</u>	<u>3,535,884</u>
<b>CURRENT EXPENDITURES</b>					
Regular Programs - Instruction					
Salaries of Teachers					
Grades 6-8	3,389,434	\$ 77,637	3,467,071	3,466,698	373
Grades 9-12	6,164,737	44,092	6,208,829	6,204,355	4,474
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Svcs.		43,250	43,250	42,434	816
Other Purchased Services	223,575	(58,796)	164,779	154,381	10,398
General Supplies	556,575	61,034	617,609	597,740	19,869
Textbooks	160,000	71,755	231,755	231,180	575
Other Objects	1,600	1,600	3,200	2,389	811
<b>Total Regular Programs</b>	<u>10,495,921</u>	<u>240,572</u>	<u>10,736,493</u>	<u>10,699,177</u>	<u>37,316</u>
Special Education					
Learning / Language Disabilities					
Salaries of Teachers	94,079	-	94,079	91,688	2,391
General Supplies	325	-	325	190	135
Textbooks	2,620	-	2,620	2,309	311
<b>Total Learning / Language Disabilities</b>	<u>97,024</u>	<u>-</u>	<u>97,024</u>	<u>94,187</u>	<u>2,837</u>
Resource Room / Resource Center					
Salaries of Teachers	1,449,495	(451)	1,449,044	1,449,044	-
Other Salaries for Instruction	586,229	(21,394)	564,835	541,535	23,300
Purchased Technical Services	57,770	(41,795)	15,975	12,487	3,488
General Supplies	3,200	-	3,200	2,822	378
Textbooks	1,950	-	1,950	581	1,369
<b>Total Resource Room / Resource Center</b>	<u>2,098,644</u>	<u>(63,640)</u>	<u>2,035,004</u>	<u>2,006,469</u>	<u>28,535</u>

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education (Continued)					
Home Instruction					
Salaries of Teachers	\$ 42,000	\$ (12,473)	\$ 29,527	\$ 27,527	\$ 2,000
Total Home Instruction	42,000	(12,473)	29,527	27,527	2,000
Total Special Education	2,237,668	(76,113)	2,161,555	2,128,183	33,372
Bilingual Education					
Salaries of Teachers	16,653	7,347	24,000	23,691	309
Total Bilingual Education	16,653	7,347	24,000	23,691	309
School Sponsored Co-Curricular Activities					
Salaries	186,927	(11,917)	175,010	175,010	-
Purchased Services	6,500	6,663	13,163	12,932	231
Supplies and Materials	18,900	-	18,900	17,507	1,393
Other Objects	10,900	22,115	33,015	32,043	972
Total School Sponsored Co-Curricular Activities	223,227	16,861	240,088	237,492	2,596
School Sponsored Athletics - Instruction					
Salaries	710,270	(33,886)	676,384	670,418	5,966
Purchased Services	152,662	(2,074)	150,588	133,250	17,338
Supplies and Materials	209,070	7,100	216,170	203,378	12,792
Other Objects	-	5,000	5,000	4,641	359
Total School Sponsored Athletics - Instruction	1,072,002	(23,860)	1,048,142	1,011,687	36,455
Total - Instruction	14,045,471	164,807	14,210,278	14,100,230	110,048
Undistributed Expenditures					
Instruction					
Tuition - Other LEA's Within State - Special	351,234	41,430	392,664	390,475	2,189
Tuition to County Voc. School District-Special	102,023	(54,866)	47,157	38,490	8,667
Tuition to Private Schools - Disabled Within State	1,524,729	92,229	1,616,958	1,490,331	126,627
Tuition to Private Schools - Disabled Outside State	116,859	(73,545)	43,314	39,222	4,092
Total Undistributed Expenditures - Instruction	2,094,845	5,248	2,100,093	1,958,518	141,575
Attendance and Social Work Services					
Salaries	65,211	-	65,211	64,427	784
Supplies and Materials	4,753	59	4,812	3,102	1,710
Total Attendance and Social Work Services	69,964	59	70,023	67,529	2,494
Health Services					
Salaries	164,100	5,900	170,000	169,886	114
Purchased Professional and Technical Svcs.	18,400	-	18,400	18,400	-
Supplies and Materials	3,775	1,595	5,370	4,543	827
Total Health Services	186,275	7,495	193,770	192,829	941

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final Budget to Actual
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Speech, OT, PT and Related Services Purchased Professional-Educational Svcs.	\$ 22,587	\$ 4,198	\$ 26,785	\$ 29,353	\$ (2,568)
Total Speech, OT, PT and Related Services	22,587	4,198	26,785	29,353	(2,568)
Other Support Services-Students-Extra Services Purchased Professional-Educational Services	116,160	(4,197)	111,963	111,963	-
Total Other Support Services-Extra Services	116,160	(4,197)	111,963	111,963	-
Guidance					
Salaries of Other Professional Staff	762,534	12,198	774,732	773,077	1,655
Salaries of Secretarial and Clerical Assistants	156,400	-	156,400	146,652	9,748
Other Salaries	16,000	14,153	30,153	30,153	-
Purchased Professional and Technical Services	25,585	(968)	24,617	16,809	7,808
Other Purchased Services	5,000	-	5,000	470	4,530
Supplies and Materials	15,665	(294)	15,371	15,283	88
Other Objects	-	325	325	325	-
Total Guidance	981,184	25,414	1,006,598	982,769	23,829
Child Study Teams					
Salaries of Other Professional Staff	406,457	21,543	428,000	426,693	1,307
Salaries of Secretarial and Clerical Assistants	104,274	226	104,500	104,284	216
Purchased Professional - Educational Services	164,454	82,279	246,733	219,207	27,526
Other Purchased Prof. and Tech. Services	72,075	(56,929)	15,146	15,074	72
Miscellaneous Purchased Services	1,000	1,128	2,128	834	1,294
Supplies and Materials	4,600	6,112	10,712	10,504	208
Other Objects	1,300	(1,300)	-	-	-
Total Child Study Teams	754,160	53,059	807,219	776,596	30,623
Educational Media Services/School Library					
Salaries	348,888	7,044	355,932	293,619	62,313
Supplies and Materials	39,000	2,217	41,217	40,864	353
Total Educational Media Services/School Library	387,888	9,261	397,149	334,483	62,666
Instructional Staff Training Services					
Salaries of Supervisors of Instruction	405,632	-	405,632	368,190	37,442
Salaries of Other Professional Staff	30,680	-	30,680	23,057	7,623
Purchased Professional-Educational Services	150,000	(57,044)	92,956	66,053	26,903
Other Purchased Services	34,200	-	34,200	11,238	22,962
Total Instructional Staff Training Services	620,512	(57,044)	563,468	468,538	94,930
Support Services General Administration					
Salaries	344,429	(275)	344,154	326,149	18,005
Legal Services	85,000	(47,471)	37,529	36,102	1,427
Audit Fees	40,000	(10,300)	29,700	29,700	-
Other Purchased Professional Services	30,100	(16,000)	14,100	12,528	1,572
Communications/Telephone	90,825	3,082	93,907	78,162	15,745
BOE - Other Purchased Services	5,000	-	5,000	4,197	803
Miscellaneous Purchased Services	5,000	8,687	13,687	13,175	512
General Supplies	6,000	37,900	43,900	42,508	1,392
Miscellaneous Expenditures	11,300	(5,412)	5,888	2,875	3,013
BOE Membership Dues and Fees	25,000	1,524	26,524	26,192	332
Total Support Services General Administration	642,654	(28,265)	614,389	571,588	42,801

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Support Services School Administration					
Salaries of Principals/Asst. Principals/Prog. Dir.	\$ 609,051	-	\$ 609,051	\$ 588,381	\$ 20,670
Salaries of Other Professional Staff	501,687	-	501,687	455,921	45,766
Salaries of Secretarial and Clerical Assistants	318,640	\$ 29,851	348,491	343,233	5,258
Purchased Professional and Technical Services	6,540	21,510	28,050	27,341	709
Other Purchased Service	3,130	(1,500)	1,630	1,598	32
Supplies and Materials	65,356	9,219	74,575	71,899	2,676
Other Objects	53,013	(9,475)	43,538	36,686	6,852
<b>Total Support Services School Administration</b>	<b>1,557,417</b>	<b>49,605</b>	<b>1,607,022</b>	<b>1,525,059</b>	<b>81,963</b>
Central Services					
Salaries	353,681	(2,090)	351,591	351,357	234
Purchased Professional Services	17,960	(8,156)	9,804	7,685	2,119
Miscellaneous Purchased Services	17,228	1,746	18,974	13,187	5,787
Supplies and Materials	5,000	11,000	16,000	14,707	1,293
Miscellaneous Expenditures	5,000	-	5,000	4,044	956
<b>Total Central Services</b>	<b>398,869</b>	<b>2,500</b>	<b>401,369</b>	<b>390,980</b>	<b>10,389</b>
Required Maintenance for School Facilities					
Salaries	-	12,000	12,000	11,320	680
Cleaning, Repair & Maintenance Services	232,000	(14,432)	217,568	162,028	55,540
General Supplies	58,500	43,633	102,133	97,121	5,012
<b>Total Required Maintenance for School Facilities</b>	<b>290,500</b>	<b>41,201</b>	<b>331,701</b>	<b>270,469</b>	<b>61,232</b>
Custodial Services					
Salaries	1,457,131	(41,917)	1,415,214	1,384,619	30,595
Purchased Professional and Technical Services	2,000	(200)	1,800	1,235	565
Cleaning, Repair and Maintenance Svc.	121,500	116	121,616	103,360	18,256
Other Purchased Property Services	33,000	(1,000)	32,000	20,953	11,047
Insurance	216,027	9,409	225,436	225,436	-
Miscellaneous Purchased Services	23,000	(22,409)	591	432	159
General Supplies	196,650	11,500	208,150	199,295	8,855
Energy (Electricity)	850,000	13,500	863,500	790,127	73,373
<b>Total Custodial Services</b>	<b>2,899,308</b>	<b>(31,001)</b>	<b>2,868,307</b>	<b>2,725,457</b>	<b>142,850</b>
Security					
Purchased Professional and Technical Services	-	9,833	9,833	9,833	-
General Supplies	-	11,345	11,345	11,345	-
<b>Total Security</b>	<b>-</b>	<b>21,178</b>	<b>21,178</b>	<b>21,178</b>	<b>-</b>
Student Transportation Services					
Contracted Services (Between Home and School) - Vendors	700,000	15,719	715,719	715,719	-
Contracted Services (Other Than Between Home and School) - Vendors	268,000	33,000	301,000	299,920	1,080
Contracted Services (Spec Ed) - Vendors	600,000	(51,719)	548,281	458,243	90,038
Contracted Services - Aid in Lieu of Payments	319,900	39,088	358,988	358,865	123
<b>Total Student Transportation Services</b>	<b>1,887,900</b>	<b>36,088</b>	<b>1,923,988</b>	<b>1,832,747</b>	<b>91,241</b>

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>CURRENT EXPENDITURES (Continued)</b>					
Unallocated Benefits-Employee Benefits					
Social Security Contributions	\$ 383,829	\$ 16,800	\$ 400,629	\$ 400,577	\$ 52
Other Retirement Contributions - PERS/DCRP	389,885	(5,900)	383,985	329,368	54,617
Other Retirement Contributions - Regular	10,635		10,635	10,635	
Unemployment Compensation	160,000	(32,759)	127,241	80,768	46,473
Workmen's Compensation	181,108	15,959	197,067	197,067	-
Health Benefits	3,769,248	(275,155)	3,494,093	3,316,107	177,986
Tuition Reimbursement	42,000	-	42,000	41,584	416
Other Employee Benefits	140,000	1,700	141,700	123,246	18,454
<b>Total Unallocated Benefits-Employee Benefits</b>	<u>5,076,705</u>	<u>(279,355)</u>	<u>4,797,350</u>	<u>4,499,352</u>	<u>297,998</u>
On Behalf TPAF Pension System Contributions (Non Budgeted)					
Pension - Normal Contributions				837,497	(837,497)
Pension - NGCI Premium				44,064	(44,064)
Post Retirement Medical Benefit Contribution				996,822	(996,822)
Reimbursed TPAF Social Security Contribution (Non Budgeted)	-	-	-	997,251	(997,251)
<b>Total On-Behalf Contributions</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,875,634</u>	<u>(2,875,634)</u>
<b>Total Undistributed Expenditures</b>	<u>17,986,928</u>	<u>(144,556)</u>	<u>17,842,372</u>	<u>19,635,042</u>	<u>(1,792,670)</u>
<b>Total Expenditures - Current Expenditures</b>	<u>32,032,399</u>	<u>20,251</u>	<u>32,052,650</u>	<u>33,735,272</u>	<u>(1,682,622)</u>
<b>CAPITAL OUTLAY</b>					
Equipment					
Grades 9-12	15,000		15,000		15,000
Undistributed Expenditures					
Custodial Services	7,000		7,000		7,000
Security	75,000	28,573	103,573	84,821	18,752
<b>Total Equipment</b>	<u>97,000</u>	<u>28,573</u>	<u>125,573</u>	<u>84,821</u>	<u>40,752</u>
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	-	227,982	227,982	169,860	58,122
Construction Services	275,000	392,325	667,325	563,778	103,547
SDA Debt Service Assessment	83,370	-	83,370	83,370	-
<b>Total Facilities Acquis. and Const. Services</b>	<u>358,370</u>	<u>620,307</u>	<u>978,677</u>	<u>817,008</u>	<u>161,669</u>
<b>Total Capital Outlay</b>	<u>455,370</u>	<u>648,880</u>	<u>1,104,250</u>	<u>901,829</u>	<u>202,421</u>
<b>Total Expenditures</b>	<u>32,487,769</u>	<u>669,131</u>	<u>33,156,900</u>	<u>34,637,101</u>	<u>(1,480,201)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(301,470)</u>	<u>(669,131)</u>	<u>(970,601)</u>	<u>1,085,082</u>	<u>2,055,683</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	\$ (301,470)	\$ (669,131)	\$ (970,601)	\$ 1,085,082	\$ 2,055,683
Fund Balances, Beginning of Year	<u>4,345,312</u>	<u>-</u>	<u>4,345,312</u>	<u>4,345,312</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 4,043,842</u>	<u>\$ (669,131)</u>	<u>\$ 3,374,711</u>	<u>\$ 5,430,394</u>	<u>\$ 2,055,683</u>
<b>Recapitulation</b>					
<b>Restricted Fund Balance</b>					
Capital Reserve				\$ 1,358,729	
Capital Reserve Designated for Subsequent Year's Expenditures				2,100,000	
Maintenance Reserve				130,000	
<b>Committed Fund Balance</b>					
Year End Encumbrances				161,670	
<b>Assigned Fund Balance</b>					
Year End Encumbrances				65,559	
Designated for Subsequent Year's Expenditures				466,201	
<b>Unassigned Fund Balance</b>				<u>1,148,235</u>	
				5,430,394	
<b>Reconciliation to Governmental Funds Statements (GAAP)</b>					
Less State Aid Revenue Not Recognized on GAAP Basis				<u>(527,235)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 4,903,159</u>	

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
EDUCATION JOBS FUND  
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOT APPLICABLE

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
Local		\$ 30,194	\$ 30,194	\$ 30,194	-
State		146	146	143	\$ (3)
Federal	\$ 339,774	23,395	363,169	322,156	(41,013)
Total Revenues	339,774	53,735	393,509	352,493	(41,016)
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	45,829	2,655	48,484	8,840	39,644
Tuition	287,774	4,091	291,865	291,865	-
General Supplies	6,171	30,267	36,438	36,435	3
Total Instruction	339,774	37,013	376,787	337,140	39,647
Support Services					
Salaries of Teachers		3,565	3,565	3,565	-
Other Purchased Services		13,084	13,084	11,715	1,369
Supplies and Materials	-	73	73	73	-
Total Support Services	-	16,722	16,722	15,353	1,369
Total Expenditures	339,774	53,735	393,509	352,493	41,016
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, 2013**

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

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

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

		<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)	\$ 35,722,183	(C-2)	\$ 352,493
Difference - Budget to GAAP:				
State Aid revenue recognized for budgetary purposes, not recognized for GAAP statements.(2012-2013)		(527,235)		
State Aid revenue recognized for GAAP statements, not recognized for budgetary purposes (2011-2012)		571,901		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
Encumbrances, June 30, 2013		-		-
Encumbrances, June 30, 2012		-		-
 Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.		<u>\$ 35,766,849</u>		<u>\$ 352,493</u>
 <b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1)	\$ 34,637,101	(C-2)	\$ 352,493
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, 2013		-		-
Encumbrances , June 30, 2012		-		-
 Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		<u>\$ 34,637,101</u>		<u>\$ 352,493</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, 2013

	<u>Title I</u>	<u>Title II A</u>	<u>IDEA-Part B Basic</u>	<u>Nonpublic Textbooks</u>	<u>Nonpublic Nursing</u>	<u>Nonpublic Technology</u>	<u>Various Local</u>	<u>Total</u>
<b>REVENUES</b>								
Intergovernmental								
Federal	\$ 15,011	\$ 15,280	\$ 291,865					\$ 322,156
State				\$ 50	\$ 73	\$ 20		143
Local	-	-	-	-	-	-	\$ 30,194	30,194
Total Revenues	\$ 15,011	\$ 15,280	\$ 291,865	\$ -	\$ -	\$ -	\$ 30,194	\$ 352,493
<b>EXPENDITURES</b>								
Instruction								
Salaries of Teachers	\$ 8,840							\$ 8,840
Tuition			\$ 291,865					291,865
General Supplies	6,171	-	-	\$ 50	-	\$ 20	\$ 30,194	36,435
Total Instruction	15,011	-	291,865	50	-	20	30,194	337,140
Support Services								
Other Salaries		\$ 3,565						3,565
Other Purchased Services		11,715						11,715
Supplies and Materials	-	-	-	-	\$ 73	-	-	73
Total Support Services	-	15,280	-	-	73	-	-	15,353
Total Expenditures	\$ 15,011	\$ 15,280	\$ 291,865	\$ 50	\$ 73	\$ 20	\$ 30,194	\$ 352,493

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
STATEMENT OF PRESCHOOL EDUCATION PROGRAM AID  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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, 2013**

<u>Year</u>	<u>Issue/Project Title</u>	<u>Modified Appropriation</u>	<u>Expenditures to Date</u>		<u>Current Year Cancellations</u>	<u>Balance June 30, 2013</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	3,847,230			\$ 531,270
2009	Senior High School Roof Replacement	3,895,391	3,540,988		\$ 180,047	174,356
2009	Junior High School Roof Replacement	1,472,037	1,472,037			
2009	Senior High School Window Replacement	1,350,000	1,272,197		57,043	20,760
2009	Junior High School Window Replacement	1,315,000	987,930		141,935	185,135
2009	Junior High School Boiler Replacement	910,000	552,482	-	154,456	203,062
		<u>\$ 45,798,387</u>	<u>\$ 44,150,323</u>	<u>\$ -</u>	<u>\$ 533,481</u>	<u>\$ 1,114,583</u>
<b>Reconciliation of Fund Balance</b>						
Project Balances, June 30, 2013						\$ 1,114,583
Less:						
Unearned Revenue - SDA State Grants						<u>(200,557)</u>
Fund Balance, June 30, 2013 (GAAP Basis)						<u>\$ 914,026</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, 2013**

**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**

Administration - Bad Debt Expense - Cancelled SBA Grants Receivable	\$ 533,481
	<hr/>
Total Expenditures	533,481
	<hr/>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(533,481)
Fund Balance, Beginning of Year	<hr/> 1,648,064
Fund Balance - End of Year	<hr/> <u>\$ 1,114,583</u>
<u>Reconciliation to GAAP Basis:</u>	
Fund Balance, June 30, 2013 - Budgetary Basis	\$ 1,114,583
Less: Unearned Revenue - State Aid	<hr/> (200,557)
Fund Balance, June 30, 2013 - GAAP Basis	<hr/> <u>\$ 914,026</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, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - 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, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - 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
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	864,705	-	864,705	865,000
Construction Services	2,637,194	-	2,637,194	3,167,500
Furniture and Equipment	278,443	-	278,443	279,000
Contingency	66,888	-	66,888	67,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	3,847,230	-	3,847,230	4,378,500
Excess of Revenue Over Expenditures	<u>\$ 531,270</u>	<u>\$ -</u>	<u>\$ 531,270</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	SP#202761
Grant Date	8/29/2002
Bond Authorization Date	12/01/2002
Bonds Authorized	\$ 3,912,246
Bonds Issued	3,912,246
Original Authorized Cost	5,475,000
Reduced Authorized Cost	(1,096,500)
Revised Authorized Cost	4,378,500
Percentage Decrease 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  
2009 REFERENDUM  
HIGH SCHOOL ROOF REPLACEMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 1,612,848	\$ (180,047)	\$ 1,432,801	\$ 1,432,801
Bond Proceeds	2,282,543	-	2,282,543	2,282,543
	<u>3,895,391</u>	<u>(180,047)</u>	<u>3,715,344</u>	<u>3,715,344</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	3,419,307
Furniture and Equipment	-	-	-	-
Contingency	-	-	-	-
	<u>3,540,988</u>	<u>-</u>	<u>3,540,988</u>	<u>3,715,344</u>
Excess of Revenue Over Expenditures	<u>\$ 354,403</u>	<u>\$ (180,047)</u>	<u>\$ 174,356</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	(2,214,656)
Revised Authorized Cost	3,715,344
Percentage Decrease Over Original Authorized Cost	(37.35)%
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, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 501,308		\$ 501,308	\$ 501,308
Bond Proceeds	970,729	-	970,729	970,729
	<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>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, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 540,000	\$ (57,043)	\$ 482,957	\$ 482,957
Bond Proceeds	<u>810,000</u>	<u>-</u>	<u>810,000</u>	<u>810,000</u>
 Total Revenues	 <u>1,350,000</u>	 <u>(57,043)</u>	 <u>1,292,957</u>	 <u>1,292,957</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	63,976	-	63,976	64,000
Construction Services	1,208,221	-	1,208,221	1,228,957
Furniture and Equipment	-	-	-	-
Contingency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Expenditures	 <u>1,272,197</u>	 <u>-</u>	 <u>1,272,197</u>	 <u>1,292,957</u>
 Excess of Revenue Over Expenditures	 <u>\$ 77,803</u>	 <u>\$ (57,043)</u>	 <u>\$ 20,760</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	(57,043)
Revised Authorized Cost	1,292,957
 Percentage Increase Over Original Authorized Cost	 (4.23)%
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, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 526,000	\$ (141,935)	\$ 384,065	\$ 384,065
Bond Proceeds	<u>789,000</u>	<u>-</u>	<u>789,000</u>	<u>789,000</u>
 Total Revenues	 <u>1,315,000</u>	 <u>(141,935)</u>	 <u>1,173,065</u>	 <u>1,173,065</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	67,035	-	67,035	68,000
Construction Services	920,895	-	920,895	1,105,065
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>1,173,065</u>
 Excess of Revenue Over Expenditures	 <u>\$ 327,070</u>	 <u>\$ (141,935)</u>	 <u>\$ 185,135</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
Reduced Authorized Cost	(141,935)
Revised Authorized Cost	1,173,065
 Percentage Decrease Over Original Authorized Cost	 (10.79)%
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, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 364,000	\$ (154,456)	\$ 209,544	\$ 209,544
Bond Proceeds	<u>546,000</u>	<u>-</u>	<u>546,000</u>	<u>546,000</u>
 Total Revenues	 <u>910,000</u>	 <u>(154,456)</u>	 <u>755,544</u>	 <u>755,544</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	37,272	-	37,272	50,000
Construction Services	515,210	-	515,210	705,544
Furniture and Equipment	-	-	-	-
Contingency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Expenditures	 <u>552,482</u>	 <u>-</u>	 <u>552,482</u>	 <u>755,544</u>
 Excess of Revenue Over Expenditures	 <u>\$ 357,518</u>	 <u>\$ (154,456)</u>	 <u>\$ 203,062</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
Reduced Authorized Cost	(154,456)
Revised Authorized Cost	755,544
 Percentage Decrease Over Original Authorized Cost	 (16.97)%
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 POSITION  
AS OF JUNE 30, 2013**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**EXHIBIT G-2**

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

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

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

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**FIDUCIARY FUNDS**

**AGENCY FUNDS**

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
AGENCY FUNDS  
COMBINING STATEMENT OF AGENCY FUND NET POSITION  
AS OF JUNE 30, 2013**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 303,379	\$ 155,211	\$ 458,590
Total Assets	<u>\$ 303,379</u>	<u>\$ 155,211</u>	<u>\$ 458,590</u>
<b>LIABILITIES</b>			
Payroll Deductions Payable		\$ 152,128	\$ 152,128
Due to Other Funds		3,083	3,083
Due to Student Groups	\$ 303,379	-	303,379
Total Liabilities	<u>\$ 303,379</u>	<u>\$ 155,211</u>	<u>\$ 458,590</u>

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
FIDUCIARY FUNDS  
NONEXPENDABLE TRUST FUND  
COMBINING STATEMENT OF CHANGES IN  
FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOT APPLICABLE

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

	<b>Balance, July 1, <u>2012</u></b>	<b>Cash <u>Receipts</u></b>	<b>Cash <u>Disbursements</u></b>	<b>Balance, June 30, <u>2013</u></b>
<b>JUNIOR/SENIOR HIGH SCHOOL</b>				
Activity Account	\$ 311,768	\$ 706,579	\$ 714,968	\$ 303,379
<b>TOTAL JUNIOR/SENIOR HIGH SCHOOL</b>	<u>\$ 311,768</u>	<u>\$ 706,579</u>	<u>\$ 714,968</u>	<u>\$ 303,379</u>

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
AGENCY FUNDS  
PAYROLL AGENCY FUND  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Balance, July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2013</u>
<b>ASSETS</b>				
Cash	\$ 32,708	\$ 20,458,616	\$ 20,336,113	\$ 155,211
Total Assets	<u>\$ 32,708</u>	<u>\$ 20,458,616</u>	<u>\$ 20,336,113</u>	<u>\$ 155,211</u>
<b>LIABILITIES</b>				
Accrued Salaries and Wages	-	\$ 11,948,482	\$ 11,948,482	-
Payroll Deductions Payable	\$ 29,625	8,510,134	8,387,631	\$ 152,128
Due to Other Funds	<u>3,083</u>	<u>-</u>	<u>-</u>	<u>3,083</u>
Total Liabilities	<u>\$ 32,708</u>	<u>\$ 20,458,616</u>	<u>\$ 20,336,113</u>	<u>\$ 155,211</u>

**LONG-TERM DEBT**

WEST ESSEX REGIONAL SCHOOL DISTRICT  
 SCHEDULE OF SERIAL BONDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Issue	Date of Issue	Amount of Issue	Date	Amount	Interest Rate	Balance, July 1, 2012	Retired	Balance June 30, 2013
Serial Bonds	01/15/03	\$ 28,485,000				\$ 1,400,000	\$ 1,400,000	-
Serial Bonds	8/15/2009	6,537,000	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%	6,317,000	265,000.00	6,052,000
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%	14,370,000	-	14,370,000
						\$ 22,087,000	\$ 1,665,000	\$ 20,422,000
							\$ 1,665,000	
								\$ 1,665,000

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES AND SALE/LEASEBACK CONTRACTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2012</u>	<u>Net Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2013</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, 2013

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 2,507,679	-	\$ 2,507,679	\$ 2,507,679	-
Total Revenues	<u>2,507,679</u>	<u>-</u>	<u>2,507,679</u>	<u>2,507,679</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Interest	842,680	-	842,680	842,680	-
Principal	1,665,000	-	1,665,000	1,665,000	-
Total Expenditures	<u>2,507,680</u>	<u>-</u>	<u>2,507,680</u>	<u>2,507,680</u>	<u>-</u>
Net Change in Fund Balances	(1)	-	(1)	(1)	-
Fund Balance, Beginning of Year	<u>78,532</u>	<u>-</u>	<u>78,532</u>	<u>78,532</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 78,531</u>	<u>\$ -</u>	<u>\$ 78,531</u>	<u>\$ 78,531</u>	<u>\$ -</u>
<b><u>Recapitulation of Fund Balance</u></b>					
Restricted for Debt Service					<u>\$ 78,531</u>
Designated for Subsequent Year's Expenditures					
Total Fund Balance Restricted for Debt Service					<u>\$ 78,531</u>

## 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 POSITION BY COMPONENT  
 LAST NINE FISCAL YEARS  
 (Unaudited)  
 (accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental Activities</b>									
Net Investment in Capital Assets	\$ 11,417,633	\$ 12,984,503	\$ 15,263,155	\$ 17,287,520	\$ 18,815,040	\$ 19,449,139	\$ 24,390,753	\$ 25,317,984	\$ 26,350,801
Restricted	1	1	1	1	1	400,001	668,730	2,847,261	3,667,260
Unrestricted	879,909	1,429,427	1,207,018	524,397	(103,637)	253,989	788,347	288,133	662,926
<b>Total Governmental Activities Net Position</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>\$ 28,453,378</b>	<b>\$ 30,680,987</b>
<b>Business-Type Activities</b>									
Net Investment in Capital Assets	\$ 65,785	\$ 73,131	\$ 63,458	\$ 53,785	\$ 47,940	\$ 24,050	\$ 42,605	\$ 33,447	\$ 24,289
Restricted									
Unrestricted	80,355	132,899	233,146	303,201	318,082	193,941	169,167	166,668	168,342
<b>Total Business-Type Activities Net Position</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>\$ 192,631</b>
<b>District-Wide</b>									
Net Investment in Capital Assets	\$ 11,483,418	\$ 13,057,634	\$ 15,326,613	\$ 17,341,305	\$ 18,862,980	\$ 19,473,189	\$ 24,433,358	\$ 25,351,431	\$ 26,375,090
Restricted	1	1	1	1	1	400,001	668,730	2,847,261	3,667,260
Unrestricted	960,264	1,562,326	1,440,164	827,598	214,445	447,930	937,514	454,801	831,268
<b>Total District Net Position</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>\$ 28,653,493</b>	<b>\$ 30,873,618</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 nine years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

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

	Fiscal Year Ended June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
<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	\$ 15,319,829
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	5,376,409
Other Instruction	145,265	122,262	119,476	115,385	49,460	39,674	33,961	58,892	48,195
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	1,640,057
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	4,090,642
General Administrative Services	1,465,489	843,569	1,297,506	1,016,751	858,745	691,266	913,994	952,905	945,428
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	2,169,472
Central and Other Support Services	553,249	541,917	541,917	584,498	743,597	652,801	549,639	584,917	552,372
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	3,655,757
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	1,839,796
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	761,455
<b>Total Governmental Activities Expenses</b>	<b>26,804,980</b>	<b>28,001,375</b>	<b>30,785,065</b>	<b>32,879,724</b>	<b>33,586,503</b>	<b>33,726,513</b>	<b>33,237,423</b>	<b>34,711,727</b>	<b>36,399,412</b>
Business-Type Activities:									
Food Service	549,169	481,591	494,000	560,853	550,230	632,181	683,937	695,121	750,776
<b>Total Business-Type Activities Expense</b>	<b>549,169</b>	<b>481,591</b>	<b>494,000</b>	<b>560,853</b>	<b>550,230</b>	<b>632,181</b>	<b>683,937</b>	<b>695,121</b>	<b>750,776</b>
<b>Total District Expenses</b>	<b>\$ 27,354,149</b>	<b>\$ 28,482,966</b>	<b>\$ 31,279,065</b>	<b>\$ 33,440,577</b>	<b>\$ 34,136,733</b>	<b>\$ 34,358,694</b>	<b>\$ 33,921,360</b>	<b>\$ 35,406,848</b>	<b>\$ 37,150,188</b>
<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	77,076
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	4,782,073
Capital Grants And Contributions	2,821,882	210,765	765,770	509,127	706,619	4,500	3,262,003	19,205	-
<b>Total Governmental Activities Program Revenues</b>	<b>4,978,267</b>	<b>3,739,004</b>	<b>5,227,600</b>	<b>4,985,055</b>	<b>4,537,525</b>	<b>4,673,502</b>	<b>6,543,462</b>	<b>4,090,856</b>	<b>4,859,149</b>
Business-Type Activities:									
Charges For Services	563,516	541,481	584,574	621,235	559,266	497,411	635,113	726,069	743,292
Food Service	-	-	-	-	-	-	-	-	-
Operating Grants And Contributions	-	-	-	-	-	-	-	-	-
<b>Total Business Type Activities Program Revenues</b>	<b>563,516</b>	<b>541,481</b>	<b>584,574</b>	<b>621,235</b>	<b>559,266</b>	<b>497,411</b>	<b>635,113</b>	<b>726,069</b>	<b>743,292</b>
<b>Total District Program Revenues</b>	<b>\$ 5,541,783</b>	<b>\$ 4,280,485</b>	<b>\$ 5,812,174</b>	<b>\$ 5,606,290</b>	<b>\$ 5,096,791</b>	<b>\$ 5,170,913</b>	<b>\$ 7,178,575</b>	<b>\$ 4,816,925</b>	<b>\$ 5,602,441</b>

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

	Fiscal Year Ended June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
<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)	\$ (30,620,871)	\$ (31,540,263)
Business-Type Activities	14,347	59,890	90,574	60,382	9,036	(134,770)	(48,824)	30,948	(7,484)
Total District-Wide Net Expense	\$ (21,812,366)	\$ (24,202,481)	\$ (25,466,891)	\$ (27,834,287)	\$ (29,039,942)	\$ (29,187,781)	\$ (26,742,785)	\$ (30,589,923)	\$ (31,547,747)
<b>General Revenues and Other Changes in Net Position</b>									
Governmental Activities:									
Property Taxes Levied For General Purposes, Net	\$ 22,132,665	\$ 23,175,440	\$ 24,254,219	\$ 26,009,320	\$ 27,347,610	\$ 28,163,781	\$ 30,787,000	\$ 30,284,468	\$ 30,890,157
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	2,507,679
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	370,036
Loss on Disposal of Capital Assets	-	-	-	(1,900)	-	-	-	-	-
Total Governmental Activities	26,414,056	26,378,759	27,613,708	29,065,630	29,948,464	30,558,935	32,236,797	33,226,419	33,767,872
Business-Type Activities:									
Investment Earnings	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	-	-	-	-	-	-	-	-	-
Total District-Wide	\$ 26,414,056	\$ 26,378,759	\$ 27,613,708	\$ 29,065,630	\$ 29,948,464	\$ 30,558,935	\$ 32,236,797	\$ 33,226,419	\$ 33,767,872
<b>Change in Net Position</b>									
Governmental Activities	\$ 4,587,343	\$ 2,116,388	\$ 2,056,243	\$ 1,170,961	\$ 899,486	\$ 1,505,924	\$ 5,542,836	\$ 2,605,548	\$ 2,227,609
Business-Type Activities	14,347	59,890	90,574	60,382	9,036	(134,770)	(48,824)	30,948	(7,484)
Total District	\$ 4,601,690	\$ 2,176,278	\$ 2,146,817	\$ 1,231,343	\$ 908,522	\$ 1,371,154	\$ 5,494,012	\$ 2,636,496	\$ 2,220,125

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 nine 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 NINE FISCAL YEARS  
 (Unaudited)  
 (modified accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund									
Reserved	\$ 931,250	\$ 1,443,149	\$ 1,182,293	\$ 27,001	\$ 415,426	\$ 1,141,261			
Unreserved	521,603	499,952	492,733	1,335,627	261,838	324,835			
Restricted							\$ 668,729	\$ 2,768,729	\$ 3,588,729
Committed							98,123		161,670
Assigned							716,497	385,557	531,760
Unassigned							700,917	619,125	621,000
<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>\$ 4,903,159</b>
All Other Governmental Funds									
Reserved									
Unreserved	10,957,555	9,885,488	1,833,234	482,539	2,627,000	2,126,854			
Restricted			4,571,483	4,268,036	(1,226,743)	212,827			
Committed							\$ 1,041,648	\$ 1,112,216	\$ 914,026
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>	<b>\$ 914,026</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 nine 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 NINE FISCAL YEARS**  
 (Unaudited)  
 (modified accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
<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	\$ 33,397,836
Tuition	174,700	152,890	116,528	46,944	20,635	67,175	145,971	168,593	77,076
Miscellaneous	416,165	532,405	680,307	372,946	351,627	207,879	359,117	427,395	400,230
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	4,429,723
Federal Sources	306,536	301,091	304,119	343,814	339,362	519,873	436,229	434,120	322,156
<b>Total Revenue</b>	<b>28,664,802</b>	<b>29,906,998</b>	<b>32,075,538</b>	<b>33,543,457</b>	<b>34,485,989</b>	<b>35,232,437</b>	<b>38,780,259</b>	<b>37,317,275</b>	<b>38,627,021</b>
<b>Expenditures</b>									
<b>Instruction</b>									
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	14,632,909
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	5,220,165
Other Instruction	143,265	120,791	117,663	112,860	47,051	36,228	34,033	58,888	48,264
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	1,574,858
<b>Support Services:</b>									
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	3,921,624
General Administrative Services	676,550	839,213	1,291,578	1,008,500	850,872	680,005	861,798	757,690	900,256
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	2,078,786
Central and Other Support Services	703,848	546,504	533,546	572,846	732,480	636,899	529,614	557,774	526,331
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	3,554,853
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	1,832,747
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	818,459
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	1,665,000
Interest and Other Charges	1,077,466	1,019,380	962,984	905,329	853,257	892,245	1,161,859	1,791,216	842,680
<b>Total Expenditures</b>	<b>47,872,574</b>	<b>30,488,817</b>	<b>35,824,384</b>	<b>36,759,997</b>	<b>37,233,000</b>	<b>40,041,181</b>	<b>39,521,575</b>	<b>36,700,954</b>	<b>37,616,952</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(19,207,772)</b>	<b>(581,819)</b>	<b>(3,748,846)</b>	<b>(3,216,540)</b>	<b>(2,747,011)</b>	<b>(4,808,744)</b>	<b>(741,316)</b>	<b>616,321</b>	<b>1,010,089</b>

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

	Fiscal Year Ended June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Other Financing Sources (Uses)</b>									
Proceeds from Leases				\$ 1,250,000		\$ 6,537,000	161,453	\$ 14,470,000	-
Proceeds from Bonds								1,458,392	-
Proceeds from Refunding Bonds								(14,885,000)	-
Premium on Bonds									
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>	<u>\$ 1,010,089</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%	6.81%

\* 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 nine 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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Tuition	\$ 195,643	\$ 174,700	\$ 152,890	\$ 116,528	\$ 46,944	\$ 20,635	\$ 67,175	\$ 145,971	\$ 168,593	\$ 77,076
Rentals/Facility Use	12,643	770	200	1,600	9,600	72,125	34,582	52,091	58,431	67,601
Interest	267,210	30,841	62,554	123,700	90,726	78,696	71,081	6,449	6,765	9,770
Donations/Teen Center	12,745		2,874							
Request for Proposal Fees				5,950	3,300					
Music School Fees/Festival	4,324	8,084	7,642	9,840	12,499	14,474	12,471	15,414	9,185	19,195
Athletic Game Receipts	7,057	18,627	5,379	6,460						
Student Fines				41,225	122,914	89,537	55,927	40,295	65,654	
Prior Year Refunds and Reimbursements	69,008	71,236	85,283							
Sale of School Property	1,000			1,000						
Energy Rebate				114,429	12,132					
E-Rate					12,213					
Workers Compensation Refund						27,862	20,515			
Vending Machines	16,533	6,623	20,617					82,060	36,161	58,636
Student Activity Fees								3,726	35,984	23,158
Miscellaneous	468	31	864	1,600	1,998	21,094	9,682	94,341	91,896	104,585
								64,741	-	37,653
<b>Total Miscellaneous</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>	<b>\$ 447,112</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>												
2004	7,903,700	784,286,200			22,050,600			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	735,974,800			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			762,944,100	293,033	763,237,133	757,461,483	N/A
2012								761,202,300	288,400	761,490,700	745,211,103	N/A
2013												
<b>FAIRFIELD</b>												
2004	27,946,500	606,871,400	434,600	64,500	410,492,100	469,968,700		1,515,777,800	6,982,300	1,522,760,100	2,092,059,526	0.660
2005	25,041,300	628,088,400	434,600	64,500	414,582,700	470,083,300		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	\$ 111,701,000	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
2013								2,646,524,400	7,898,040	2,654,422,440	2,783,791,725	N/A

N/A - Not Available

Source: County Abstract of Rates

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 Value (County Equalized)	Total Direct School Tax Rate
<b>NORTH CALDWELL</b>												
2004	5,335,600	339,351,200	94,900	4,000	5,762,600	739,600		351,287,900	209,334	351,497,234	1,214,231,097	1.750
2005	4,201,100	346,397,640	94,900	4,000	5,797,600	739,600		357,234,840	177,552	357,412,392	1,358,798,628	1.860
2006	6,786,400	352,882,076	94,900	4,000	5,677,800	739,600		366,184,776	151,567	366,336,343	1,552,535,185	1.720
2007	9,677,700	354,687,700	94,900	4,000	5,563,900	739,600		370,767,800	149,800	370,917,600	1,672,593,439	1.730
2008	60,873,600	1,723,979,600	624,200	4,000	32,327,600	2,916,300		1,820,725,300	713,300	1,821,438,600	1,764,573,995	0.370
2009	52,622,000	1,723,500,900	624,200	4,000	32,127,000	2,916,300		1,811,794,400	781,000	1,812,575,400	1,808,237,504	0.396
2010	36,736,800	1,568,711,600	642,900	4,000	29,817,300	2,916,300		1,638,828,900	761,600	1,639,590,500	1,767,502,544	0.446
2011	31,687,700	1,517,159,000	474,200	4,000	27,941,000	2,916,300		1,580,182,200	568,100	1,580,750,300	1,705,642,135	0.475
2012	27,965,000	1,477,834,400	424,000	4,000	25,749,200	2,916,300		1,534,892,900	572,300	1,535,465,200	1,629,143,891	0.475
2013								1,539,453,900	618,900	1,540,052,800	1,603,705,860	N/A
<b>ROSELAND</b>												
2004	3,984,400	117,330,441		3,500	126,718,400	13,068,800	7,616,900	268,722,441	380,656	270,528,441	1,331,996,262	2.120
2005	3,827,800	120,485,141		3,500	118,630,900	12,819,900	7,616,900	263,384,141	346,387	263,730,528	1,384,130,905	2.340
2006	2,937,700	124,367,441		3,500	106,823,800	13,241,600	7,616,900	254,990,941	248,124	255,239,065	1,740,006,935	2.630
2007	1,714,600	128,712,141		3,500	108,117,400	13,509,200	7,616,900	259,673,741	223,805	259,897,546	1,985,595,895	2.840
2008	1,670,300	131,740,741		3,500	87,252,700	12,437,700	7,616,900	239,721,841	228,176	239,650,017	1,848,524,833	3.167
2009	1,545,600	131,487,941		3,500	84,649,300	12,191,000	7,316,900	237,194,241	216,557	237,410,798	2,015,579,267	3.194
2010	21,591,600	987,424,646		4,600	666,755,200	85,871,000	53,906,200	1,815,553,246	1,913,146	1,817,466,392	1,980,725,360	0.432
2011	20,823,300	984,274,052		6,400	659,768,900	85,545,200	53,906,200	1,804,324,052	1,741,868	1,806,065,920	1,806,358,981	0.448
2012								1,713,019,652	1,612,156	1,714,631,808	1,876,699,561	N/A
2013								1,686,679,652	1,807,900	1,688,487,552	1,790,276,314	N/A

N/A - Not Available

Source: County Abstract of Rates

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

<u>Calendar Year</u>	<u>Total</u>	<u>West Essex Regional School District</u>	<u>Local School District</u>	<u>Municipality</u>	<u>County</u>
<b>ESSEX FELLS</b>					
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
2013	N/A	N/A	N/A	N/A	N/A
<b>FAIRFIELD</b>					
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
2013	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>					
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
2013	N/A	N/A	N/A	N/A	N/A
<b>ROSELAND</b>					
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
2013	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 NINE YEARS AGO  
 (Unaudited)

Taxpayer	2013		2004	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value

ESSEX FELLS

INFORMATION NOT AVAILABLE

FAIRFIELD

INFORMATION NOT AVAILABLE

Note: GASB requires that the principal property taxpayers from nine years prior to the current year be presented.

Source: Municipal Tax Assessor

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

Taxpayer	2013		2004	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
<u>NORTH CALDWELL</u>				

INFORMATION NOT AVAILABLE

ROSELAND

INFORMATION NOT AVAILABLE

Note: GASB requires that the principal property taxpayers from nine years prior to the current year be presented.

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	
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%	
2013	33,397,836	33,397,836	100.00%	

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Sale/Leaseback Contracts	Capital Leases				
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	21,906	1,008	
2013	20,422,000		-	-		20,422,000	21,906 (E)	932	

Source: District records

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

(E) - Estimates

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

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>			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	1,008
2013	20,422,000		20,422,000	N/A	932

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, 2012  
(Unaudited)**

Total Direct Debt of West Essex Regional School District as of June 30, 2013	\$ 20,422,000
Total Overlapping Debt of School District	
Borough of Essex Fells (A)	\$ 5,998,235
Township of Fairfield (A)	14,619,810
Borough of North Caldwell (A)	13,710,150
Borough of Roseland (A)	12,995,508
County of Essex (B)	26,844,823
Essex County Utilities Authority (B)	<u>6,147,589</u>
	<u>80,316,115</u>
Total Direct and Overlapping Debt	<u>\$ 100,738,115</u>

(A) Municipalities' debt includes both municipal and local school district's debt.

(B) The debt for this entity was apportioned by dividing the Municipality's 2012 equalized value by the total 2012 equalized value for Essex County and Essex County Utilities Authority.

Source:

- (1) 2012 Annual Debt Statements - Borough of Essex Fells, Township of Fairfield, Borough of North Caldwell and Borough of Roseland
- (2) Essex County 2012 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 2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 252,130,498
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	20,422,000
	<u>\$ 158,997,023</u>	<u>\$ 183,158,041</u>	<u>\$ 199,866,659</u>	<u>\$220,553,250</u>	<u>\$ 238,858,775</u>	<u>\$244,280,819</u>	<u>\$ 242,063,573</u>	<u>\$ 238,731,888</u>	<u>\$ 231,708,498</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	14.09%	11.88%	10.43%	9.03%	10.16%	9.49%	9.10%	8.47%	8.10%

Equalized valuation basis

2010	\$ 7,360,531,404
2011	7,321,468,278
2012	6,929,185,878
	<u>\$ 21,611,185,560</u>

Average equalized valuation of taxable Property	\$ 7,203,728,520
Debt Limit 3.5% of average equalization value	252,130,498
Total Net Debt Applicable to Limit	20,422,000
Legal debt margin	<u>\$ 231,708,498</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>			
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	52,956	2,116
2012	5.5	N/A	2,185
2013	N/A	N/A	2,185 (E)
<b>FAIRFIELD</b>			
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	52,956	7,478
2012	7.2	N/A	7,497
2013	N/A	N/A	7,497 (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>			
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	52,956	6,193
2012	6.6	N/A	6,340
2013	N/A	N/A	6,340 (E)
<b>ROSELAND</b>			
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	52,956	5,828
2012	7.5	N/A	5,884
2013	N/A	N/A	5,884 (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 NINE 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>	<u>2013</u>
Instruction	131	134	141	147	141	143	143	146	146
Support Services:									
Student and Instruction Related Services	42	36	33	33	38	36	36	36	36
General Administration	2	2	2	2	1	2	2	2	2
School Administrative Services	17	16	11	17	9	8	8	9	9
Central and Other Support Services	6	5	6	6	7	8	8	8	8
Plant Operations And Maintenance	29	27	32	26	27	27	27	27	26
<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>	<u>227</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 nine 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	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Junior High School	Senior High School	Senior High School				
2004	1,507	\$ 23,963,581	\$ 15,902	3.99%	N/A	N/A	N/A	1,507	1,437	20.95%	95.36%	
2005	1,543	25,295,294	16,394	3.09%	163.0	1:11	1:10	1,543	1,462	2.39%	94.75%	
2006	1,561	26,689,774	17,098	4.30%	N/A	N/A	N/A	1,561	N/A	1.17%	N/A	
2007	1,615	29,499,502	18,266	6.83%	150.0	1:13	1:8	1,597	1,530	2.31%	95.80%	
2008	1,604	31,513,676	19,647	7.56%	147.0	1:8	1:13	1,604	1,566	0.44%	97.63%	
2009	1,633	31,610,115	19,357	-1.48%	146.0	1:11	1:18	1,633	1,583	1.81%	96.94%	
2010	1,591	31,361,775	19,712	1.83%	143.0	1:12	1:12	1,561	1,498	-4.41%	95.96%	
2011	1,589	31,176,424	19,620	-0.47%	143.0	1:11	1:11	1,589	1,522	1.79%	95.78%	
2012	1,615	32,491,936	20,119	2.54%	146.0	1:11	1:11	1,615	1,573	1.64%	97.40%	
2013	1,617	34,290,793	21,206	5.41%	146.0	1:11	1:11	1,618	1,550	0.17%	95.82%	

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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>School Facilities</u>										
Senior High School	\$ 62,595	\$ 97,761	\$ 103,750	\$ 71,685	\$ 105,794	\$ 95,732	\$ 35,367	\$ 141,776	\$ 83,489	\$ 181,645
Junior High School	-	15,726	40,805	22,637	66,060	48,828	27,830	63,160	60,724	88,824
Total	\$ 62,595	\$ 113,487	\$ 144,555	\$ 94,322	\$ 171,854	\$ 144,560	\$ 63,197	\$ 204,936	\$ 144,213	\$ 270,469

Source: School District's Financial Statements

**WEST ESSEX REGIONAL SCHOOL DISTRICT**  
**SCHEDULE OF INSURANCE**  
**JUNE 30, 2013**  
**(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

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

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

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

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the West Essex Regional School District as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the West Essex Regional School District's basic financial statements and have issued our report thereon dated November 27, 2013.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

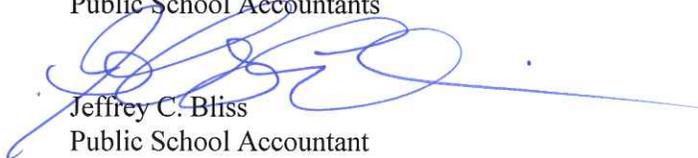
We noted certain matters that we reported to management of the West Essex Regional School District in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 27, 2013.

### **Purpose of this Report**

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

*LERCH, VINCI & HIGGINS, LLP*

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



Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
November 27, 2013



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
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CINDY JANACEK, CPA, RMA  
EDWARD N. KERE, CPA  
LORI T. MANUKIAN, CPA, PSA  
MARK SACO, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL  
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 04-04**

**INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the West Essex Regional School District's compliance with the types of compliance requirements described in the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the West Essex Regional School District's major state programs for the fiscal year ended June 30, 2013. The 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.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the West Essex Regional School District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the 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 on compliance for each major state program. However, our audit does not provide a legal determination of the West Essex Regional School District's compliance.

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

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

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with U.S. 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 2013-001. Our opinion on each major state program is not modified with respect to these matters.

The West Essex Regional School District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The West Essex Regional School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2013-001, that we consider to be a significant deficiency.

The West Essex Regional School District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The West Essex Regional School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the West Essex Regional School District, as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 27, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

*Lerch, Vinci & Higgins, LLP*

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

  
Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
November 27, 2013

WEST ESSEX REGIONAL SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2012	Cash Received	Carryover/ (Walkover) Amount A/R	Carryover/ (Walkover) Amount Def. Rev.	Budgetary Expenditures	Refund of Prior Years' Balances	June 30, 2013		Memo GAAP Receivable
											Accounts Receivable	Unearned Revenue	
U.S. Department of Education Passed-through State Department of Education													
Special Revenue Fund													
Title I	84.010A	NCLB-5630-09	9/01/12-8/31/13	\$ 54,655	-	-	-	-	\$ 15,011	-	\$ 39,644	\$ (15,011)	
Title II A	84.367A	NCLB-5630-09	9/01/12-8/31/13	16,649	-	-	-	-	15,280	-	1,369	(15,280)	
IDEA Basic	84.027	IDEA-5630-09	9/01/12-8/31/13	291,865	-	\$ 291,865	-	-	291,865	-	-	-	
Total Special Revenue Fund				\$ 291,865	-	\$ 291,865	-	-	\$ 322,156	-	\$ 41,013	\$ (30,291)	
Total U.S. Department of Education				\$ -	-	\$ 291,865	-	-	\$ 322,156	-	\$ 41,013	\$ (30,291)	

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, 2013

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2012	Adjustments	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	MEMO			
									Accounts Receivable	Unearned Revenue	Due to Grantor	GAAP Receivable
<b>General Fund</b>												
<b>State Department of Education</b>												
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	\$ 24,171	-	-	\$ 22,039	\$ 24,171	-	\$ (2,132)	-	\$	\$ 24,171
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	153,375	-	-	140,028	153,375	-	(13,347)	-	-	153,375
Special Education Aid	13-495-034-5120-089	7/1/12-6/30/13	818,396	-	-	746,202	818,396	-	(72,194)	-	-	818,396
Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	781,931	(59,067)	-	59,067	-	-	(439,362)	-	-	439,362
Extraordinary Aid	13-100-034-5120-473	7/1/12-6/30/13	439,362	-	-	-	439,362	-	-	-	-	439,362
Extraordinary Aid	12-100-034-5120-473	7/1/11-6/30/12	512,834	(512,834)	-	512,834	-	-	(73,776)	-	-	73,776
Additional Non-Public Transportation Aid	N/A	7/1/12-6/30/13	73,776	-	-	72,210	-	-	-	-	-	-
Additional Non-Public Transportation Aid	N/A	7/1/11-6/30/12	72,210	(72,210)	-	-	-	-	-	-	-	-
TPAF Pension Contribution	13-495-034-5095-007	7/1/12-6/30/13	837,497	-	-	837,497	837,497	-	-	-	-	837,497
Pension - Normal Contribution	13-495-034-5095-006	7/1/12-6/30/13	44,064	-	-	44,064	44,064	-	-	-	-	44,064
Pension - NGCI Premium	13-495-034-5095-001	7/1/12-6/30/13	996,822	-	-	996,822	996,822	-	-	-	-	996,822
Post Ret. Medical	13-495-034-5095-001	7/1/12-6/30/13	997,251	-	-	946,773	997,251	-	(50,478)	-	-	997,251
Reimbursed TPAF Social Security Contr.	12-495-034-5095-002	7/1/11-6/30/12	963,401	(48,589)	-	48,589	-	-	-	-	-	-
Reimbursed TPAF Social Security Contr.	12-495-034-5095-002	7/1/11-6/30/12	-	(692,700)	-	4,426,125	4,384,914	-	(651,489)	-	(124,254)	4,384,914
Pension - Benefit Contribution												
Total General Fund												
<b>Special Revenue Fund</b>												
New Jersey Nonpublic Aid:												
Textbook Aid	13-100-034-5120-064	7/1/12-6/30/13	53	-	-	53	50	-	-	-	3	50
Technology Initiative Aid	13-100-034-5120-373	7/1/12-6/30/13	20	-	-	20	20	-	-	-	20	20
Nursing Services	13-100-034-5120-070	7/1/12-6/30/13	73	-	-	73	73	-	-	-	73	73
Total Special Revenue Fund			146	-	-	146	143	-	-	-	3	143
<b>Capital Projects Fund</b>												
Schools Development Authority												
Senior High School Impr.	SP#202746	07/1/02-6/30/06	7,054,705	(317,462)	-	-	-	-	(317,462)	-	(317,462)	7,054,705
Junior High School Impr.	SP#202761	07/1/02-6/30/06	1,562,754	(951,607)	-	-	-	-	(1,152,164)	-	(1,152,164)	1,362,197
Senior High School Roof Replacement	SP-5630-050-09-1001	N/A	2,372,000	(38,286)	38,286	-	-	-	-	-	-	-
Junior High School Roof Replacement	SP-5630-070-09-1002	N/A	556,000	44,702	(44,702)	-	-	-	-	-	-	-
Senior High School Window Replacement	SP-5630-050-09-1003	N/A	540,000	(64,480)	25,946	38,534	-	-	-	-	-	-
Junior High School Window Replacement	SP-5630-070-09-1004	N/A	526,000	(117,460)	88,681	28,779	-	-	-	-	-	-
Junior High School Boiler Replacement	SP-5630-070-09-1005	N/A	364,000	(220,993)	11,449	209,544	-	-	-	-	-	-
Total			119,660	(1,665,586)	119,660	276,837	-	-	(1,469,626)	-	(1,469,626)	8,416,902
			\$ (2,358,286)	\$ (2,358,286)	\$ 119,660	\$ 4,703,128	\$ 4,385,057	\$ -	\$ (2,121,115)	\$ 200,557	\$ 3	\$ 12,801,959
<b>Less On-Behalf TPAF Pension and Annuity Aid</b>												
T.P.A.F. Pension - Normal Contributions	13-495-034-5095-007	7/1/12-6/30/13	837,497	-	-	837,497	837,497	-	-	-	-	837,497
T.P.A.F. Pension - NGCI Premium	13-495-034-5095-006	7/1/12-6/30/13	44,064	-	-	44,064	44,064	-	-	-	-	44,064
T.P.A.F. Post Ret. Medical	13-495-034-5095-001	7/1/12-6/30/13	996,822	-	-	996,822	996,822	-	-	-	-	996,822
Total for State Financial Assistance Determination			\$ (2,358,286)	\$ (2,358,286)	\$ -	\$ 2,824,745	\$ 2,506,674	\$ -	\$ (2,121,115)	\$ 200,557	\$ 3	\$ 10,923,576

**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, 2013**

**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 financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2 BASIS OF ACCOUNTING**

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

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$44,666 for the general fund and none 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 financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 4,429,580	\$ 4,429,580
Special Revenue Fund	\$ 322,156	<u>143</u>	<u>322,299</u>
 Total Financial Assistance	 <u>\$ 322,156</u>	 <u>\$ 4,429,723</u>	 <u>\$ 4,751,879</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, 2013**

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

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

**NOTE 5 OTHER INFORMATION**

TPAF Social Security contributions in the amount of \$997,251 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2013. The amount reported as TPAF Pension System Contributions in the amount of \$881,561 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$996,822 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2013.

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

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

WEST ESSEX REGIONAL SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

*Part I – Summary of Auditor's Results*

**Financial Statement Section**

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified?

           yes        X   no

2) Significant deficiencies identified that are not considered to be material weaknesses?

           yes        X   none reported

Noncompliance material to basic financial statements noted?

           yes        X   no

**Federal Awards Section**

NOT APPLICABLE

**WEST ESSEX REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

*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)?

  X   yes      \_\_\_\_\_ no

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

Unmodified

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:

GMIS Number(s)	Name of State Program
13-495-034-5120-089	Special Education Aid
13-495-034-5120-084	Security Aid
13-495-034-5120-473	Extraordinary Aid
13-100-034-5095-002	TPAF Social Security Contributions

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, 2013**

*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, 2013

*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, 2013**

*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 2013-001**

A review of the Extraordinary Aid application indicated that the per pupil cost used for in-district students did not have adequate supporting documentation.

**Information on the State Program**

Extraordinary Aid                      13-100-034-5095-002

**Criteria or Specific Requirement**

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

**Condition**

Detailed documentation was not provided for the calculation of the per pupil cost used for in-district students reported on the District's Extraordinary Aid Application.

**Questioned Costs**

None.

**Context**

See Finding 2013-001

**Effect**

Per pupil costs for in-district students on the Extraordinary Aid Application could not be verified.

**Cause**

Per pupil costs used for in-district students was not maintained on file to support amounts reported on the application.

**Recommendation**

Internal control procedures be reviewed and revised to ensure that sufficient supporting documentation be maintained for per pupil costs of in-district students on the application for State Extraordinary Aid.

**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, 2013**

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

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 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.

**Current Status**

Corrective action has been taken.