

**WEST ESSEX REGIONAL  
SCHOOL DISTRICT**

**West Essex Regional School District  
North Caldwell, New Jersey**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2020**

**Comprehensive Annual  
Financial Report**

**of the**

**West Essex Regional  
School District**

**North Caldwell, New Jersey**

**For the Fiscal Year Ended June 30, 2020**

**Prepared by**

**West Essex Regional  
School District**

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INTRODUCTORY SECTION  
(UNAUDITED)

# 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 6, 2020

The 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, 2020, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) **REPORTING ENTITY AND ITS SERVICES:** The West Essex Regional School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The West Essex Regional School District and all its 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.

2) ECONOMIC CONDITION AND OUTLOOK: 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.

During the 2019-20 school year, we focused on continuing security upgrades. We've continued to upgrade our district cameras and camera system. Our focus on security upgrades is ongoing.

We've also continued with various interior LED lighting upgrades to help cut down energy expenses. We also upgraded our HVAC control system to help properly maintain our system, which would also help cut down energy expenses.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system 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 awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management. As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

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 a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.



An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as restrictions, commitments and/or assignments of fund balance at June 30, 2020.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

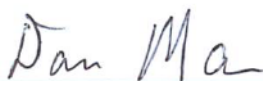
7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under 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, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board is a member of the School Alliance Insurance Fund ("SAIF"). The SAIF is a risk-sharing public entity risk management fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to their members. The School Alliance Insurance Fund oversees risk management for the District. The District is also a member of the Morris Essex Insurance Group (the "Group"). This public entity risk management pool provides workers' compensation for its members. A schedule of insurance coverage is found on Exhibit J-20.

9) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The Auditors' Report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The Auditors' Reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the West Essex Regional School District Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

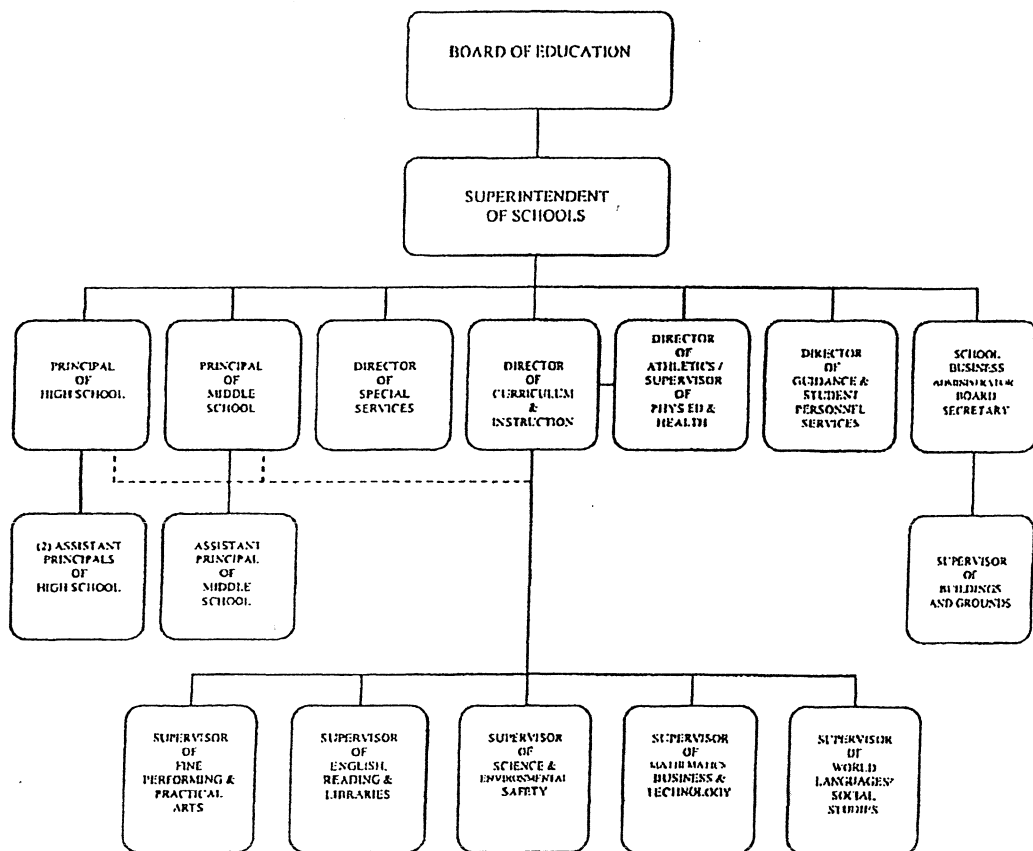
Respectfully submitted,

  
\_\_\_\_\_  
Damion Macioci  
Superintendent of Schools

  
\_\_\_\_\_  
Melissa Kida  
Business Administrator/Board Secretary

ADMINISTRATION  
1110/Page 1 of 1  
Organizational Chart  
M

### 1110 ORGANIZATIONAL CHART



Adopted: 6 April 2009  
Modified: 26 September 2011  
Modified: 10 September 2012



**WEST ESSEX REGIONAL SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2020**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Cynthia Egan	2020
Jann Skelton	2022
Deborah Sacco-Calderone	2022
Jill Marcus	2022
Anne Fahey	2021
Anthony Rubinich, Vice President	2020
Frank Perrotti	2020
Raphael Stampone	2021
Maryadele Wojtowicz, President	2021

<u>Other Officers</u>	<u>Title</u>
Damion Macioci	Superintendent of Schools
Melissa Kida	Business Administrator/Board Secretary (Maternity Leave Nov-Dec 2019)
Michael Halik	Treasurer of School Monies
Michael Falkowski	Interim Business Administrator (Nov-Dec 2019)

**WEST ESSEX REGIONAL SCHOOL DISTRICT**  
Consultants and Advisors

**Audit Firm**

Nisivoccia LLP, CPAs  
Mount Arlington Corporate Center  
200 Valley Road Suite 300  
Mount Arlington, NJ 07856-1320

And

Lawrence Business Park  
11 Lawrence Road  
Newton, NJ 07860

**Attorney**

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

**Official Depository**

Lakeland Bank  
250 Oak Ridge Road  
Oak Ridge, NJ 07438

FINANCIAL SECTION

## Independent Auditors' Report

The Honorable President and Members  
of the Board of Education  
West Essex Regional School District  
County of Essex, 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 Board of Education of the West Essex Regional School District (the "District") in the County of Essex, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District'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.

### ***Auditors' 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 *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 from 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 District'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 District'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 above 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 Board of Education of the West Essex Regional School District, in the County of Essex, as of June 30, 2020, 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, which follows this report, the pension and post-employment benefits schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 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 District's basic financial statements. The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards 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 other supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable President and Members  
of the Board of Education  
West Essex Regional School District  
Page 3

The accompanying other information such as the introductory and statistical sections has 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 it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2020 on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s 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 District’s internal control over financial reporting and compliance.

November 6, 2020  
Mount Arlington, New Jersey

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Man C Lee*

---

Man C. Lee  
Licensed Public School Accountant #2527  
Certified Public Accountant



REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020

This section of West Essex Regional School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

### Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1**

### Organization of the School District's Financial Report

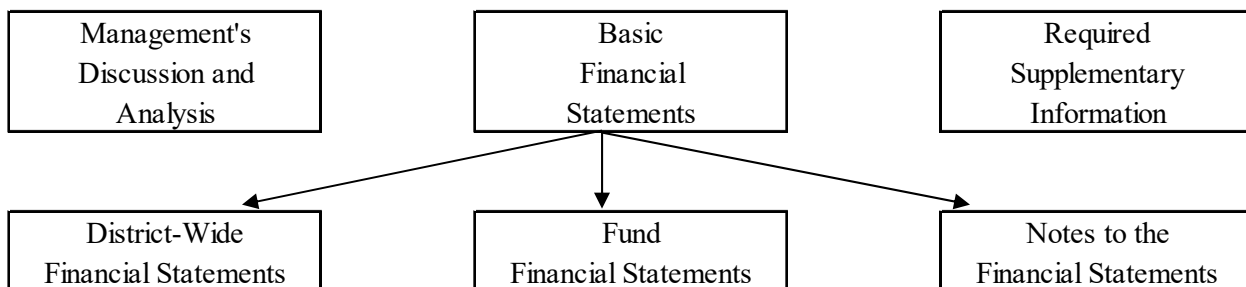


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents of each of the statements.

**Figure A-2**

*Major Features of the District-Wide and Fund Financial Statements*

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## ***District-wide Statements***

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

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes, tuition and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service is included here.

## ***Fund Financial Statements***

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for other programs and activities. The District currently does not maintain any internal service funds.

- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

*Notes to Basic Financial Statements*: Provide additional information essential to a full understanding of the District-wide and fund financial statements.

### Financial Analysis of the District as a Whole

*Net Position*. The District's combined net position increased by \$1,813,973. Net position from governmental activities increased by \$1,799,087 and net position from business-type activities increased by \$14,886. Net investment in capital assets increased by \$856,099, restricted net position increased by \$845,403 and unrestricted net position increased by \$112,471.

Figure A-3

#### Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2019/20	2018/19*	2019/20	2018/19	2019/20	2018/19*	
Current and							
Other Assets	\$ 13,343,400	\$ 12,262,700	\$ 239,591	\$ 220,001	\$ 13,582,991	\$ 12,482,701	
Capital Assets, Net	41,944,409	42,574,987	117,559	105,247	42,061,968	42,680,234	
Total Assets	<u>55,287,809</u>	<u>54,837,687</u>	<u>357,150</u>	<u>325,248</u>	<u>55,644,959</u>	<u>55,162,935</u>	0.87%
Deferred Outflows of Resources	<u>2,683,315</u>	<u>2,745,089</u>			<u>2,683,315</u>	<u>2,745,089</u>	-2.25%
Other Liabilities	1,028,941	811,614	43,714	26,698	1,072,655	838,312	
Long-Term Liabilities	18,095,625	19,888,245			18,095,625	19,888,245	
Total Liabilities	<u>19,124,566</u>	<u>20,699,859</u>	<u>43,714</u>	<u>26,698</u>	<u>19,168,280</u>	<u>20,726,557</u>	-8.13%
Deferred Inflows of Resources	<u>3,106,127</u>	<u>2,941,573</u>			<u>3,106,127</u>	<u>2,941,573</u>	5.59%
Net Position:							
Net Investment in							
Capital Assets	33,826,568	32,982,781	117,559	105,247	33,944,127	33,088,028	
Restricted	10,794,449	9,949,046			10,794,449	9,949,046	
Unrestricted/(Deficit)	<u>(8,880,586)</u>	<u>(8,990,483)</u>	<u>195,877</u>	<u>193,303</u>	<u>(8,684,709)</u>	<u>(8,797,180)</u>	
Total Net Position	<u>\$ 35,740,431</u>	<u>\$ 33,941,344</u>	<u>\$ 313,436</u>	<u>\$ 298,550</u>	<u>\$ 36,053,867</u>	<u>\$ 34,239,894</u>	5.30%

\*Restated

*Changes in Net Position*. The increase in net investment in capital assets is primarily due to the payments of \$1,740,000 in serial bonds payable and \$247,622 in capital leases payable and \$1,102,023 in capital assets additions; offset by \$421,202 in new capital leases and \$1,720,289 in depreciation expenses. The increase in restricted net position is mainly due to the increase in the capital and maintenance reserves. The increase in unrestricted net position is primarily due to amortization of bond issuance premium and changes in net pension liability and related deferred outflows and inflows of resources.

**Figure A-4**

**Changes in Net Position from Operating Results**

	Governmental Activities <u>2019/20</u>	Business- Type Activities <u>2019/20</u>	Governmental Activities <u>2018/19</u>	Business- Type Activities <u>2018/19</u>	Total School District <u>2019/20</u>	Total School District <u>2018/19</u>	Percentage Change
Revenue:							
Program Revenue:							
Charges for Services	\$ 149,964	\$ 726,965	\$ 205,107	\$ 1,031,870	\$ 876,929	\$ 1,236,977	
Operating Grants and Contributions	10,979,365		11,126,288		10,979,365	11,126,288	
General Revenue:							
Property Taxes	39,349,582		38,337,735		39,349,582	38,337,735	
Unrestricted State and Federal Aid	29,465		34,218		29,465	34,218	
Other	263,842		677,036		263,842	677,036	
Total Revenue	<u>50,772,218</u>	<u>726,965</u>	<u>50,380,384</u>	<u>1,031,870</u>	<u>51,499,183</u>	<u>51,412,254</u>	0.17%
Expenses:							
Instruction	28,191,806		28,067,803		28,191,806	28,067,803	
Pupil and Instruction Services	7,792,469		7,597,136		7,792,469	7,597,136	
Administrative and Business	4,962,276		4,823,541		4,962,276	4,823,541	
Maintenance and Operations	5,579,009		4,816,405		5,579,009	4,816,405	
Transportation	2,051,855		2,538,588		2,051,855	2,538,588	
Capital Outlay	83,370		83,370		83,370	83,370	
Other	312,346	712,079	1,911,998	961,605	1,024,425	2,873,603	
Total Expenses	<u>48,973,131</u>	<u>712,079</u>	<u>49,838,841</u>	<u>961,605</u>	<u>49,685,210</u>	<u>50,800,446</u>	-2.20%
Change in Net Position	<u>\$ 1,799,087</u>	<u>\$ 14,886</u>	<u>\$ 541,543</u>	<u>\$ 70,265</u>	<u>\$ 1,813,973</u>	<u>\$ 611,808</u>	196.49%

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Figure A-5 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.

As discussed elsewhere in this commentary, the financial position of the District improved. However, maintaining existing programs with a slight increase in enrollment and the provision of special programs and services for disabled pupils, combined with rising salary and benefit costs, school security, out of district tuitions, state mandates on testing and energy costs place great demands on the District’s resources.

Figure A-5 presents the cost of seven major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation capital outlay and other. The table also shows each activity’s net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

The net cost shows the financial burden placed on the District’s taxpayers by each of these functions:

**Figure A-5**

**Net Cost of Governmental Activities**

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2019/20	2019/20	2018/19	2018/19
Instruction	\$ 28,191,806	\$ 20,366,420	\$ 28,067,803	\$ 20,085,577
Pupil and Instruction Services	7,792,469	6,709,230	7,597,136	6,526,853
Administrative and Business	4,962,276	3,947,316	4,823,541	3,794,023
Maintenance and Operations	5,579,009	4,849,606	4,816,405	4,096,225
Transportation	2,051,855	1,575,514	2,538,588	2,009,400
Capital Outlay	83,370	83,370	83,370	83,370
Other	312,346	312,346	1,911,998	1,911,998
	<u>\$ 48,973,131</u>	<u>\$ 37,843,802</u>	<u>\$ 49,838,841</u>	<u>\$ 38,507,446</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student. Also included are extracurricular activities 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.

Pupil and instructional 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 expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public is also included in this figure.

General administration, school administration and central services include expenses associated with administrative and financial supervision of the District including, but not limited to, legal and communication costs.

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 provided by state law, as well as to and from all other school activities.

Other expenses include the interest on debt for the school district.

**Business-Type Activities**

Net position from the District’s business-type activity increased by \$14,886 despite a decrease in sales with school closures due to the pandemic. (Refer to Figure A-4)

**Financial Analysis of the District’s Funds**

The District’s financial position improved during the year despite difficult economic times. As the demographics of our geographic area change, additional student needs and expenditures arise. Difficult economic times and recent legislation have had a direct impact upon the District’s revenue sources.

All of these factors are likely to continue for the next several years. To maintain a stable financial position, the District must continue to practice sound fiscal management, including efficiency/cost containment practices, evaluation of services and programs, energy conservation, and seeking additional sources of revenues.

## General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments are due to changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

## Capital Assets and Long-Term Liabilities

Figure A-6

### Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2019/20	2018/19*	2019/20	2018/19	2019/20	2018/19*	
Sites	\$ 288,849	\$ 288,849			\$ 288,849	\$ 288,849	
Construction in Progress	198,737	1,190,682			198,737	1,190,682	
Site Improvements	1,448,155	1,598,047			1,448,155	1,598,047	
Buildings and Building Improvements	39,019,791	38,437,951			39,019,791	38,437,951	
Machinery and Equipment	988,877	1,059,458	\$ 117,559	\$ 105,247	1,106,436	1,164,705	
<b>Total</b>	<b>\$41,944,409</b>	<b>\$42,574,987</b>	<b>\$ 117,559</b>	<b>\$ 105,247</b>	<b>\$42,061,968</b>	<b>\$42,680,234</b>	<b>-1.45%</b>

\*Restated

### Long-term Liabilities

More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements.

Figure A-7

### Long-Term Liabilities

	Total School District		Percentage Change
	2019/20	2018/19	
Bonds Payable	\$ 8,270,000	\$ 10,010,000	
Unamortized Bond Issuance Premium	699,096	839,514	
Net Pension Liability	8,265,838	8,392,630	
Capital Leases Payable	335,992	162,412	
Compensated Absences Payable	524,699	483,689	
	<b>\$ 18,095,625</b>	<b>\$ 19,888,245</b>	<b>-9.01%</b>

- The District continued to pay down its debt, retiring \$1,740,000 of outstanding bonds and \$247,622 of capital leases. The District entered into new capital leases in the amount of \$421,202.
- The District's liability for net pension liability decreased \$126,792.
- Unamortized bond issuance premium decreased \$140,418.
- The District's liability for accumulated sick and vacation time increased by \$41,010.



### **Factors Bearing on the District's 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 2020-2021 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, due to negotiations.

These indicators were considered when adopting the budget for fiscal year 2020-2021. Budgeted expenditures in the General Fund increased to \$41,437,872 for fiscal year 2020-2021.

### **Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the School Business Administrator/Board Secretary at West Essex Regional School District, West Greenbrook Road, North Caldwell, New Jersey 07006.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

WEST ESSEX REGIONAL SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2020

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,778,783	\$ 195,723	\$ 1,974,506
Receivables from State Government	513,638		513,638
Receivables from Federal Government	127,139		127,139
Receivables from Other Governments	1,040,638		1,040,638
Other Receivables	195,147	13,921	209,068
Interfund Receivable	11,759		11,759
Inventories		29,947	29,947
Restricted Cash and Cash Equivalents	9,676,296		9,676,296
Capital Assets, Net:			
Sites (Land) and Construction in Progress	487,586		487,586
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	41,456,823	117,559	41,574,382
Total Assets	<u>55,287,809</u>	<u>357,150</u>	<u>55,644,959</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Amount on Refunding	488,151		488,151
Deferred Outflows Related to Pension	2,195,164		2,195,164
Total Deferred Outflows of Resources	<u>2,683,315</u>		<u>488,151</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	917,389		917,389
Accrued Interest Payable	84,944		84,944
Unearned Revenue	26,608	43,714	70,322
Noncurrent Liabilities:			
Due Within One Year	2,135,976		2,135,976
Due Beyond One Year	15,959,649		15,959,649
Total Liabilities	<u>19,124,566</u>	<u>43,714</u>	<u>19,168,280</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows Related to Pension	3,106,127		3,106,127
Total Deferred Inflows of Resources	<u>3,106,127</u>		<u>3,106,127</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	33,826,568	117,559	33,944,127
Restricted for:			
Capital Projects	9,124,843		9,124,843
Debt Service	118,153		118,153
Maintenance Reserve	551,453		551,453
Excess Surplus	1,000,000		1,000,000
Unrestricted/(Deficit)	(8,880,586)	195,877	(8,684,709)
Total Net Position	<u>\$ 35,740,431</u>	<u>\$ 313,436</u>	<u>\$ 36,053,867</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

WEST ESSEX REGIONAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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	\$ 21,415,691	\$ 149,964	\$ 4,565,513		\$ (16,850,178)		\$ (16,850,178)
Special Education	4,341,675		2,690,891		(1,500,820)		(1,500,820)
Other Special Instruction	64,521				(64,521)		(64,521)
School Sponsored/Other Instruction	2,369,919		419,018		(1,950,901)		(1,950,901)
Support Services:							
Tuition	2,603,303				(2,603,303)		(2,603,303)
Student and Instruction Related Services	5,189,166		1,083,239		(4,105,927)		(4,105,927)
General Administrative Services	946,614		146,204		(800,410)		(800,410)
School Administrative Services	3,022,205		654,572		(2,367,633)		(2,367,633)
Central Services	772,093		162,229		(609,864)		(609,864)
Administrative Information Technology	221,364		51,955		(169,409)		(169,409)
Plant Operations and Maintenance	5,579,009		729,403		(4,849,606)		(4,849,606)
Pupil Transportation	2,051,855		476,341		(1,575,514)		(1,575,514)
Interest on Long-Term Debt	312,346				(312,346)		(312,346)
Capital Outlay	83,370				(83,370)		(83,370)
Total Governmental Activities	48,973,131	149,964	10,979,365		(37,843,802)		(37,843,802)
Business-Type Activities:							
Food Service	712,079	726,965				\$ 14,886	14,886
Total Primary Government	\$ 49,685,210	\$ 726,965	\$ 10,979,365	\$ -0-	(37,843,802)	14,886	(37,828,916)

WEST ESSEX REGIONAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 37,349,282		\$ 37,349,282
Taxes Levied for Debt Service	2,000,300		2,000,300
Federal, State and Local Aid not Restricted	29,465		29,465
Interest Earnings	25,388		25,388
Miscellaneous Income	238,454		238,454
Total General Revenues	39,642,889		39,642,889
Change in Net Position	1,799,087	\$ 14,886	1,813,973
Net Position - Beginning (Restated)	33,941,344	298,550	34,239,894
Net Position - Ending	\$ 35,740,431	\$ 313,436	\$ 36,053,867

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,660,630		\$ 118,153	\$ 1,778,783
Interfund Receivable	112,290			112,290
Receivables From State Government	513,638			513,638
Receivables From Federal Government		\$ 127,139		127,139
Receivables From Other Governments	1,040,638			1,040,638
Other Accounts Receivables	195,147			195,147
Restricted Cash and Cash Equivalents	9,676,296			9,676,296
Total Assets	<u>\$ 13,198,639</u>	<u>\$ 127,139</u>	<u>\$ 118,153</u>	<u>\$ 13,443,931</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Interfund Payable		\$ 100,531		\$ 100,531
Accounts Payable	\$ 413,719			413,719
Unearned Revenue		26,608		26,608
Total Liabilities	<u>413,719</u>	<u>127,139</u>		<u>540,858</u>
Fund Balances:				
Restricted:				
Capital Reserve Account	9,124,843			9,124,843
Maintenance Reserve Account	551,453			551,453
Excess Surplus - 2020-2021	500,000			500,000
Excess Surplus - 2021-2022	500,000			500,000
Debt Service			\$ 118,153	118,153
Assigned:				
Designated for Subsequent Year's Expenditures	436,492			436,492
Year End Encumbrances	586,504			586,504
Unassigned	1,085,628			1,085,628
Total Fund Balances	<u>12,784,920</u>		<u>118,153</u>	<u>12,903,073</u>
Total Liabilities and Fund Balances	<u>\$ 13,198,639</u>	<u>\$ 127,139</u>	<u>\$ 118,153</u>	<u>\$ 13,443,931</u>



WEST ESSEX REGIONAL SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020

	<u>Total Governmental Funds</u>
Amounts Reported for <i>Governmental Activities</i> in the Statement of Net Position (A-1) are Different Because:	
Total Fund Balances - Governmental Funds (Above)	\$ 12,903,073
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds.	41,944,409
Bond Issuance Premiums are Reported as Revenue in the Governmental Funds in the Year the Bonds are Sold.	(699,096)
The Deferred Amount on the Refunding is not Reported as an Expenditure in the Governmental Funds in the Year of the Expenditure.	488,151
Interest on Long-Term Debt is not Accrued in Governmental Funds, but Rather is Recognized as an Expenditure When Due.	(84,944)
The Net Pension Liability for PERS and is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(8,265,838)
Certain Amounts Related to the Net Pension Liability are deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Deferred Outflows	1,691,494
Deferred Inflows	(3,106,127)
Long-Term Liabilities, Including Bonds Payable, are not Due and Payable in the Current Period and Therefore are not Reported as Liabilities in the Funds.	<u>(9,130,691)</u>
Net Position of Governmental Activities	<u><u>\$ 35,740,431</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL  
STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

WEST ESSEX REGIONAL SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>				
<b>Local Sources:</b>				
Local Tax Levy	\$ 37,349,282		\$ 2,000,300	\$ 39,349,582
Tuition from Other LEAs	149,964			149,964
Transportation Fees from LEA's	16,517			16,517
Interest Earned on Capital Reserve Funds	14,390			14,390
Miscellaneous	232,935	\$ 13,645		246,580
<b>Total - Local Sources</b>	<b>37,763,088</b>	<b>13,645</b>	<b>2,000,300</b>	<b>39,777,033</b>
State Sources	7,416,823			7,416,823
Federal Sources		376,433		376,433
<b>Total Revenues</b>	<b>45,179,911</b>	<b>390,078</b>	<b>2,000,300</b>	<b>47,570,289</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Regular Instruction	12,622,132	56,081		12,678,213
Special Education Instruction	2,312,259	308,676		2,620,935
School-Sponsored/Other Instruction	1,553,608			1,553,608
<b>Support Services and Undistributed Costs:</b>				
Tuition	2,603,303			2,603,303
Student and Other Instruction Related Services	3,205,415	25,321		3,230,736
General Administrative Services	687,550			687,550
School Administrative Services	1,745,416			1,745,416
Central Services	446,886			446,886
Administrative Information Technology	131,181			131,181
Plant Operations and Maintenance	3,864,382			3,864,382
Student Transportation	1,898,861			1,898,861
Unallocated Benefits	11,716,606			11,716,606
<b>Debt Service:</b>				
Principal			1,740,000	1,740,000
Interest and Other Charges			376,900	376,900
Capital Outlay	1,792,285			1,792,285
<b>Total Expenditures</b>	<b>44,579,884</b>	<b>390,078</b>	<b>2,116,900</b>	<b>47,086,862</b>
Excess /(Deficit) of Revenue Over/(Under) Expenditures	600,027		(116,600)	483,427
<b>Other Financing Sources/(Uses):</b>				
Capital Leases (Non-budgeted)	421,202			421,202
<b>Total Other Financing Sources/(Uses)</b>	<b>421,202</b>			<b>421,202</b>
<b>Net Change in Fund Balances</b>	<b>1,021,229</b>		<b>(116,600)</b>	<b>904,629</b>
Fund Balance - July 1	11,763,691		234,753	11,998,444
Fund Balance - June 30	\$ 12,784,920	\$ -0-	\$ 118,153	\$ 12,903,073

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL  
STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

WEST ESSEX REGIONAL SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$	904,629
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differs from depreciation during the period.		
Depreciation Expense	\$	(1,710,624)
Capital Outlays		<u>1,080,046</u>
		(630,578)
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. When accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).		
		16,191
Capital leases entered into by the District are an other financing source in the governmental funds, but the acquisition increases long-term liabilities in the statement of net position and is not reported in the statement of activities.		
		(421,202)
Repayment of capital leases 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.		
		247,622
Repayment of serial bonds 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.		
		1,740,000
The governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
		140,418
The governmental funds report the effect of the deferred amount on refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
		(92,055)
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
Change in Net Pension Liability		126,792
Change in Deferred Outflows		(27,166)
Change in Deferred Inflows		(164,554)
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). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		<u>(41,010)</u>
Change in Net Position of Governmental Activities	\$	<u><u>1,799,087</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

WEST ESSEX REGIONAL SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2020

	<u>Business-Type Activities</u>
	<u>Enterprise Fund Food Service</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 195,723
Other Accounts Receivable	13,921
Inventories	29,947
Total Current Assets	<u>239,591</u>
Non-Current Assets:	
Capital Assets	303,202
Less: Accumulated Depreciation	<u>(185,643)</u>
Total Non-Current Assets	<u>117,559</u>
Total Assets	<u>357,150</u>
<u>LIABILITIES:</u>	
Current Liabilities:	
Unearned Revenue	<u>43,714</u>
Total Current Liabilities	<u>43,714</u>
<u>NET POSITION:</u>	
Investment in Capital Assets	117,559
Unrestricted	<u>195,877</u>
Total Net Position	<u>\$ 313,436</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

WEST ESSEX REGIONAL SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-Type Activities
	Enterprise Fund Food Service
Operating Revenue:	
Local Sources:	
Daily Sales- Nonreimbursable Program	\$ 698,574
Special Events	12,777
Miscellaneous Revenue	15,614
Total Operating Revenue	726,965
Operating Expenses:	
Cost of Sales - Nonreimbursable Program	266,979
Salaries, Benefits & Payroll Taxes	265,634
Other Purchased Services	40,671
Supplies, Insurance and Other Costs	47,985
Management Fee	62,100
Miscellaneous Expense	19,045
Depreciation Expense	9,665
Total Operating Expenses	712,079
Operating Income/Change in Net Position	14,886
Net Position - Beginning of Year	298,550
Net Position - End of Year	\$ 313,436

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN  
INTEGRAL PART OF THIS STATEMENT

WEST ESSEX REGIONAL SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-Type Activities
	Enterprise Fund Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 754,643
Payments to Food Service Vendor	(706,555)
Payments to Suppliers	(39,195)
	8,893
Cash Flows from Capital and Related Financing Activities:	
Purchases of Capital Assets	(21,977)
	(21,977)
Net Cash Used for Capital and Related Financing Activities	(21,977)
Net Decrease in Cash and Cash Equivalents	(13,084)
Cash and Cash Equivalents, July 1	208,807
Cash and Cash Equivalents, June 30	\$ 195,723
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 14,886
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	9,665
Changes in Assets and Liabilities:	
Increase in Unearned Revenue	27,678
(Decrease) in Accounts Payable	(10,662)
(Increase) in Other Accounts Receivable	(13,921)
(Increase) in Inventory	(18,753)
	8,893
Net Cash Provided by Operating Activities	\$ 8,893

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN  
INTEGRAL PART OF THIS STATEMENT

WEST ESSEX REGIONAL SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2020

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Flexible Spending Trust</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 470,628	\$ 360,814	\$ 93,695	\$ 32,660
Total Assets	<u>470,628</u>	<u>360,814</u>	<u>93,695</u>	<u>32,660</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	23,415			
Due to Student Groups	435,454			
Interfund Payable - General Fund	<u>11,759</u>			
Total Liabilities	<u>470,628</u>			
<u>NET POSITION:</u>				
Restricted For:				
Unemployment Claims		360,814		
Scholarships			93,695	
Flexible Spending Claims				<u>32,660</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 360,814</u>	<u>\$ 93,695</u>	<u>\$ 32,660</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

WEST ESSEX REGIONAL SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Flexible Spending Trust
ADDITIONS:			
Contributions:			
Employee	\$ 43,503		\$ 62,227
Employer	40,630		
Private Donations		\$ 17,901	
Total Contributions	<u>84,133</u>	<u>17,901</u>	<u>62,227</u>
Investment Earnings:			
Interest	664	206	
Net Investment Earnings	<u>664</u>	<u>206</u>	
Total Additions	<u>84,797</u>	<u>18,107</u>	<u>62,227</u>
DEDUCTIONS:			
Unemployment Claims	45,497		
Flexible Spending Claims			44,262
Scholarships Awarded		36,750	
Total Deductions	<u>45,497</u>	<u>36,750</u>	<u>44,262</u>
Change in Net Position	39,300	(18,643)	17,965
Net Position - Beginning of the Year	<u>321,514</u>	<u>112,338</u>	<u>14,695</u>
Net Position - End of the Year	<u>\$ 360,814</u>	<u>\$ 93,695</u>	<u>\$ 32,660</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT



WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of West Essex Regional School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of 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.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other on exchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements (Cont'd):

the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund. These resources can be transferred from and to current expenses by board resolution.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

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

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund and the Unemployment Insurance, Flexible Spending, and Private Purpose Scholarship Trusts.

C. Measurement Focus and Basis of Accounting:

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2020 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution.

All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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 generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The general fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 45,203,017	\$ 388,666
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis does not:		
Current Year Encumbrances		(2,035)
Prior Year Encumbrances		3,447
Prior Year State Aid Payments Recognized for GAAP Statements	122,365	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(145,471)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 45,179,911	\$ 390,078

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 44,579,884	\$ 388,666
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior Year Encumbrances		(2,035)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 44,579,884	\$ 386,631

E. Cash and Cash Equivalents and Investments:

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

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to the type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances:

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 restricted, 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.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2020.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment. The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line.

The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	50 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Capital assets are not capitalized and the related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the district-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premium and discounts are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, 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.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2020.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. Compensated Absences: (Cont'd)

District employees are granted varying amounts of vacation and sick leave in accordance with the District's various employee contracts/agreements. Upon termination, employees are paid for accrued vacation. The District's various employee contracts/agreements permit employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee contracts/agreements.

In the district-wide *Statement of Net Position*, the liabilities, whose average maturities are greater than one year, should be reported in two components – the amount due within one year and the amount due in more than one year.

O. Unearned Revenue:

Unearned revenue in the special revenue and the enterprise funds represent cash which has been received but not yet earned.

P. Fund Balance Appropriated:

General Fund: Of the \$12,784,920 General Fund fund balance at June 30, 2020, \$586,504 is assigned for encumbrances; \$9,124,843 is restricted in the capital reserve account; \$551,453 is restricted in the maintenance reserve account; \$500,000 is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7 (S1701) and will be appropriated and included as anticipated revenue for the year ending June 30, 2022; \$500,000 is restricted for prior year excess surplus in accordance with N.J.S.A. 18A:7F-7 (S1701) and has been appropriated and included as anticipated revenue for the year ending June 30, 2021; \$436,492 is assigned for subsequent year's expenditures; and \$1,085,628 is unassigned on the GAAP basis, which is \$145,471 less than the budgetary unassigned fund balance due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2021.

Debt Service Fund: The \$118,153 Debt Service Fund fund balance at June 30, 2020 is restricted.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (s1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus at June 30, 2020 as detailed above.

P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the last state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize these last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments noted above.



WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Q. Deficit Net Position:

The District has a deficit in unrestricted net position of \$8,880,586 in governmental activities, which is primarily due to the net pension liability and related deferred outflows and inflows of resources. This deficit does not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

Net Position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2020 for the deferred amount on the refunding of debt related to the District's 2011 and 2016 refunding bonds and pensions.

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows of resources at June 30, 2020 for pensions.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed or assigned.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

S. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

Fund balance restrictions have been established for the debt service fund, capital reserve, maintenance reserve and excess surplus.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2020.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for the 2020/2021 budget and encumbrances in the General Fund at June 30, 2020.

T. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest and tuition.

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the respective Enterprise Fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

W. Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS), the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to deductions from the PERS's, the TPAF's and the Plan's net position have been determined on the same basis as they are reported by the PERS, the TPAF and the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

Custodial Credit Risk – The District's policy with respect to custodial credit risk requires that the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) 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.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c281 (C.52:18A-90.4); or

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (8) Agreements for the repurchase of fully collateralized securities if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
- (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
  - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
  - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
  - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
  - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

As of June 30, 2020, cash and cash equivalents of the District consisted of the following:

	Restricted Cash and Cash Equivalents		Cash and Cash	Total
	Capital Reserve	Maintenance Reserve	Equivalents	
Checking Accounts	\$ 9,124,843	\$ 551,453	\$ 2,932,303	\$ 12,608,599
	\$ 9,124,843	\$ 551,453	\$ 2,932,303	\$ 12,608,599

During the period ended June 30, 2020, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2020, was \$12,608,599 and the bank balance was \$13,695,224.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, 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-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Beginning Balance, July 1, 2019		\$ 8,353,816
Add:		
Deposit as per Board Resolution - June 2020	\$ 1,938,308	
Interest Earned	14,390	
Unexpended Funds of Budgeted Withdrawal for Capital Outlay	99,707	
		10,406,221
Less:		
Budgeted Withdrawal for Capital Outlay	(75,000)	
Withdrawal per Board Resolution	(1,206,378)	
		(1,281,378)
Ending Balance, June 30, 2020		\$ 9,124,843

The balance in the capital reserve account at June 30, 2020 does not exceed the LRFP balance of local support costs of uncompleted capital projects. The withdrawals from the capital reserve was for use in DOE approved facilities projects consistent with the District's LRFP.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by Board resolution on June 20, 2011. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current fiscal year in the advertised recapitulation of balances of the subsequent fiscal year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the fiscal year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan.

Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any fiscal year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at fiscal year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current fiscal year of the District's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent fiscal year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019		\$ 356,403
Add:		
Deposit as per Board Resolution - June 2020		350,000
		706,403
Less:		
Budgeted Withdrawal	\$ (127,000)	
Withdrawal from Maintenance Reserve by Board Resolution	(27,950)	
		(154,950)
Ending Balance, June 30, 2020		\$ 551,453

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2020 were as follows

	Restated Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 288,849			\$ 288,849
Construction in Progress	1,190,682	\$ 198,737	\$ (1,190,682)	198,737
Total Capital Assets Not Being Depreciated	<u>1,479,531</u>	<u>198,737</u>	<u>(1,190,682)</u>	<u>487,586</u>
Capital Assets Being Depreciated:				
Site Improvements	3,484,202			3,484,202
Buildings and Building Improvements	56,180,042	848,340	1,190,682	58,219,064
Machinery and Equipment	3,196,291	32,969		3,229,260
Total Capital Assets Being Depreciated	<u>62,860,535</u>	<u>881,309</u>	<u>1,190,682</u>	<u>64,932,526</u>
Governmental Activities Capital Assets	<u>64,340,066</u>	<u>1,080,046</u>		<u>65,420,112</u>
Less Accumulated Depreciation for:				
Site Improvements	(1,886,155)	(149,892)		(2,036,047)
Buildings and Building Improvements	(17,742,091)	(1,457,182)		(19,199,273)
Machinery and Equipment	(2,136,833)	(103,550)		(2,240,383)
	<u>(21,765,079)</u>	<u>(1,710,624)</u>		<u>(23,475,703)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 42,574,987</u>	<u>\$ (630,578)</u>	<u>\$ -0-</u>	<u>\$ 41,944,409</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 281,225	\$ 21,977		\$ 303,202
Less: Accumulated Depreciation	<u>(175,978)</u>	<u>(9,665)</u>		<u>(185,643)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 105,247</u>	<u>\$ 12,312</u>	<u>\$ -0-</u>	<u>\$ 117,559</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 705,956
Special Education	154,479
Other Instruction	88,983
Student and Instruction Related Services	191,808
General Administrative Services	44,042
School Administrative Services	106,969
Central Services/Adminstrative Technology	39,763
Transportation	152,994
Operation and Maintenance of Plant	<u>225,630</u>
	<u>\$ 1,710,624</u>



WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 7. OPERATING LEASES

The District has a commitment to lease copying equipment under an operating lease. Future minimum lease payments are as follows:

<u>Year Ending</u>	<u>Amount</u>
2021	\$ 89,136
2022	71,286
2023	<u>13,302</u>
Total future minimum lease payments	<u>\$ 173,724</u>

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2020, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2019</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2020</u>
Serial Bonds Payable	\$ 10,010,000		\$ 1,740,000	\$ 8,270,000
Unamortized Bond Issuance Premium	839,514		140,418	699,096
Net Pension Liability	8,392,630		126,792	8,265,838
Obligations Under Capital Leases	162,412	\$ 421,202	247,622	335,992
Compensated Absences Payable	<u>483,689</u>	<u>117,014</u>	<u>76,004</u>	<u>524,699</u>
	<u>\$ 19,888,245</u>	<u>\$ 538,216</u>	<u>\$ 2,330,836</u>	<u>\$ 18,095,625</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

On July 14, 2011 and July 11, 2016, the District issued refunding bonds in the amount of \$14,470,000 and \$3,965,000. The bonds were issued with interest rates ranging from 2.00% to 5.00% and 2.00% to 4.00%. The bonds mature on November 1, 2011 through 2022 and August 15, 2016 through 2029.

The District had bonds outstanding as of June 30, 2020 as follows:

Serial Bonds

<u>Purpose</u>	<u>Final Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Amount</u>
Refunding Bonds	11/1/22	3.50-5.00%	\$ 4,375,000
Refunding Bonds	8/15/29	3.00-4.00%	<u>3,895,000</u>
			<u>\$ 8,270,000</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable: (Cont'd)

Principal and interest due on serial bonds outstanding are as follows:

<u>Year Ending June 30,</u>	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,755,000	\$ 295,313	\$ 2,050,313
2022	1,810,000	223,975	2,033,975
2023	1,850,000	150,513	2,000,513
2024	765,000	100,363	865,363
2024	400,000	85,062	485,062
Thereafter 5 Years (2025-2030)	1,690,000	185,668	1,875,668
	<u>\$ 8,270,000</u>	<u>\$ 1,040,894</u>	<u>\$ 9,310,894</u>

The bond payments will be paid from the Debt Service Fund.

B. Bonds Authorized But Not Issued:

As of June 30, 2020, the Board had no bonds authorized but not issued.

C. Capital Leases Payable:

The District has \$728,829 in capital leases payable for district-wide computers of which \$392,837 has been liquidated as of June 30, 2020. The capital lease is for 4 years in length and will be liquidated by the General Fund. The following is a schedule of the future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2020.

<u>Year Ending</u>	<u>Amount</u>
2021	\$ 219,351
2022	151,318
	370,669
Less: Amount representing interest	<u>(34,677)</u>
Present value of net minimum lease payments	<u>\$ 335,992</u>

The current portion of capital leases payable at June 30, 2020 is \$194,998 and the long-term portion is \$140,994.

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$45,560 and is separated from the long-term liability balance of compensated absences of \$479,139. The General Fund will be used to liquidate the governmental funds Compensated Absences Payable.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2020 is \$-0- and the long-term portion is \$8,265,838. See Note 9 for further information on the PERS.

F. Unamortized Bond Premium:

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$140,418 and is separated from the long-term liability balance of \$558,678.

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS):

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service. The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS): (Cont'd)

Benefits Provided (Cont'd)

Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$449,144 for 2020.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2020, the District reported a liability of \$8,265,838 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the District's proportion was 0.0459%, which was an increase of 0.0033% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$511,151. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources on the next page.

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NOTE 9. PENSION PLANS (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Cont'd)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 21,845	
	2015	5.72	135,072	
	2016	5.57	668,457	
	2017	5.48		\$ 1,186,591
	2018	5.63		958,875
	2019	5.21		723,580
				<u>825,374</u>
Difference Between Expected and Actual Experience	2015	5.72	37,475	
	2016	5.57	20,286	
	2017	5.48	35,289	
	2018	5.63		36,515
	2019	5.21	55,311	
			<u>148,361</u>	<u>36,515</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5.00		(152,565)
	2017	5.00		183,087
	2018	5.00		127,352
	2019	5.00		(27,395)
				<u>130,479</u>
Changes in Proportion	2014	6.44		13,036
	2015	5.72	6,775	
	2016	5.57		57,051
	2017	5.48	87,648	
	2018	5.63	28,589	
	2019	5.21	594,747	
			<u>717,759</u>	<u>70,087</u>
District Contribution Subsequent to the Measurement Date	2019	1.00	503,670	
			<u>\$ 2,195,164</u>	<u>\$ 3,106,127</u>

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NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS): (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the District contribution subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2020	(238,679)
2021	(774,273)
2022	(691,380)
2023	(324,639)
2024	(33,334)
	\$ (2,062,305)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS): (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon 100% of actuarially determined contributions for the local employers. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS): (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2019 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (5.28%)	At Current Discount Rate (6.28%)	At 1% Increase (7.28%)
<u>District's proportionate share of the Net Pension Liability</u>	\$ 10,513,732	\$ 8,265,838	\$ 6,477,626
<u>Pension plan Fiduciary Net Position</u>			

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

B. Teachers' Pension and Annuity Fund (TPAF):

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. The following represents the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011



WEST ESSEX REGIONAL SCHOOL DISTRICT  
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(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF): (Cont'd)

Benefits Provided (Cont'd)

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2020, the State of New Jersey contributed \$3,087,882 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$5,140,861.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2020, the State's proportionate share of the net pension liability associated with the District was \$87,158,841. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the District's proportion was 0.140%, which was an increase of 0.0009% from its proportion measured as of June 30, 2018.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF): (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Cont'd)

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>87,158,841</u>
Total	<u><u>\$ 87,158,841</u></u>

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$5,140,861 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2020 financial statements.

The State reported collective deferred outflows and inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 768,874,621	
	2015	8.3	2,351,172,865	
	2016	8.3	5,609,216,856	
	2017	8.3		\$ 8,483,527,374
	2018	8.29		5,172,258,445
	2019	8.04		3,507,345,617
				<u>8,729,264,342</u>
Difference Between Expected and Actual Experience	2014	8.5		7,323,009
	2015	8.3	145,211,243	
	2016	8.3		69,755,412
	2017	8.3	150,939,884	
	2018	8.29	907,352,137	
	2019	8.04		136,265,890
				<u>1,203,503,264</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5		(431,855,192)
	2017	5		452,016,524
	2018	5		288,091,115
	2019	5		(144,882,771)
			<u>163,369,676</u>	
			<u>\$ 9,932,767,606</u>	<u>\$ 17,539,845,423</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF): (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Cont'd)

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

Fiscal Year Ending June 30,	Total
2020	\$ (272,405,510)
2021	(704,260,700)
2022	(630,562,767)
2023	(1,216,378,743)
2024	(2,381,316,232)
Thereafter	(2,402,153,865)
	\$ (7,607,077,817)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 – 4.45% based on years of service
Thereafter	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
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(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF): (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 70% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF): (Cont'd)

Discount Rate – TPAF (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2019 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (4.60%)	At Current Discount Rate (5.60%)	At 1% Increase (6.60%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 102,779,565	\$ 87,158,841	\$ 74,198,573

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP):

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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 DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$15,435 for the fiscal year ended June 30, 2020. Employee contributions to DCRP amounted to \$21,016 for the fiscal year ended June 30, 2020.

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(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2017, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	145,050
Active Plan Members	<u>217,131</u>
Total	<u><u>362,181</u></u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
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(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016 which was rolled forward to June 30, 2017.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%	
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 4.55%	2.15 - 4.15%
	based on years of service	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%
	based on years of service	based on age

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015 and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
 (Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rates for June 30, 2018 and 2017 were 3.87% and 3.58%, respectively, a change of +.29%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District

	Total OPEB Liability
Balance at June 30, 2017	\$ 60,519,519
Changes for Year:	
Service Cost	2,217,562
Interest on the Total OPEB Liability	2,222,332
Changes of Assumptions	(5,926,581)
Differences between Expected and Actual Experiences	(6,054,068)
Gross Benefit Payments by the State	(1,380,983)
Contributions from Members	47,729
Net Changes	(8,874,009)
Balance at June 30, 2018	\$ 51,645,510



WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
Total OPEB Liability Attributable to the District	\$ 61,055,506	\$ 51,645,510	\$ 44,165,535

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 42,688,022	\$ 51,645,510	\$ 63,492,131

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

For the fiscal year ended June 30, 2020 the District recognized OPEB expense of \$2,315,030 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

At June 30, 2018 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ (6,319,298)
Changes in Assumptions	2018	9.51		(5,342,341)
			<u>\$ -0-</u>	<u>(11,661,639)</u>
Differences Between Expected and Actual Experience	2018	9.51		(5,050,175)
Changes in Proportion	N/A	N/A		(540,097)
			<u>\$ -0-</u>	<u>(5,590,272)</u>

N/A - Not Available

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2018	\$ (2,059,315)
2019	(2,059,315)
2020	(2,059,315)
2021	(2,059,315)
2022	(2,059,315)
Thereafter	<u>(6,415,237)</u>
	<u>\$ (16,711,814)</u>

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains their health benefit coverage through the State of New Jersey Health Benefits Plan.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance

The West Essex Regional School District is a member of the School Alliance Insurance Fund (the “Fund”) This public entity risk management pool provides general liability and property and automobile coverage. The District is also a member of the Morris Essex Insurance Group (the “Group”). This public entity risk management pool provides workers’ compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Fund and the Group are risk-sharing public entity risk pools that are insured and self-administered groups of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum.

Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund and the Group are elected.

As a member of the Fund and the Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund or the Group were to be exhausted, members would become responsible for their respective shares of the Fund or the Group’s liabilities. The Fund or the Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

The June 30, 2020 audit report for the Fund is not available as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2019 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	\$ 48,410,942
Net Position	\$ 18,917,987
Total Revenue	\$ 41,974,396
Total Expenses	\$ 35,489,346
Change in Net Position	\$ 6,485,050
Members Dividends	\$ -0-

Financial statements for the Fund are available at the Fund’s Executive Director’s Office:

Public Entity Group Administrative Services  
51 Everett Drive  
Suite B-40  
West Windsor, NJ 08550

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

The June 30, 2020 audit report for the Group is not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2019 is as follows:

	<u>Morris Essex Insurance Group</u>
Total Assets	\$ 11,171,182
Net Position	\$ 7,785,886
Total Revenue	\$ 3,977,325
Total Expenses	\$ 2,961,545
Change in Net Position	\$ (10,951)
Members Dividends	\$ 1,026,731

Financial statements for the Group are available at the Group's Executive Director's Office:

The Burton Agency, Executive Director  
44 Bergen St  
Westwood, NJ 07675

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020	\$ 40,630	\$ 664	\$ 43,503	\$ 45,497	\$ 360,814
2019	5,633	599	42,607	18,103	321,514
2018	39,472	538	50,851	60,908	290,778

NOTE 12. ECONOMIC DEPENDENCY

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

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 112,290	
Special Revenue Fund		\$ 110,531
Fiduciary Funds		11,759
	\$ 112,290	\$ 122,290

The interfund between the General Fund and the Special Revenue Fund is due to the timing between expenditure and reimbursement of grants from the State of New Jersey. The interfund between General Fund and Fiduciary Funds are due to employee health benefit contributions not turned over to the General Fund before year end.

NOTE 14. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

The plan administrators are as follows:

- AXA
- Met Life
- Oppenheimer Funds
- Lincoln Financial Advisors
- VALIC

NOTE 15. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10. Taxes are collected by the constituent municipality and are remitted to the local school district on a predetermined mutually agreed-upon schedule.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 16. ACCOUNTS PAYABLE

The following accounts payable existed as of June 30, 2020:

	<u>Governmental Funds</u>	<u>District Contribution Susequent to the Measurement Date</u>	<u>Total Governmental Activities</u>
	<u>General Fund</u>		
Vendors	\$ 413,719		\$ 413,719
State of New Jersey		\$ 503,670	503,670
	\$ 413,719	\$ 503,670	\$ 917,389

NOTE 17. COMMITMENTS AND CONTINGENCIES

Grant Programs

The School District participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The School District is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

The District is periodically involved in pending lawsuits. The District estimates that any potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial position of the District.

Encumbrances

At June 30, 2020, there were encumbrances as detailed below in the governmental funds.

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
	\$ 586,504	\$ 2,035	\$ 588,539
	586,504	2,035	588,539

On the District's Governmental Funds Balance Sheet as of June 30, 2020 \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$2,035 less than the actual year-end encumbrances on the budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund.

NOTE 18. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2020, the District transferred \$1,206,378 to the capital outlay accounts, which was a board approved withdrawal from capital reserve and approved by the County Superintendent.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 19: SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey has caused disruption of the District's normal financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. The District's state aid in the General Fund was reduced after their budget was adopted due to the reduction of state aid provided to certain school districts by the State of New Jersey. Also, there have been additional operating expenses in the General Fund not planned for or expected at the time of the adoption of the District's 2020-21 budget related to COVID-19.

Additionally, the District's cash flow in the Governmental Funds may be affected by the timing of the collection of the District's tax levy as well as certain State aid payments. The District's Food Service Enterprise Fund has been impacted by COVID-19 for the fiscal year ending June 30, 2021.

NOTE 20: PRIOR PERIOD ADJUSTMENTS

The District made a prior year adjustment to the District Wide Financial Statements to correct the values reported for its capital assets per the updated appraisal report as of June 30, 2019.

	Balance 6/30/19 as Previously Reported	Retroactive Adjustments	Balance 6/30/2019 as Restated
<u>Statement of Net Position:</u>			
<u>Governmental Activities:</u>			
Assets:			
Capital Assets, Net:			
Depreciable Site Improvements, Buildings and Building			
Improvements and Machinery and Equipment	\$ 44,210,242	\$ (1,635,255)	\$ 42,574,987
Total Assets - Governmental Activities	56,472,942	(1,635,255)	54,837,687
Net Position:			
Net Investment in Capital Assets	34,618,036	(1,635,255)	32,982,781
Total Net Position - Governmental Activities	35,576,599	(1,635,255)	33,941,344

SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION



WEST ESSEX REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
District's proportion of the net pension liability	0.0422792453%	0.0425589699%	0.0415399521%	0.0424283127%	0.0426248957%	0.0458742167%
District's proportionate share of the net pension liability	\$ 7,915,831	\$ 9,553,636	\$ 12,302,942	\$ 9,876,633	\$ 8,392,630	\$ 8,265,838
District's covered employee payroll	\$ 2,717,516	\$ 2,772,137	\$ 2,903,955	\$ 2,918,396	\$ 3,098,361	\$ 3,259,500
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	291.29%	344.63%	423.66%	338.43%	270.87%	253.59%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 348,544	\$ 365,893	\$ 375,724	\$ 428,245	\$ 439,081	\$ 449,144
Contributions in relation to the contractually required contribution	(348,544)	(365,893)	(375,724)	(428,245)	(439,081)	(449,144)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 2,772,137	\$ 2,903,955	\$ 2,918,396	\$ 3,098,361	\$ 3,259,500	\$ 3,323,087
Contributions as a percentage of covered employee payroll	12.57%	12.60%	12.87%	13.82%	13.47%	13.52%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY ATTRIBUTABLE TO THE DISTRICT  
TEACHERS' PENSION AND ANNUITY FUND  
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
State's proportion of the net pension liability attributable to the District	0.1278586395%	0.1359611981%	0.1429083894%	0.1336923813%	0.1410554387%	0.1420197177%
State's proportionate share of the net pension liability attributable to the District	\$ 68,336,281	\$ 85,933,283	\$ 112,420,836	\$ 90,140,224	\$ 89,736,440	\$ 87,158,841
District's covered employee payroll	\$ 13,935,919	\$ 14,003,957	\$ 14,604,419	\$ 14,687,078	\$ 15,127,956	\$ 15,516,262
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	490.36%	613.64%	769.77%	613.74%	593.18%	561.73%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE CONTRIBUTIONS  
TEACHERS' PENSION AND ANNUITY FUND  
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 3,677,134	\$ 5,247,001	\$ 8,446,862	\$ 6,244,457	\$ 5,231,321	\$ 5,140,861
Contributions in relation to the contractually required contribution	(735,056)	(1,144,180)	(1,451,196)	(2,077,248)	(2,793,184)	(3,087,882)
Contribution deficiency/(excess)	<u>\$ 2,942,078</u>	<u>\$ 4,102,821</u>	<u>\$ 6,995,666</u>	<u>\$ 4,167,209</u>	<u>\$ 2,438,137</u>	<u>\$ 2,052,979</u>
District's covered employee payroll	\$ 14,003,957	\$ 14,604,419	\$ 14,687,078	\$ 15,127,956	\$ 15,516,262	\$ 15,807,716
Contributions as a percentage of covered employee payroll	5.25%	7.83%	9.88%	13.73%	18.00%	19.53%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY  
ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS  
LAST TWO FISCAL YEARS

	Fiscal Year Ending June 30,	
	2017	2018
Service Cost	\$ 2,679,518	\$ 2,217,562
Interest Cost	1,920,885	2,222,332
Changes in Assumptions	(8,121,040)	(5,926,581)
Differences between Expected and Actual Experience		(6,054,068)
Member Contributions	51,616	47,729
Gross Benefit Payments	(1,401,760)	(1,380,983)
Net Change in Total OPEB Liability	(4,870,781)	(8,874,009)
Total OPEB Liability - Beginning	65,390,300	60,519,519
Total OPEB Liability - Ending	\$ 60,519,519	\$ 51,645,510
District's Covered Employee Payroll *	\$ 14,687,078	\$ 15,516,262
Total OPEB Liability as a Percentage of Covered Employee Payroll	412%	333%

\* - Covered payroll for the fiscal years ending June 30, 2017 and June 30, 2018 are based on the payroll on the June 30, 2016 and June 30, 2017 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%.

The inflation rate was 2.25% as of June 30, 2018. As of June 30, 2019, the inflation rate was as follows – Price – 2.75% and Wage – 3.25%. The salary increases as of June 30, 2018 were as follows: Through 2026 – 1.65% - 4.15% based on age and Thereafter – 2.65% - 5.15% based on age. The salary increases as of June 30, 2019 are as follows: Through 2026 – 2.00% - 6.00% based on years of service and Thereafter – 3.00% - 7.00% based on years of service.

The July 1, 2017 actuarial valuation utilized the following mortality rate assumptions:

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the plan actuary's modified MP-2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The July 1, 2018 actuarial valuation utilized the following mortality rate assumptions:

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(UNAUDITED)  
(Continued)

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 4.86% as of June 30, 2018 to 5.60% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%. The inflation rate as of June 30, 2018 was 2.25%. The inflation rate as of June 30, 2019 was as follows: Price – 2.75% and Wage – 3.25%.

The salary increases in the July 1, 2018 valuation were as follows: Through 2026 - 1.55 – 4.45% based on years of service and thereafter - 2.75 – 5.65% based on years of service. The salary increases in the July 1, 2017 valuation were as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

The mortality rates utilized in the July 1, 2018 valuation were as follows: Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

The mortality rates in the valuation as of June 30, 2017 were based on the following:

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(UNAUDITED)  
(Continued)

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN Cont'd)

Changes of Actuarial Assumptions (Cont'd)

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

The health care trend rates in the valuation as of June 30, 2017 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after eight years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.



BUDGETARY COMPARISON SCHEDULES

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 37,349,282		\$ 37,349,282	\$ 37,349,282	
Tuition from Other LEA's	62,223		62,223	149,964	\$ 87,741
Transportation Fees from LEA's				16,517	16,517
Interest Earned on Capital Reserve Funds				14,390	14,390
Unrestricted Miscellaneous Revenue	375,000		375,000	232,935	(142,065)
<b>Total - Local Sources</b>	<b>37,786,505</b>		<b>37,786,505</b>	<b>37,763,088</b>	<b>(23,417)</b>
State Sources:					
Special Education Aid	1,044,551		1,044,551	1,044,551	
Security Aid	29,634		29,634	29,634	
Transportation Aid	479,086		479,086	479,086	
Extraordinary Special Education Costs Aid				456,528	456,528
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				1,166,080	1,166,080
TPAF On-Behalf Pension Contributions (Non-Budgeted)				3,087,882	3,087,882
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				55,347	55,347
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				2,687	2,687
TPAF Social Security (Reimbursed - Non-Budgeted)				1,118,134	1,118,134
<b>Total State Sources</b>	<b>1,553,271</b>		<b>1,553,271</b>	<b>7,439,929</b>	<b>5,886,658</b>
<b>Total Revenues</b>	<b>39,339,776</b>		<b>39,339,776</b>	<b>45,203,017</b>	<b>5,863,241</b>
<b>EXPENDITURES:</b>					
Current Expense:					
<b>REGULAR PROGRAMS - INSTRUCTION:</b>					
Grades 6-8 - Salaries of Teachers	3,725,373	\$ 25,792	3,751,165	3,740,437	10,728
Grades 9-12 - Salaries of Teachers	7,665,733	(25,792)	7,639,941	7,620,006	19,935
Regular Programs - Home Instruction:					
Salaries of Teachers	35,000		35,000	25,405	9,595
Purchased Professional-Educational Services	5,000		5,000		5,000

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
<b>REGULAR PROGRAMS - INSTRUCTION:</b>					
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	\$ 20,470		\$ 20,470	\$ 982	\$ 19,488
Other Purchased Services	764,112	(19,150)	744,962	710,494	34,468
General Supplies	382,867	58,761	441,628	420,232	21,396
Textbooks	124,050	(37,670)	86,380	77,983	8,397
Other Objects	38,000	360	38,360	26,593	11,767
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>12,760,605</b>	<b>2,301</b>	<b>12,762,906</b>	<b>12,622,132</b>	<b>140,774</b>
<b>SPECIAL EDUCATION - INSTRUCTION:</b>					
Learning and/or Language Disabilities:					
Salaries of Teachers	101,372	14,149	115,521	115,520	1
General Supplies	4,000		4,000	3,172	828
<b>Total Learning and/or Language Disabilities</b>	<b>105,372</b>	<b>14,149</b>	<b>119,521</b>	<b>118,692</b>	<b>829</b>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	1,685,537	49,700	1,735,237	1,735,219	18
Other Salaries for Instruction	625,136	(63,849)	561,287	425,022	136,265
Purchased Technical Services	50,000		50,000	19,130	30,870
General Supplies	18,074		18,074	12,510	5,564
Textbooks	4,000	(18)	3,982	668	3,314
<b>Total Resource Room/Resource Center</b>	<b>2,382,747</b>	<b>(14,167)</b>	<b>2,368,580</b>	<b>2,192,549</b>	<b>176,031</b>
<b>Home Instruction:</b>					
General Supplies	1,000	18	1,018	1,018	
<b>Total Home Instruction</b>	<b>1,000</b>	<b>18</b>	<b>1,018</b>	<b>1,018</b>	
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>2,489,119</b>		<b>2,489,119</b>	<b>2,312,259</b>	<b>176,860</b>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
School Sponsored Cocurricular Activities:					
Salaries	\$ 214,200	\$ 21,948	\$ 236,148	\$ 236,148	\$ 2,090
Purchased Services (300-500 Series)	17,165	35	17,200	15,110	15,066
Supplies and Materials	61,556	4,984	66,540	51,474	31,932
Other Objects	60,200	(2,300)	57,900	25,968	49,088
Total School-Sponsored Cocurricular Activities	353,121	24,667	377,788	328,700	
School-Sponsored Athletics:					
Salaries	848,048	(8,800)	839,248	821,828	17,420
Purchased Services (300-500 Series)	247,250	(698)	246,552	192,285	54,267
Supplies and Materials	242,514	(4,299)	238,215	210,395	27,820
Other Objects	2,000	(1,600)	400	400	
Total School-Sponsored Athletics	1,339,812	(15,397)	1,324,415	1,224,908	99,507
Total Instruction	16,942,657	11,571	16,954,228	16,487,999	466,229
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	35,000		35,000		35,000
Tuition to Other LEA's Within the State - Special	114,222	(70,000)	44,222	3,207	41,015
Tuition to County Vo. School District-Regular	10,000		10,000		10,000
Tuition to County Vo. School District-Special	59,500		59,500	23,863	35,637
Tuition to Private Schools for the Handicapped Within State	2,720,114	6,047	2,726,161	2,482,305	243,856
Tuition to Private Schools for the Handicapped Outside State	160,557	(35,460)	125,097	93,928	31,169
Total Undistributed Expenditures - Instruction	3,099,393	(99,413)	2,999,980	2,603,303	396,677

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
Undistributed Expenditures - Attendance and Social Work Services:					
Salaries	\$ 58,048	\$ 54,014	\$ 112,062	\$ 112,062	
Supplies and Materials	1,725		1,725	933	792
Total Undistributed Expenditures - Attendance and Social Work Services	59,773	54,014	113,787	112,995	792
Undistributed Expenditures - Health Services:					
Salaries	169,069	(2,652)	166,417	166,313	104
Purchased Professional and Technical Services	19,000	441	19,441	19,441	
Supplies and Materials	8,513	1,059	9,572	8,741	831
Total Undistributed Expenditures - Health Services	196,582	(1,152)	195,430	194,495	935
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	658,465	2,193	660,658	659,291	1,367
Salaries of Secretarial and Clerical Assistants	168,676	600	169,276	168,785	491
Other Salaries	16,000	1,307	17,307	17,307	
Other Purchased Professional and Technical Services	25,000	5,896	30,896	24,909	5,987
Supplies and Materials	9,600	(6,396)	3,204	3,004	200
Other Objects	12,534	(1,040)	11,494	11,143	351
Total Undist. Expend. - Guidance	890,275	2,560	892,835	884,439	8,396
Undist. Expend. - Child Study Teams:					
Salaries of Other Professional Staff	666,015	(9,101)	656,914	563,259	93,655
Salaries of Secretarial and Clerical Assistants	112,388		112,388	107,487	4,901
Purchased Professional - Educational Services	342,289	74,493	416,782	328,398	88,384
Other Purchased Professional and Technical Services	75,223	(5,500)	69,723	41,880	27,843
Miscellaneous Purchased Services	2,400		2,400	452	1,948
Supplies and Materials	5,400		5,400	2,437	2,963
Total Undist. Expend. - Child Study Teams	1,203,715	59,892	1,263,607	1,043,913	219,694

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
Undist. Expend. - Educational Media Services/School Library:					
Salaries	\$ 434,154	\$ (434,154)	\$ 439,155	\$ 415,536	\$ 23,619
Salaries of Technology Coordinators					
Supplies and Materials	37,545		37,545	28,588	8,957
Total Undist. Expend. - Educational Media Services/School Library	471,699	5,001	476,700	444,124	32,576
Undist. Expend. - Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	459,082	2,100	461,182	461,094	88
Salaries of Other Professional Staff	5,000		5,000		5,000
Purchased Professional - Educational Services	70,436	(2,100)	68,336	49,358	18,978
Other Purchased Services	25,229	(75)	25,154	14,997	10,157
Total Undist. Expend. - Instructional Staff Training Services	559,747	(75)	559,672	525,449	34,223
Undist. Expend. - Support Services - General Administration:					
Salaries	410,667	(40,644)	370,023	369,149	874
Legal Services	120,553	(39,366)	81,187	68,179	13,008
Audit Fees	33,560		33,560	33,560	
Architectural/Engineering Services	15,000	59,000	74,000	17,828	56,172
Other Purchased Professional Services	65,000	(8,800)	56,200	43,996	12,204
Communications/Telephone	93,870	17,800	111,670	91,994	19,676
BOE Other Purchased Services	10,000		10,000	4,608	5,392
Miscellaneous Purchased Services	18,500	11,000	29,500	24,146	5,354
General Supplies	10,000	(1,000)	9,000	6,718	2,282
Miscellaneous Expenditures	6,000		6,000	5,491	509
BOE Membership Dues and Fees	25,000		25,000	21,881	3,119
Total Undist. Expend. - Support Services - General Administration	808,150	(2,010)	806,140	687,550	118,590

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
Undist. Expend. - Support Serv. - School Administration:					
Salaries of Principals/Assistant Principals	\$ 733,510	\$ (4,327)	\$ 729,183	\$ 728,750	\$ 433
Salaries of Other Professional Staff	558,644	17,037	575,681	574,797	884
Salaries of Secretarial and Clerical Assistants	404,482	(55,234)	349,248	349,179	69
Purchased Professional and Technical Services	25,937	(13,527)	12,410	7,032	5,378
Supplies and Materials	44,164	1,140	45,304	43,685	1,619
Other Objects	47,169	6,196	53,365	41,973	11,392
Total Undist. Expend. - Support Serv. - School Administration	1,813,906	(48,715)	1,765,191	1,745,416	19,775
Undist. Expend. - Central Services:					
Salaries	423,296	(9,221)	414,075	409,611	4,464
Purchased Professional Services	8,500		8,500	5,865	2,635
Purchased Technical Services	5,000		5,000	1,125	3,875
Miscellaneous Purchased Services	32,500	(5,800)	26,700	18,348	8,352
Supplies and Materials	17,500		17,500	10,828	6,672
Miscellaneous Expenditures	7,500	(1,000)	6,500	1,109	5,391
Total Undist. Expend. - Central Services	494,296	(16,021)	478,275	446,886	31,389
Undist. Expend. - Administrative Information Technology:					
Salaries	122,001	9,221	131,222	131,181	41
Total Undist. Expend. - Administrative Information Technology	122,001	9,221	131,222	131,181	41
Required Maintenance for School Facilities:					
Salaries	714,942	(16,401)	698,541	696,216	2,325
Cleaning, Repair and Maintenance Services	235,269	45,079	280,348	257,448	22,900
General Supplies	236,257	(56,175)	180,082	168,989	11,093
Other Objects	10,985		10,985	662	10,323
Total Required Maintenance for School Facilities	1,197,453	(27,497)	1,169,956	1,123,315	46,641

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
Undist. Expend. - Custodial Services:					
Salaries	\$ 810,501	\$ 19,762	\$ 830,263	\$ 830,081	\$ 182
Purchased Professional and Technical Services	15,045	(5,019)	10,026	4,708	5,318
Cleaning, Repair and Maintenance Services	60,500	(2,000)	58,500	35,342	23,158
Other Purchased Property Services	65,000	(8,003)	56,997	33,161	23,836
Insurance	352,110	10,503	362,613	362,613	
Miscellaneous Purchased Services	24,000	(6,500)	17,500	9,602	7,898
General Supplies	163,910	(3,919)	159,991	133,271	26,720
Energy (Natural Gas)	70,000	57,000	127,000	126,812	188
Energy (Electricity)	700,000	(66,000)	634,000	633,676	324
Total Undist. Expend. - Custodial Services	2,261,066	(4,176)	2,256,890	2,169,266	87,624
Undist. Expend. - Care and Upkeep of Grounds:					
Salaries	263,503	(19,451)	244,052	242,483	1,569
Purchased Professional and Technical Services	1,095	4,708	5,803	295	5,508
Cleaning, Repair, and Maintenance Services	41,561	(11,000)	30,561	18,390	12,171
General Supplies	115,032	(27,800)	87,232	65,538	21,694
Other Objects	1,050		1,050	50	1,000
Total Undist. Expend. - Care and Upkeep of Grounds	422,241	(53,543)	368,698	326,756	41,942
Undist. Expend. - Security					
Salaries	52,901	19,988	72,889	72,888	1
Purchased Professional and Technical Services	38,221	132,197	170,418	169,893	525
General Supplies	10,000	(7,700)	2,300	2,264	36
Total Undist. Expend. - Security	101,122	144,485	245,607	245,045	562



WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
Undist. Expend. - Student Transportation Services:					
Contracted Services:					
Aid in Lieu of Payments for Nonpublic School Students	\$ 183,750	\$ (49,750)	\$ 134,000	\$ 134,000	
Between Home and School -Vendors	1,065,203		1,065,203	699,916	\$ 365,287
Other than Between Home and School -Vendors	435,000	44,410	479,410	196,120	283,290
Special Education Students - Vendors	959,265	(852)	958,413	868,825	89,588
Total Undist. Expend. - Student Transportation Services	2,643,218	(6,192)	2,637,026	1,898,861	738,165
Unallocated Benefits:					
Social Security Contributions	450,000	10,404	460,404	455,944	4,460
Other Retirement Contribution - PERS	466,003	(10,404)	455,599	449,144	6,455
Other Retirement Contribution - ERIP	6,000		6,000	5,837	163
Other Retirement Contribution - Regular	23,000		23,000	15,435	7,565
Unemployment Compensation	140,634		140,634	19,329	121,305
Workmen's Compensation	205,000		205,000	181,709	23,291
Health Benefits	5,625,003		5,625,003	5,033,109	591,894
Tuition Reimbursement	55,000		55,000	44,866	10,134
Other Employee Benefits	220,000		220,000	81,103	138,897
Total Unallocated Benefits	7,190,640		7,190,640	6,286,476	904,164
<b>ON-BEHALF CONTRIBUTIONS:</b>					
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				1,166,080	(1,166,080)
TPAF On-Behalf Pension Contributions (Non-Budgeted)				3,087,882	(3,087,882)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				55,347	(55,347)
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				2,687	(2,687)
TPAF Social Security (Reimbursed - Non-Budgeted)				1,118,134	(1,118,134)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				<b>5,430,130</b>	<b>(5,430,130)</b>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	\$ 7,190,640		\$ 7,190,640	\$ 11,716,606	\$ (4,525,966)
TOTAL UNDISTRIBUTED EXPENDITURES	23,535,277	\$ 16,379	23,551,656	26,299,600	(2,747,944)
TOTAL GENERAL CURRENT EXPENSE	40,477,934	27,950	40,505,884	42,787,599	(2,281,715)
CAPITAL OUTLAY:					
Equipment:					
Undistributed:					
Required Maint for School Facilities	110,000		110,000	90,543	19,457
Total Equipment	110,000		110,000	90,543	19,457
Facilities Acquisition and Construction Services:					
Construction Services	102,998	981,378	1,084,376	1,029,755	54,621
Supplies and Materials	40,000	225,000	265,000	167,415	97,585
Other Objects - Assessment for Debt Service on SDA Funding	83,370		83,370	83,370	
Total Facilities Acquisition and Construction Services	226,368	1,206,378	1,432,746	1,280,540	152,206
Assets Acquired Under Capital Leases (Non-Budgeted):					
Regular Programs - Equipment				421,202	(421,202)
Total Assets Acquired Under Capital Leases (Non-Budgeted)				421,202	(421,202)
TOTAL CAPITAL OUTLAY	336,368	1,206,378	1,542,746	1,792,285	(249,539)
TOTAL EXPENDITURES	40,814,302	1,234,328	42,048,630	44,579,884	(2,531,254)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(1,474,526)	(1,234,328)	(2,708,854)	623,133	3,331,987

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources:					
Capital Leases (Non-budgeted)				\$ 421,202	\$ 421,202
Total Other Financing Sources				421,202	421,202
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ (1,474,526)	\$ (1,234,328)	\$ (2,708,854)	1,044,335	3,753,189
Fund Balance, July 1	11,886,056		11,886,056	11,886,056	
Fund Balance, June 30	\$ 10,411,530	\$ (1,234,328)	\$ 9,177,202	\$ 12,930,391	\$ 3,753,189
Recapitulation:					
Restricted Fund Balance:				\$ 9,124,843	
Capital Reserve				551,453	
Maintenance Reserve				500,000	
Excess Surplus - Restricted for 2021-2022				500,000	
Excess Surplus - Restricted for 2020-2021				500,000	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				271,532	
Designated for Subsequent Year's Expenditures July 1, 2020 - August 1, 2020				164,960	
Year End Encumbrances				586,504	
Unassigned Fund Balance				1,231,099	
				12,930,391	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				(145,471)	
Fund Balance per Governmental Funds (GAAP)				\$ 12,784,920	

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources	\$ 263,000	\$ 16,195	\$ 16,195	\$ 13,645	\$ (2,550)
Federal Sources		142,737	405,737	375,021	(30,716)
<b>Total Revenues</b>	<b>263,000</b>	<b>158,932</b>	<b>421,932</b>	<b>388,666</b>	<b>(33,266)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	21,000	35,102	56,102	29,238	26,864
Tuition	230,000	78,676	308,676	308,676	
General Supplies		29,495	29,495	26,843	2,652
<b>Total Instruction</b>	<b>251,000</b>	<b>143,273</b>	<b>394,273</b>	<b>364,757</b>	<b>29,516</b>
Support Services:					
Salaries of Supervisors of Instruction		4,148	4,148	4,148	
Personal Services - Employee Benefits		4,292	4,292	4,292	
Other Purchased Services	12,000	7,219	19,219	15,469	3,750
<b>Total Support Services</b>	<b>12,000</b>	<b>15,659</b>	<b>27,659</b>	<b>23,909</b>	<b>3,750</b>
<b>Total Expenditures</b>	<b>\$ 263,000</b>	<b>\$ 158,932</b>	<b>\$ 421,932</b>	<b>\$ 388,666</b>	<b>\$ 33,266</b>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 45,203,017	\$ 388,666
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis does not:		
Current Year Encumbrances		(2,035)
Prior Year Encumbrances		3,447
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	122,365	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(145,471)	
	<u>\$ 45,179,911</u>	<u>\$ 390,078</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds		
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 44,579,884	\$ 388,666
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Current Year Encumbrances		(2,035)
Prior Year Encumbrances		3,447
	<u>\$ 44,579,884</u>	<u>\$ 390,078</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		

WEST ESSEX REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2020 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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 generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The general fund budgetary revenue differs from the GAAP revenue due to a difference in the recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND



WEST ESSEX REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Elementary and Secondary Education Act Title I	Title IIA	IDEA Part B Basic	Local Grants	Totals
<b>REVENUE:</b>					
Local Sources				\$ 13,645	\$ 13,645
Federal Sources	\$ 50,376	\$ 15,969	\$ 308,676		\$ 375,021
<b>Total Revenue</b>	<b>50,376</b>	<b>15,969</b>	<b>308,676</b>	<b>13,645</b>	<b>388,666</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	29,238				29,238
Tuition			308,676		308,676
General Supplies	13,198			13,645	26,843
<b>Total Instruction</b>	<b>42,436</b>		<b>308,676</b>	<b>13,645</b>	<b>364,757</b>
Support Services:					
Salaries of Supervisors of Instruction	3,648	500			4,148
Personal Services - Employee Benefits	4,292				4,292
Other Purchased Services		15,469			15,469
<b>Total Support Services</b>	<b>7,940</b>	<b>15,969</b>			<b>23,909</b>
<b>Total Expenditures</b>	<b>50,376</b>	<b>15,969</b>	<b>308,676</b>	<b>13,645</b>	<b>388,666</b>

CAPITAL PROJECTS FUND  
NOT APPLICABLE

PROPRIETARY FUNDS

WEST ESSEX REGIONAL SCHOOL DISTRICT  
ENTERPRISE FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2020

	Business-Type Activities
	Enterprise Fund Food Service
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 195,723
Other Accounts Receivable	13,921
Inventories	29,947
	29,947
Total Current Assets	239,591
Non-Current Assets:	
Capital Assets	303,202
Less: Accumulated Depreciation	(185,643)
	(185,643)
Total Non-Current Assets	117,559
Total Assets	357,150
<u>LIABILITIES:</u>	
Current Liabilities:	
Unearned Revenue	43,714
	43,714
Total Current Liabilities	43,714
<u>NET POSITION:</u>	
Investment in Capital Assets	117,559
Unrestricted	195,877
	195,877
Total Net Position	\$ 313,436

WEST ESSEX REGIONAL SCHOOL DISTRICT  
ENTERPRISE FUNDS  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Busines-Type Activities
	Enterprise Fund Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Program	\$ 698,574
Special Events	12,777
Miscellaneous Revenue	15,614
Total Operating Revenue	726,965
Operating Expenses:	
Cost of Sales - Non-Reimbursable Program	266,979
Salaries, Benefits & Payroll Taxes	265,634
Other Purchased Services	40,671
Supplies, Insurance and Other Costs	47,985
Management Fee	62,100
Miscellaneous Expense	19,045
Depreciation Expense	9,665
Total Operating Expenses	712,079
Operating Income/Change in Net Position	14,886
Net Position - Beginning of Year	298,550
Net Position - End of Year	\$ 313,436

WEST ESSEX REGIONAL SCHOOL DISTRICT  
ENTERPRISE FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Business-Type Activities</u> <u>Enterprise Fund</u> <u>Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 754,643
Payments to Food Service Vendor	(706,555)
Payments to Suppliers	(39,195)
	8,893
Net Cash Provided by Operating Activities	8,893
Cash Flows from Capital and Related Financing Activities:	
Purchases of Capital Assets	(21,977)
	(21,977)
Net Cash Used for Capital and Related Financing Activities	(21,977)
Net Decrease in Cash and Cash Equivalents	(13,084)
Cash and Cash Equivalents, July 1	208,807
Cash and Cash Equivalents, June 30	\$ 195,723
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 14,886
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	9,665
Changes in Assets and Liabilities:	
Increase in Unearned Revenue	27,678
(Decrease) in Accounts Payable	(10,662)
(Increase) in Other Accounts Receivable	(13,921)
(Increase) in Inventory	(18,753)
	(45,658)
Net Cash Provided by Operating Activities	\$ 8,893

FIDUCIARY FUNDS

WEST ESSEX REGIONAL SCHOOL DISTRICT  
AGENCY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2020

	Agency		Total Agency	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Flexible Spending Trust
ASSETS:	Student Activity	Payroll	Agency	Trust	Trust	Trust
Cash and Cash Equivalents	\$ 435,454	\$ 35,174	\$ 470,628	\$ 360,814	\$ 93,695	\$ 32,660
Total Assets	435,454	35,174	470,628	360,814	93,695	32,660
 <u>LIABILITIES:</u>						
Payroll Deductions and Withholdings Due to Student Groups	435,454	23,415	23,415			
Interfund Payable - General Fund		11,759	11,759			
Total Liabilities	435,454	35,174	470,628			
 <u>NET POSITION:</u>						
Restricted For:						
Unemployment Claims				360,814		
Scholarships					93,695	
Flexible Spending Claims						32,660
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ 360,814	\$ 93,695	\$ 32,660
	\$ -0-	\$ -0-	\$ -0-	\$ 360,814	\$ 93,695	\$ 32,660



WEST ESSEX REGIONAL SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Flexible Spending Trust</u>
<b>ADDITIONS:</b>			
Contributions:			
Employee	\$ 43,503		\$ 62,227
Employer	40,630		
Private Donations		\$ 17,901	
Total Contributions	<u>84,133</u>	<u>17,901</u>	<u>62,227</u>
Investment Earnings:			
Interest	664	206	
Net Investment Earnings	<u>664</u>	<u>206</u>	
Total Additions	<u>84,797</u>	<u>18,107</u>	<u>62,227</u>
<b>DEDUCTIONS:</b>			
Unemployment Compensation Claims	45,497		
Flexible Spending Claims			44,262
Scholarships Awarded		36,750	
Total Deductions	<u>45,497</u>	<u>36,750</u>	<u>44,262</u>
Change in Net Position	39,300	(18,643)	17,965
Net Position - Beginning of the Year	<u>321,514</u>	<u>112,338</u>	<u>14,695</u>
Net Position - End of the Year	<u>\$ 360,814</u>	<u>\$ 93,695</u>	<u>\$ 32,660</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 381,739	\$ 509,356	\$ 455,641	\$ 435,454
Total Assets	<u>\$ 381,739</u>	<u>\$ 509,356</u>	<u>\$ 455,641</u>	<u>\$ 435,454</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 381,739	\$ 509,356	\$ 455,641	\$ 435,454
Total Liabilities	<u>\$ 381,739</u>	<u>\$ 509,356</u>	<u>\$ 455,641</u>	<u>\$ 435,454</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 424,149	\$ 23,969,112	\$ 24,358,087	\$ 35,174
Total Assets	<u>\$ 424,149</u>	<u>\$ 23,969,112</u>	<u>\$ 24,358,087</u>	<u>\$ 35,174</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 6,482	\$ 23,969,112	\$ 23,952,179	\$ 23,415
Interfund Payable - General Fund	<u>417,667</u>	<u></u>	<u>405,908</u>	<u>11,759</u>
Total Liabilities	<u>\$ 424,149</u>	<u>\$ 23,969,112</u>	<u>\$ 24,358,087</u>	<u>\$ 35,174</u>

LONG-TERM DEBT

WEST ESSEX REGIONAL SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance July 1, 2019	Matured	Balance June 30, 2020
			Date	June 30, 2020	Amount				
Serial Bonds	8/15/2009	\$ 6,537,000				\$ 325,000	\$ 325,000		
Refunding Bonds 2011	7/14/2011	14,470,000	11/1/2020	\$ 1,420,000					
			11/1/2021	1,465,000	5.000%				
			11/1/2022	1,490,000	5.000%	5,790,000	1,415,000	\$ 4,375,000	
Refunding Bonds 2016	7/13/2016	3,965,000	8/15/2021	345,000	3.000%				
			8/15/2022	360,000	3.000%				
			8/15/2023	375,000	4.000%				
			8/15/2024	390,000	4.000%				
			8/15/2025	400,000	4.000%				
			8/15/2026	415,000	4.000%				
			8/15/2027	430,000	4.000%				
			8/15/2028	425,000	3.250%				
			8/15/2029	420,000	3.250%	3,895,000		3,895,000	
						\$ 10,010,000	\$ 1,740,000	\$ 8,270,000	

WEST ESSEX REGIONAL SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance June 30, 2019</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance June 30, 2020</u>
Apple Computer Equipment	4.050%	\$ 30,997	\$ 10,327		\$ 10,327	
Chromebooks	7.424%	86,550	28,975		28,975	
Chromebooks	6.730%	190,080	123,110		59,490	\$ 63,620
Dell Teacher Laptops	6.920%	141,338		\$ 141,338	49,874	91,464
HP G6 Chromebooks (GR 11-12)	6.920%	186,576		186,576	65,837	120,739
HP G6 Chromebooks (GR 7-9)	7.670%	93,288		93,288	33,119	60,169
			<u>\$ 162,412</u>	<u>\$ 421,202</u>	<u>\$ 247,622</u>	<u>\$ 335,992</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 2,000,300		\$ 2,000,300	\$ 2,000,300	
Total Revenues	2,000,300		2,000,300	2,000,300	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	376,900		376,900	376,900	
Redemption of Principal	1,740,000		1,740,000	1,740,000	
Total Regular Debt Service	2,116,900		2,116,900	2,116,900	
Total Expenditures	2,116,900		2,116,900	2,116,900	
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(116,600)		(116,600)	(116,600)	
Fund Balance, July 1	234,753		234,753	234,753	
Fund Balance, June 30	\$ 118,153	\$ -0-	\$ 118,153	\$ 118,153	\$ -0-
<b>Recapitulation:</b>					
Restricted - Designated for Subsequent Year's Expenditures			\$ 118,153	\$ 118,153	

## STATISTICAL SECTION

(UNAUDITED)

This part of the 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 District's overall financial health.

### Contents

	<u>Exhibit</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	J-1 thru J-5
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	J-6 thru J-9
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 thru J-13
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
<b>Operating Information</b> These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	J-16 thru J-20

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



WEST ESSEX REGIONAL SCHOOL DISTRICT  
NET POSITION BY COMPONENT,  
LAST TEN FISCAL YEARS  
ACCURAL BASIS OF ACCOUNTING  
UNAUDITED

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019*	2020
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 24,390,753	\$ 25,317,984	\$ 26,350,801	\$ 27,209,038	\$ 31,043,671	\$ 32,250,682	\$ 33,277,705	\$ 33,668,032	\$ 32,982,781	\$ 33,826,568
Restricted	668,730	2,847,261	3,667,260	4,812,739	4,195,942	5,717,488	7,652,587	9,252,912	9,949,046	10,794,449
Unrestricted/(Deficit)	788,347	288,133	662,926	(7,101,230)	(7,743,176)	(8,159,741)	(9,300,854)	(9,521,143)	(8,990,483)	(8,880,586)
Total Governmental Activities Net Position	\$ 25,847,830	\$ 28,453,378	\$ 30,680,987	\$ 24,920,547	\$ 27,496,437	\$ 29,808,429	\$ 31,629,438	\$ 33,399,801	\$ 33,941,344	\$ 35,740,431
<b>Business-type Activities</b>										
Investment in Capital Assets	\$ 42,605	\$ 33,447	\$ 24,289	\$ 12,596	\$ 57,527	\$ 50,810	\$ 104,833	\$ 95,168	\$ 105,247	\$ 117,559
Unrestricted	169,167	166,668	168,342	100,098	49,963	80,957	62,839	133,117	193,303	195,877
Total Business-type Activities Net Position	\$ 211,772	\$ 200,115	\$ 192,631	\$ 112,694	\$ 107,490	\$ 131,767	\$ 167,672	\$ 228,285	\$ 298,550	\$ 313,436
<b>District-wide</b>										
Net Investment in Capital Assets	\$ 24,433,358	\$ 25,351,431	\$ 26,375,090	\$ 27,221,634	\$ 31,101,198	\$ 32,301,492	\$ 33,382,538	\$ 33,763,200	\$ 33,088,028	\$ 33,944,127
Restricted	668,730	2,847,261	3,667,260	4,812,739	4,195,942	5,717,488	7,652,587	9,252,912	9,949,046	10,794,449
Unrestricted/(Deficit)	957,514	454,801	831,268	(7,001,132)	(7,693,213)	(8,078,784)	(9,238,015)	(9,388,026)	(8,797,180)	(8,684,709)
Total District Net Position	\$ 26,059,602	\$ 28,653,493	\$ 30,873,618	\$ 25,033,241	\$ 27,603,927	\$ 29,940,196	\$ 31,797,110	\$ 33,628,086	\$ 34,239,894	\$ 36,053,867

\* Restated

Source: School District Financial Reports

WEST ESSEX REGIONAL SCHOOL DISTRICT  
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS  
ACCURAL BASIS OF ACCOUNTING  
UNAUDITED

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses:</b>										
<b>Governmental Activities:</b>										
<b>Instruction:</b>										
Regular	\$ 13,639,725	\$ 14,254,374	\$ 15,319,829	\$ 15,059,639	\$ 15,756,950	\$ 17,669,411	\$ 20,146,613	\$ 20,654,120	\$ 21,450,110	\$ 21,415,691
Special Education	4,614,351	5,291,950	5,376,409	5,244,537	3,777,063	3,965,786	4,465,866	4,416,798	4,317,588	4,341,675
Other Special Education	33,961	58,892	48,195	130,856						64,521
School Sponsored Activities And Athletics	1,649,919	1,667,883	1,640,057	1,600,776	1,834,509	1,969,352	2,274,214	2,303,664	2,300,105	2,369,919
<b>Support Services:</b>										
Tuition					2,520,512	2,460,215	2,640,421	2,527,262	2,845,271	2,603,303
Student & Instruction Related Services	3,852,337	3,848,598	4,090,642	3,954,056	4,321,389	4,655,957	5,144,395	5,332,282	4,751,865	5,189,166
General Administrative Services	913,994	952,905	945,428	773,663	865,242	837,366	835,943	841,692	1,047,544	946,614
School Administrative Services	1,608,671	1,964,673	2,169,472	2,260,028	2,455,661	2,593,985	3,016,987	3,008,672	2,782,247	3,022,205
Central and Other Support Services	549,639	584,917	552,372	566,228	649,021	696,651	678,504	734,230	734,179	772,093
Administrative Information Technology					189,067	207,484	225,852	221,011	259,571	221,364
Plant Operations and Maintenance	3,592,306	3,598,805	3,655,757	3,979,360	4,022,505	4,378,673	4,687,057	4,903,628	4,816,405	5,579,009
Pupil Transportation	1,772,268	1,823,129	1,839,796	1,792,279	2,140,161	1,807,491	1,979,890	2,044,430	2,538,588	2,051,855
Transfer of Funds to Charter School					35,284					
Interest on Long-term Debt	1,010,252	665,601	761,455	691,812	663,512	597,552	616,401	465,758	390,027	312,346
Capital Outlay									83,370	83,370
Unallocated Depreciation					1,588,396	1,600,560	1,609,620	1,840,936	1,521,971	
<b>Total Governmental Activities Expenses</b>	<b>33,237,423</b>	<b>34,711,727</b>	<b>36,399,412</b>	<b>36,053,234</b>	<b>40,819,272</b>	<b>43,440,483</b>	<b>48,321,763</b>	<b>49,294,483</b>	<b>49,838,841</b>	<b>48,973,131</b>
<b>Business-type Activities:</b>										
Food Service	683,937	695,121	750,776	794,468	765,978	816,748	829,098	914,170	981,349	712,079
<b>Total Business-type Activities Expense</b>	<b>683,937</b>	<b>695,121</b>	<b>750,776</b>	<b>794,468</b>	<b>765,978</b>	<b>816,748</b>	<b>829,098</b>	<b>914,170</b>	<b>981,349</b>	<b>712,079</b>
<b>Total District Expenses</b>	<b>\$ 33,921,360</b>	<b>\$ 35,406,848</b>	<b>\$ 37,150,188</b>	<b>\$ 36,847,702</b>	<b>\$ 41,585,250</b>	<b>\$ 44,257,231</b>	<b>\$ 49,150,861</b>	<b>\$ 50,208,653</b>	<b>\$ 50,820,190</b>	<b>\$ 49,685,210</b>
<b>Program Revenues:</b>										
<b>Governmental Activities:</b>										
<b>Charges for Services:</b>										
Instruction (Tuition)	\$ 145,971	\$ 168,593	\$ 77,076	\$ 102,010	\$ 52,289	\$ 79,974	\$ 219,426	\$ 201,745	\$ 205,107	\$ 149,964
Operating Grants and Contributions	3,135,488	3,903,058	4,782,073	4,329,234	8,139,878	9,525,846	12,703,372	13,027,463	11,126,288	10,979,365
Capital Grants and Contributions	3,262,003	19,205			72,520		360,204			
<b>Total Governmental Activities Program Revenues</b>	<b>6,543,462</b>	<b>4,090,856</b>	<b>4,859,149</b>	<b>4,431,244</b>	<b>8,264,687</b>	<b>9,605,820</b>	<b>13,283,002</b>	<b>13,229,208</b>	<b>11,331,395</b>	<b>11,129,329</b>
<b>Business-type Activities:</b>										
<b>Charges for Services:</b>										
Food Service	635,113	726,069	743,292	727,484	760,774	841,025	865,003	974,783	1,031,870	726,965
<b>Total Business-type Activities Program Revenues</b>	<b>635,113</b>	<b>726,069</b>	<b>743,292</b>	<b>727,484</b>	<b>760,774</b>	<b>841,025</b>	<b>865,003</b>	<b>974,783</b>	<b>1,031,870</b>	<b>726,965</b>
<b>Total District Program Revenues</b>	<b>\$ 7,178,575</b>	<b>\$ 4,816,925</b>	<b>\$ 5,602,441</b>	<b>\$ 5,158,728</b>	<b>\$ 9,025,461</b>	<b>\$ 10,446,845</b>	<b>\$ 14,148,005</b>	<b>\$ 14,203,991</b>	<b>\$ 12,363,265</b>	<b>\$ 11,856,294</b>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS  
ACCURAL BASIS OF ACCOUNTING

UNAUDITED  
(Continued)

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (Expense)/Revenue:										
Governmental Activities	\$ (26,693,961)	\$ (30,620,871)	\$ (31,540,263)	\$ (31,621,990)	\$ (32,554,585)	\$ (33,834,663)	\$ (35,038,761)	\$ (36,065,275)	\$ (38,507,446)	\$ (37,843,802)
Business-type Activities	(48,824)	30,948	(7,484)	(66,984)	(5,204)	24,277	35,905	60,613	50,521	14,886
Total District-wide Net Expense	\$ (26,742,785)	\$ (30,589,923)	\$ (31,547,747)	\$ (31,688,974)	\$ (32,559,789)	\$ (33,810,386)	\$ (35,002,856)	\$ (36,004,662)	\$ (38,456,925)	\$ (37,828,916)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 30,787,000	\$ 30,284,468	\$ 30,890,157	\$ 31,507,960	\$ 32,390,184	\$ 33,383,315	\$ 34,244,997	\$ 35,227,991	\$ 36,277,785	\$ 37,349,282
Property Taxes Levied for Debt Service	1,090,680	2,546,355	2,507,679	2,407,198	2,425,105	2,369,280	2,190,149	2,122,470	2,059,950	2,000,300
State Aid - Unrestricted					56,617	58,853	78,957	80,560	34,218	29,465
Investment Earnings	359,117	395,596	370,036	345,949	13,506	11,594	17,319	20,174	24,369	25,388
Miscellaneous Income					245,063	323,613	328,348	384,443	652,667	238,454
Total Governmental Activities	32,236,797	33,226,419	33,767,872	34,261,107	35,130,475	36,146,655	36,859,770	37,835,638	39,048,989	39,642,889
Business-type Activities:										
Purchase of Capital Assets									19,744	
Total Business-type Activities	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	19,744	-0-
Total District-wide	\$ 32,236,797	\$ 33,226,419	\$ 33,767,872	\$ 34,261,107	\$ 35,130,475	\$ 36,146,655	\$ 36,859,770	\$ 37,835,638	\$ 39,068,733	\$ 39,642,889
Change in Net Position										
Governmental Activities	\$ 5,542,836	\$ 2,605,548	\$ 2,227,609	\$ 2,639,117	\$ 2,575,890	\$ 2,311,992	\$ 1,821,009	\$ 1,770,363	\$ 541,543	\$ 1,799,087
Business-type Activities	(48,824)	30,948	(7,484)	(66,984)	(5,204)	24,277	35,905	60,613	70,265	14,886
Total District	\$ 5,494,012	\$ 2,636,496	\$ 2,220,125	\$ 2,572,133	\$ 2,570,686	\$ 2,336,269	\$ 1,856,914	\$ 1,830,976	\$ 611,808	\$ 1,813,973

Source: School District Financial Reports

WEST ESSEX REGIONAL SCHOOL DISTRICT  
 FUND BALANCES, GOVERNMENTAL FUNDS,  
 LAST TEN FISCAL YEARS  
 MODIFIED ACCRUAL BASIS OF ACCOUNTING  
UNAUDITED

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Restricted	\$ 668,729	\$ 2,768,729	\$ 3,588,729	\$ 3,777,933	\$ 3,281,916	\$ 4,803,462	\$ 6,493,718	\$ 8,387,826	\$ 9,714,293	\$ 10,676,296
Committed	98,123		161,670	490,602						
Assigned	716,497	385,557	531,760	1,117,233	841,259	623,715	524,864	485,699	768,452	1,022,996
Unassigned	700,917	619,125	621,000	626,842	1,152,698	1,099,343	1,159,735	1,113,742	1,280,946	1,085,628
Total General Fund	\$ 2,184,266	\$ 3,773,411	\$ 4,903,159	\$ 6,012,610	\$ 5,275,873	\$ 6,526,520	\$ 8,178,317	\$ 9,987,267	\$ 11,763,691	\$ 12,784,920
All Other Governmental Funds										
Restricted	\$ 1,041,648	\$ 1,112,216	\$ 914,026	\$ 1,034,806	\$ 914,026	\$ 914,026	\$ 1,158,869	\$ 865,086	\$ 234,753	\$ 118,153
Total All Other Governmental Funds	\$ 1,041,648	\$ 1,112,216	\$ 914,026	\$ 1,034,806	\$ 914,026	\$ 914,026	\$ 1,158,869	\$ 865,086	\$ 234,753	\$ 118,153
Total Governmental Funds	\$ 3,225,914	\$ 4,885,627	\$ 5,817,185	\$ 7,047,416	\$ 6,189,899	\$ 7,440,546	\$ 9,337,186	\$ 10,852,353	\$ 11,998,444	\$ 12,903,073

Source: School District Financial Reports

WEST ESSEX REGIONAL SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
MODIFIED ACCRUAL BASIS OF ACCOUNTING  
UNAUDITED

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Property Tax Levy	\$ 31,877,680	\$ 32,830,823	\$ 33,397,836	\$ 33,915,158	\$ 34,815,289	\$ 35,752,595	\$ 36,435,146	\$ 37,350,461	\$ 38,337,735	\$ 39,349,582
Tuition	145,971	168,593	77,076	102,010	52,289	79,974	219,426	201,745	205,107	149,964
Interest Earnings										14,390
Transportation Fees from LEAs										16,517
Miscellaneous	359,117	427,395	400,230	370,871	278,405	356,350	351,099	411,490	721,167	246,580
State Sources	5,961,262	3,456,344	4,429,723	3,950,324	4,930,968	5,084,650	5,771,071	6,220,558	7,272,916	7,416,823
Federal Sources	436,229	434,120	322,156	353,988	376,133	376,085	370,364	376,564	383,797	376,433
<b>Total Revenue</b>	<b>38,780,259</b>	<b>37,317,275</b>	<b>38,627,021</b>	<b>38,692,351</b>	<b>40,433,084</b>	<b>41,649,654</b>	<b>43,147,106</b>	<b>44,560,818</b>	<b>46,920,722</b>	<b>47,570,289</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	13,099,598	13,537,087	14,632,909	14,329,700	11,111,898	11,135,574	11,470,601	11,945,521	12,390,972	12,678,213
Special Education Instruction	4,505,230	5,129,066	5,220,165	5,089,627	2,574,809	2,528,909	2,608,106	2,557,351	2,711,445	2,620,935
Other Instruction	34,033	58,888	48,264	127,465						
School Sponsored Activities and Athletics	1,600,028	1,600,030	1,574,858	1,537,986	1,340,691	1,363,207	1,484,989	1,504,722	1,592,645	1,553,608
<b>Support Services:</b>										
Tuition										
Student & Instruction Related Services	3,713,399	3,672,145	3,921,624	3,769,634	2,520,512	2,460,215	2,640,421	2,527,262	2,845,271	2,603,303
General Administrative Services	861,798	757,690	900,256	751,062	671,493	605,176	546,201	648,836	700,578	687,550
School Administrative Services	1,549,120	1,869,652	2,078,786	2,152,073	1,633,517	1,600,486	1,704,659	1,671,874	1,701,544	1,745,416
Central and Other Support Services	529,614	557,774	526,331	540,137	445,456	442,350	404,043	443,770	455,471	446,886
Administrative Information Technology					122,000	125,050	123,385	118,450	177,023	131,181
Plant Operations and Maintenance	3,515,583	3,493,524	3,554,853	3,839,438	3,126,978	3,264,591	3,234,854	3,429,615	3,546,859	3,864,382
Pupil Transportation	1,768,021	1,816,080	1,832,747	1,781,428	2,128,409	1,797,862	1,970,178	2,032,610	2,526,767	1,898,861
Unallocated Benefits					7,665,652	8,647,379	9,028,590	10,062,016	10,919,028	11,716,606
Transfer of Funds to Charter School					35,284					
Capital Outlay	4,740,163	697,802	818,459	1,136,371	3,286,537	1,043,350	684,834	1,043,670	979,438	1,792,285
Debt Service:										
Principal	2,443,129	1,720,000	1,665,000	1,705,000	1,710,000	1,720,000	1,790,000	1,725,000	1,725,000	1,740,000
Interest and Other Charges	1,161,859	1,791,216	842,680	780,730	715,105	649,280	515,510	514,069	451,550	376,900
<b>Total Expenditures</b>	<b>39,521,575</b>	<b>36,700,954</b>	<b>37,616,932</b>	<b>37,540,651</b>	<b>42,090,601</b>	<b>40,399,007</b>	<b>41,250,466</b>	<b>43,353,278</b>	<b>45,774,631</b>	<b>47,086,862</b>
<b>Excess/(Deficit) of Revenues Over/(Under) Expenditures</b>	<b>(741,316)</b>	<b>616,321</b>	<b>1,010,089</b>	<b>1,151,700</b>	<b>(1,637,517)</b>	<b>1,250,647</b>	<b>1,896,640</b>	<b>1,207,540</b>	<b>1,146,091</b>	<b>483,427</b>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
MODIFIED ACCRUAL BASIS OF ACCOUNTING  
UNAUDITED  
(Continued)

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Other Financing Sources/(Uses)										
Proceeds from Leases	\$ 161,453						\$ 3,965,000			
Proceeds from Refunding Bonds		\$ 14,470,000					555,685			
Premium on Bonds		1,458,392					(4,002,000)			
Payment to Refunded Bonds Escrow Agent		(14,885,000)					(94,708)			
Costs of Refunding Bond Issue							(423,977)			
Deferred Amount on Refunding										
Transfers In	1,138,728			\$ 120,780	\$ 926,026					
Transfers Out	(1,138,728)			(120,780)	(926,026)					
Capital Leases (Non-budgeted)					780,000			\$ 307,627		\$ 421,202
Total Other Financing Sources/(Uses)	161,453	1,043,392			780,000			307,627		421,202
Net Change in Fund Balances	\$ (579,863)	\$ 1,659,713	\$ 1,010,089	\$ 1,151,700	\$ (857,517)	\$ 1,250,647	\$ 1,896,640	\$ 1,515,167	\$ 1,146,091	\$ 904,629
Debt Service as a Percentage of Noncapital Expenditures	10.36%	9.75%	6.81%	6.83%	6.29%	6.01%	5.67%	5.28%	4.86%	4.67%

Source: School District Financial Reports

WEST ESSEX REGIONAL SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE

LAST TEN FISCAL YEARS  
MODIFIED ACCRUAL BASIS OF ACCOUNTING  
UNAUDITED

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Tuition	\$ 145,971	\$ 168,593	\$ 77,076	\$ 102,010	\$ 1,755	\$ 79,974	\$ 219,426	\$ 201,745	\$ 205,107	\$ 149,964
Rentals/Facility Use	52,091	58,431	67,601	95,195	75,155	54,755	77,615	93,721	99,071	22,776
Interest	6,449	6,765	9,770	12,174	13,506	11,594	17,319	20,174	24,369	25,389
Athletic Game Receipts	15,414	9,185	19,195	28,075	24,035	15,638	14,571	18,856	25,029	29,833
Prior Year Refunds and Reimbursements	40,295	65,654		12,181	7,990	44,128	9,524		155,158	1,610
Transportation Fess from LEAs										16,517
Energy Rebate	82,060	36,161	58,636	31,772						
E-Rate Reimbursement	3,726	35,984	23,158	15,332	21,390	10,499			16,123	
Workers Compensation Refund		91,520	49,438			47,585				
Vending Machines					170					
Student Activity Fees	94,341	91,896	104,585	107,132	105,000	100,635	114,150	95,833	125,428	100,275
Miscellaneous	64,741		37,653	44,087	61,857	50,373	112,488	176,033	231,858	67,442
<b>Total Miscellaneous</b>	<b>\$ 505,088</b>	<b>\$ 564,189</b>	<b>\$ 447,112</b>	<b>\$ 447,958</b>	<b>\$ 310,858</b>	<b>\$ 415,181</b>	<b>\$ 565,093</b>	<b>\$ 606,362</b>	<b>\$ 882,143</b>	<b>\$ 413,806</b>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,  
LAST TEN YEARS  
UNAUDITED

**ESSEX FELLS BOROUGH**

Year Ended December 31,	Vacant Land		Farm		Residential	Farm			Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
	Land	Value	Regular	Qualified		Qualified	Apartment	Value								
2010	\$ 6,463,200	\$ 735,974,800						\$ 25,143,800				\$ 767,581,800	\$ 336,248	\$ 767,918,048	0.37	\$ 829,476,548
2011	6,463,200	736,848,900						25,143,800				768,455,900	327,163	768,783,063	0.37	806,128,748
2012	6,463,200	736,201,200						25,143,800				767,808,200	293,033	763,237,133	0.39	757,461,483
2013	6,463,200	734,459,400						20,279,700				761,202,300	288,400	761,490,700	0.43	745,211,103
2014	6,463,200	728,166,000						19,793,000				754,422,200	221,600	754,643,800	0.45	732,622,134
2015	7,175,100	725,853,900						19,793,000				752,822,000	221,600	753,043,600	0.46	753,878,979
2016	6,455,100	725,508,700						19,793,000				751,756,800	202,000	751,958,800	0.43	764,401,837
2017	6,636,500	800,905,200						19,496,000				827,037,700	203,486	827,241,186	0.42	768,555,249
2018	6,351,800	796,248,600						19,073,100				821,673,500	248,500	821,922,000	0.43	810,710,510
2019	6,945,800	791,430,900						19,073,100				817,715,300	265,500	817,715,300	0.40	796,292,180

**FAIRFIELD TOWNSHIP**

Year Ended December 31,	Vacant Land		Farm		Residential	Farm			Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
	Land	Value	Regular	Qualified		Qualified	Apartment	Value								
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	0.44	\$ 3,125,008,280
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	0.47	3,004,475,056
2012	40,010,500	1,105,701,000	424,200	33,300				692,955,600	823,057,500	15,000,000		2,677,182,100	10,025,440	2,687,207,540	0.53	2,962,755,685
2013	38,877,100	1,108,782,600	424,200	33,300				665,905,200	817,502,000	15,000,000		2,646,524,400	7,898,040	2,654,422,440	0.53	2,783,791,725
2014	38,420,800	1,111,492,100	424,200	33,300				653,979,100	802,744,600	15,000,000		2,622,094,100	7,402,303	2,629,496,403	0.54	2,591,005,944
2015	35,959,100	1,119,311,600	424,200	33,300				650,828,300	791,236,800	15,000,000		2,612,793,300	7,466,353	2,620,259,653	0.55	2,648,934,593
2016	36,133,900	1,123,687,800	452,200	27,600				627,499,880	779,629,900	15,000,000		2,582,431,280	6,669,400	2,589,100,680	0.62	3,041,679,929
2017	34,274,500	1,130,908,200	452,200	27,600				612,516,480	775,968,500	15,000,000		2,569,147,480	7,003,818	2,576,151,298	0.61	2,915,051,007
2018	36,442,200	1,139,996,200	452,200	27,600				610,677,980	773,692,800	15,000,000		2,576,288,980	7,336,353	2,583,625,333	0.62	2,887,300,037
2019	34,096,900	1,151,402,600	452,200	27,600				620,482,280	771,772,400	22,995,600		2,601,229,580	6,875,879	2,608,105,459	0.67	3,183,326,152



WEST ESSEX REGIONAL SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,  
LAST TEN YEARS  
UNAUDITED

NORTH CALDWELL BOROUGH

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
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	\$ 0.45	\$ 1,767,502,544
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	0.48	1,705,642,135
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	0.48	1,629,143,891
2013	32,703,600	1,479,925,700	424,000	4,000	23,679,100	2,697,500		1,539,433,900	618,900	1,540,052,800	0.50	1,603,705,860
2014	24,013,300	1,511,273,300	228,500	5,700	23,217,700	2,697,500		1,561,436,000	528,800	1,561,964,800	0.50	1,627,465,417
2015	19,041,700	1,535,025,600			24,426,700	2,697,500		1,581,191,500	517,500	1,581,709,000	0.51	1,676,062,829
2016	20,618,600	1,542,944,100			24,707,200	2,500,000	\$ 459,500	1,591,229,400	472,000	1,591,701,400	0.51	1,729,088,755
2017	20,877,800	1,551,406,800			24,931,500	2,500,000		1,599,716,100	468,700	1,600,184,800	0.53	1,762,595,194
2018	26,662,700	1,557,840,400			24,439,500	2,500,000		1,611,442,600	461,900	1,611,904,500	0.57	1,817,249,973
2019	23,117,500	1,568,618,800			24,439,500	2,500,000		1,618,675,800	468,300	1,619,144,100	0.56	1,813,766,467

ROSELAND BOROUGH

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
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	\$ 0.45	\$ 1,980,725,360
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	0.45	1,806,358,981
2012	14,864,900	983,130,652		6,400	579,971,400	85,210,500	53,906,200	1,713,019,652	1,612,156	1,714,631,808	0.52	1,876,699,561
2013	14,671,400	954,190,452		6,400	575,700,600	88,204,600	53,906,200	1,686,679,652	1,807,900	1,688,487,552	0.53	1,790,276,314
2014	14,517,100	951,345,752		6,400	563,386,400	91,276,600	53,906,200	1,674,438,452	1,466,700	1,675,905,152	0.57	1,791,196,093
2015	7,853,100	952,307,000		6,400	572,151,900	91,276,600	61,850,000	1,685,445,000	1,466,700	1,686,911,700	0.58	1,835,333,588
2016	7,729,700	955,023,000		6,400	570,801,300	89,465,800	76,017,700	1,699,043,900	1,559,200	1,700,603,100	0.54	1,818,332,621
2017	6,611,400	958,786,400		6,400	559,903,800	89,465,800	76,017,700	1,690,791,500	1,589,800	1,692,381,300	0.57	1,827,849,898
2018	6,254,700	959,776,900			538,277,200	89,465,800	76,017,700	1,669,792,300	1,634,100	1,671,426,400	0.57	1,757,512,485
2019	5,678,600	962,087,900			538,277,200	89,465,800	76,017,700	1,671,527,200	1,634,100	1,673,161,300	0.57	1,804,412,673

\* - A revaluation was effective in this year.

Source: County Abstract of Ratables

WEST ESSEX REGIONAL SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN YEARS  
UNAUDITED  
(Rate per \$100 of Assessed Value)

**ESSEX FELLS BOROUGH**

Year Ended December 31,	School District of West Essex Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	General Obligation		Total Direct	Borough of Essex Fells	Local School District	Essex County	
	Basic Rate <sup>a</sup>	Debt Service <sup>b</sup>					
2010	\$ 0.35	\$ 0.01	\$ 0.37	\$ 0.39	\$ 0.53	\$ 0.44	\$ 1.72
2011	0.34	0.03	0.37	0.41	0.54	0.46	1.78
2012	0.36	0.03	0.39	0.43	0.55	0.46	1.83
2013	0.40	0.03	0.43	0.44	0.56	0.48	1.91
2014	0.41	0.03	0.45	0.47	0.56	0.51	1.98
2015	0.43	0.03	0.46	0.48	0.56	0.52	2.02
2016	0.40	0.03	0.43	0.49	0.58	0.53	2.03
2017	0.40	0.02	0.42	0.46	0.54	0.48	1.91
2018	0.41	0.02	0.43	0.47	0.57	0.50	1.97
2019	0.38	0.02	0.40	0.49	0.61	0.47	1.96

**FAIRFIELD TOWNSHIP**

Year Ended December 31,	School District of West Essex Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	General Obligation		Total Direct	Township of Fairfield	Local School District	Essex County	
	Basic Rate <sup>a</sup>	Debt Service <sup>b</sup>					
2010	\$ 0.42	\$ 0.01	\$ 0.44	\$ 0.40	\$ 0.31	\$ 0.41	\$ 1.56
2011	0.43	0.04	0.47	0.42	0.32	0.42	1.63
2012	0.49	0.04	0.53	0.50	0.37	0.49	1.89
2013	0.49	0.04	0.53	0.51	0.38	0.51	1.94
2014	0.50	0.04	0.54	0.53	0.40	0.50	1.96
2015	0.52	0.04	0.55	0.50	0.41	0.52	1.98
2016	0.58	0.04	0.62	0.57	0.42	0.59	2.20
2017	0.57	0.03	0.61	0.56	0.44	0.58	2.19
2018	0.59	0.03	0.62	0.56	0.44	0.56	2.19
2019	0.64	0.03	0.67	0.56	0.45	0.59	2.27

WEST ESSEX REGIONAL SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN YEARS  
UNAUDITED  
(Rate per \$100 of Assessed Value)

**NORTH CALDWELL BOROUGH**

Year Ended December 31,	School District of West Essex Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	General Obligation		Total Direct	Borough of North Caldwell	Local School District	Essex County	
	Basic Rate <sup>a</sup>	Debt Service <sup>b</sup>					
2010	\$ 0.43	\$ 0.02	\$ 0.45	\$ 0.34	\$ 0.68	\$ 0.46	\$ 1.93
2011	0.44	0.04	0.48	0.36	0.72	0.47	2.04
2012	0.44	0.04	0.48	0.38	0.76	0.49	2.11
2013	0.46	0.04	0.50	0.38	0.77	0.51	2.17
2014	0.47	0.03	0.50	0.38	0.78	0.55	2.21
2015	0.47	0.03	0.51	0.38	0.78	0.55	2.23
2016	0.48	0.03	0.51	0.38	0.79	0.57	2.25
2017	0.50	0.03	0.53	0.39	0.81	0.57	2.30
2018	0.54	0.03	0.57	0.39	0.83	0.57	2.36
2019	0.53	0.03	0.56	0.40	0.84	0.54	2.34

**ROSELAND BOROUGH**

Year Ended December 31,	School District of West Essex Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	General Obligation		Total Direct	Borough of Roseland	Local School District	Essex County	
	Basic Rate <sup>a</sup>	Debt Service <sup>b</sup>					
2010	\$ 0.43	\$ 0.02	\$ 0.45	\$ 0.56	\$ 0.39	\$ 0.44	\$ 1.83
2011	0.41	0.03	0.45	0.58	0.41	0.43	1.87
2012	0.49	0.04	0.52	0.59	0.42	0.51	2.04
2013	0.49	0.04	0.53	0.60	0.46	0.45	2.04
2014	0.53	0.04	0.57	0.61	0.44	0.54	2.16
2015	0.54	0.04	0.58	0.56	0.46	0.56	2.17
2016	0.51	0.03	0.54	0.62	0.50	0.56	2.22
2017	0.54	0.03	0.57	0.64	0.48	0.56	2.25
2018	0.54	0.03	0.57	0.65	0.52	0.51	2.25
2019	0.54	0.03	0.57	0.65	0.53	0.53	2.27

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

Source: Municipal Tax Collector and School Business Administrator

WEST ESSEX REGIONAL SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS,  
CURRENT YEAR AND NINE YEARS AGO

**ESSEX FELLS BOROUGH**

	2019		
Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
N/A			
	2010		
Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Essex Fells Country Club	\$ 18,456,100	1	2.26%
Individual Taxpayers	37,162,500	2-10	4.56%
Total	<u>\$ 55,618,600</u>		<u>6.82%</u>

N/A - Not applicable

Note: Individual Taxpayers in 2019 and 2010 may be different.

Source: Municipal Tax Assessor

WEST ESSEX REGIONAL SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS,  
CURRENT YEAR AND NINE YEARS AGO

FAIRFIELD TOWNSHIP

Taxpayer	2019		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Breit Industrial Fair Prop, LLC	\$ 43,168,300	1	1.67%
GRE Greenbrook Property, LLC	21,692,000	2	0.84%
Fairfield Hotel Property Owner, LLC	20,400,000	3	0.79%
Kyocera Mita America, Inc	20,000,000	4	0.77%
Marshall Field/Target Corp	18,900,000	5	0.73%
Skyline Properties, LLC	18,052,500	6	0.70%
LMR USA, LLC	18,000,000	7	0.70%
Calandra Development	15,827,000	8	0.61%
Fairfield Executive Inn	14,900,000	9	0.58%
LMAN LNT, LLC	14,191,200	10	0.55%
Total	<u>\$ 205,131,000</u>		<u>7.94%</u>

Taxpayer	2010		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
AMB-AMS	\$ 72,233,000	1	4.60%
Rt. 46 Associates	52,916,600	2	3.37%
Transwestern Greenbrook	43,665,000	3	2.78%
CRG 300 LLC	36,981,900	4	2.35%
Kyocera Mita America	32,644,400	5	2.08%
AMB Partners II LP	32,413,300	6	2.06%
True North Fairfield Property, LLC	26,858,300	7	1.71%
RRAMC	23,369,200	8	1.49%
AMCHU Associates	23,240,300	9	1.48%
Individual Taxpayer #1	23,023,600	10	1.47%
Total	<u>\$ 367,345,600</u>		<u>23.38%</u>

Source: Municipal Tax Assessor

WEST ESSEX REGIONAL SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS,  
CURRENT YEAR AND NINE YEARS AGO

**NORTH CALDWELL BOROUGH**

Taxpayer	2019		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Green Brook Country Club	\$ 12,000,000	1	0.74%
Pulte Homes of NJ, LP	5,614,000	2	0.35%
Individual Taxpayer #1	3,247,600	3	0.20%
Individual Taxpayer #2	2,824,800	4	0.18%
Individual Taxpayer #3	2,563,000	5	0.16%
Heller Property Partners, LP	2,500,000	6	0.16%
Individual Taxpayer #4	2,470,900	7	0.15%
Individual Taxpayer #5	2,394,800	8	0.15%
PSEG Services Corp	2,320,000	9	0.14%
The Crossing LLC	2,227,100	10	0.14%
<b>Total</b>	<b>\$ 38,162,200</b>		<b>2.37%</b>

Taxpayer	2010		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
<b>Total</b>	<b>\$ -</b>		<b>0.00%</b>

Source: Municipal Tax Assessor

WEST ESSEX REGIONAL SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS,  
CURRENT YEAR AND NINE YEARS AGO

**ROSELAND BOROUGH**

Taxpayer	2019		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Prudential Financial - 80 Livingston Ave	\$ 67,100,400	1	4.01%
ADP Incorporated - 1 ADP Boulevard	61,626,400	2	3.69%
Prudential Financial - 55 Livingston Ave	48,850,000	3	2.92%
Roseland Owner LLC - 8 Eisenhower Pkwy	47,000,000	4	2.81%
56 Livingston Owner - 56 Livingston Ave	42,000,000	5	2.51%
Becker Equities - 4 Becker Farm Road	36,355,600	6	2.18%
Eisenhower 101 FO, LLC - 101 Eisenhower Pkwy	29,429,700	7	1.76%
Avalon Roseland LLC - 56 Locust Ave	29,017,700	8	1.74%
Eisenhower 105 FO, LLC - 105 Eisenhower Pkwy	28,369,400	9	1.70%
Eisenhower 103 FO, LLC - 103 Eisenhower Pkwy	19,107,500	10	1.14%
<b>Total</b>	<b>\$ 408,856,700</b>		<b>24.46%</b>

Taxpayer	2010		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Cali (Office Associates)	\$ 27,392,000	1	11.43%
Prudential	18,000,000	2	7.51%
Organon	11,800,000	3	4.92%
ADP Incorporated	10,498,500	4	3.73%
Segal Development	7,316,900	5	3.05%
Eagle Rock Associates	2,400,000	6	1.88%
MaarconRoseland, Inc.	2,316,700	7	1.00%
Aamerican Bobst Holdings	2,000,000	8	0.97%
Sterling - Roseland LLC	1,736,500	9	0.08%
Livingston I Association	1,427,100	10	0.82%
<b>Total</b>	<b>\$ 84,887,700</b>		<b>35.39%</b>

Note: A revaluation became effective in 2010.

Note: Individual Taxpayers in 2018 and 2009 may be different.

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 <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	\$ 31,877,680	\$ 31,685,577	99.40%	\$ 192,103
2012	32,830,823	32,830,823	100.00%	-0-
2013	33,397,836	33,397,836	100.00%	-0-
2014	33,915,158	33,323,280	98.25%	591,878
2015	34,815,289	34,815,289	100.00%	-0-
2016	35,752,595	35,752,595	100.00%	-0-
2017	36,435,146	36,435,146	100.00%	-0-
2018	37,350,461	37,350,461	100.00%	-0-
2019	38,337,735	37,611,722	98.11%	726,013
2020	39,349,582	38,373,880	97.52%	975,702

Source: West Essex Regional School District records including the Certificate and Report of School Taxes (A4F form)

- a. School taxes are collected by the respective Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.



WEST ESSEX REGIONAL SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Business-Type Activities</u> Capital Leases	Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases				
2011	\$ 24,222,000	\$ -0-	\$ -0-	\$ 24,222,000	2.06%	\$ 1,116
2012	22,087,000	-0-	-0-	22,087,000	1.84%	1,015
2013	20,422,000	-0-	-0-	20,422,000	1.67%	935
2014	18,717,000	-0-	-0-	18,717,000	1.45%	849
2015	17,007,000	780,000	-0-	17,787,000	1.32%	805
2016	15,287,000	584,079	-0-	15,871,079	1.15%	719
2017	13,460,000	391,845	-0-	13,851,845	1.45%	628
2018	11,735,000	463,379	-0-	12,198,379	0.82%	554
2019	10,010,000	162,412	-0-	10,172,412	0.68%	462
2020	8,270,000	335,992	-0-	8,605,992	0.58%	391

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- a See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Source: School District Financial Reports

WEST ESSEX REGIONAL SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2011	\$ 24,222,000	\$ -0-	\$ 24,222,000	0.33%	\$ 1,122
2012	22,087,000	-0-	22,087,000	0.30%	1,018
2013	20,422,000	-0-	20,422,000	0.30%	938
2014	18,717,000	-0-	18,717,000	0.28%	856
2015	17,007,000	-0-	17,007,000	0.26%	772
2016	15,287,000	-0-	15,287,000	0.23%	692
2017	13,460,000	-0-	13,460,000	0.20%	609
2018	11,735,000	-0-	11,735,000	0.18%	532
2019	10,010,000	-0-	10,010,000	0.15%	455
2020	8,270,000	-0-	8,270,000	0.20%	376

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

Source: School District Financial Reports

WEST ESSEX REGIONAL SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2019  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes:			
Borough of Essex Fells	\$ 3,804,723	100.000%	\$ 3,804,723
Township of Fairfield	3,866,000	100.000%	3,866,000
Borough of North Caldwell	10,938,176	100.000%	10,938,176
Borough of Roseland	10,001,266	100.000%	10,001,266
Essex County General Obligation Debt:			
Borough of Essex Fells	529,141,378	0.875%	4,630,328
Township of Fairfield	529,141,378	3.116%	16,490,655
Borough of North Caldwell	529,141,378	1.962%	10,379,123
Borough of Roseland	529,141,378	1.897%	10,037,936
Subtotal, Overlapping Debt			70,148,207
West Essex Regional School District Direct Debt			8,270,000
Total Direct and Overlapping Debt			<u>\$ 78,418,207</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Essex County Board of Taxation; debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Essex Fells, Fairfield, North Caldwell and Roseland. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping unit.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of another governmental unit's equalized property value that is within the district's boundaries and dividing it by each unit's total equalized property value.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION,  
LAST TEN FISCAL YEARS  
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2020

	Borough of Essex Fells	Township of Fairfield	Borough of North Caldwell	Borough of Roseland	Total
Equalized valuation basis					
2019	\$ 812,587,656	\$ 3,250,318,106	\$ 1,808,589,846	\$ 1,888,678,757	\$ 7,760,174,365
2018	799,837,925	3,120,505,063	1,803,920,967	2,068,622,770	7,792,886,725
2017	815,458,194	2,846,070,101	1,802,293,939	1,770,091,604	7,233,913,838
					<u>\$ 22,786,974,928</u>
Average Equalized Valuation of Taxable Property					<u>\$ 7,595,658,309</u>
Debt Limit (4% of average equalization value)					<u>\$ 303,826,332 <sup>a</sup></u>
Net Bonded School Debt					<u>8,270,000</u>
Legal Debt Margin					<u>\$ 295,556,332</u>

Fiscal Year Ended June 30,

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 266,285,573	\$ 260,818,888	\$ 252,130,498	\$ 244,610,592	\$ 273,224,294	\$ 278,386,714	\$ 283,379,478	\$ 290,522,752	\$ 295,819,574	\$ 303,826,332
Total Net Debt Applicable to Limit	<u>24,222,000</u>	<u>22,087,000</u>	<u>20,422,000</u>	<u>18,717,000</u>	<u>17,007,000</u>	<u>15,287,000</u>	<u>13,460,000</u>	<u>11,735,000</u>	<u>10,010,000</u>	<u>8,270,000</u>
Legal Debt Margin	<u>\$ 242,063,573</u>	<u>\$ 238,731,888</u>	<u>\$ 231,708,498</u>	<u>\$ 225,893,592</u>	<u>\$ 256,217,294</u>	<u>\$ 263,099,714</u>	<u>\$ 298,839,478</u>	<u>\$ 278,787,752</u>	<u>\$ 285,809,574</u>	<u>\$ 295,556,332</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	9.10%	8.47%	8.10%	7.65%	6.22%	5.49%	4.72%	4.04%	3.38%	2.72%

a Limit set by NISA 18A:24-19 for Grades 7 through 12 district; other % limits would be applicable for other districts

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

WEST ESSEX REGIONAL SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Year	Population <sup>a</sup>	Borough of Essex Fells Income Personal Income <sup>b</sup>	Essex County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2011	2,152	\$ 116,692,200	\$ 54,225	5.30%
2012	2,175	119,731,575	55,049	5.50%
2013	2,197	122,586,009	55,797	2.40%
2014	2,168	126,762,960	58,470	4.40%
2015	2,142	130,310,712	60,836	3.80%
2016	2,109	131,291,577	62,253	2.90%
2017	2,101	134,951,432	64,232	3.10%
2018	2,089	140,921,851	67,459	2.60%
2019	2,088	140,854,392 ***	67,459 *	2.30%
2020	2,088 **	140,854,392 ***	67,459 *	N/A

Year	Population <sup>a</sup>	Township of Fairfield Income Personal Income <sup>b</sup>	Essex County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2011	7,486	\$ 405,928,350	\$ 54,225	6.90%
2012	7,473	411,381,177	55,049	7.20%
2013	7,482	417,473,154	55,797	5.10%
2014	7,493	438,115,710	58,470	5.80%
2015	7,497	456,087,492	60,836	5.70%
2016	7,502	467,022,006	62,253	4.30%
2017	7,497	481,547,304	64,232	4.40%
2018	7,489	505,200,451	67,459	4.20%
2019	7,474	504,188,566 ***	67,459 *	3.30%
2020	7,474 **	504,188,566 ***	67,459 *	N/A

WEST ESSEX REGIONAL SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Year	Population <sup>a</sup>	Borough of North Caldwell Income Personal Income <sup>b</sup>	Essex County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2011	6,199	\$ 336,140,775	\$ 54,225	6.40%
2012	6,258	344,496,642	55,049	6.60%
2013	6,353	354,478,341	55,797	3.10%
2014	6,546	382,744,620	58,470	3.60%
2015	6,620	402,734,320	60,836	3.10%
2016	6,628	412,612,884	62,253	2.70%
2017	6,626	425,601,232	64,232	2.70%
2018	6,608	445,769,072	67,459	2.20%
2019	6,621	446,646,039 ***	67,459 *	2.00%
2020	6,621 **	446,646,039 ***	67,459 *	N/A

WEST ESSEX REGIONAL SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Year	Population <sup>a</sup>	Borough of Roseland Income Personal Income <sup>b</sup>	Essex County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2011	5,870	\$ 318,300,750	\$ 54,225	7.30%
2012	5,857	322,421,993	55,049	7.50%
2013	5,821	324,794,337	55,797	2.90%
2014	5,828	340,763,160	58,470	4.60%
2015	5,843	355,464,748	60,836	4.10%
2016	5,850	364,180,050	62,253	4.00%
2017	5,848	375,628,736	64,232	3.70%
2018	5,842	394,095,478	67,459	3.10%
2019	5,835	393,623,265 ***	67,459 *	2.80%
2020	5,835 **	393,623,265 ***	67,459 *	N/A

\* - Latest Essex County per capita personal income available (2018) was used for calculation purposes.

\*\* - Latest population data available (2019) was used for calculation purposes.

\*\*\* - Latest available population data (2019) and latest available Essex County per capita personal income (2018) was used for calculation purposes.

N/A - Information not available

Sources:

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented

<sup>c</sup> Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

WEST ESSEX REGIONAL SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS, COUNTY OF ESSEX  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

Employer	2019		
	Employees	Rank	Percentage of Total Employment
St. Barnabas Health Care System	31,683	1	26.40%
Rutgers University - Newark Campus	15,500	2	12.91%
Verizon	15,000	3	12.50%
New Jersey Transit	11,500	4	9.58%
PSE&G	10,000	5	8.33%
Prudential Ins. Co. of America	9,500	6	7.91%
Montclair State University	7,900	7	6.58%
Newark Board of Education	7,050	8	5.87%
Gateway Group One	6,250	9	5.21%
Automatic Data Processing	5,649	10	4.71%
	120,032		100.00%
Total Employment	120,032		
Employer	2010		
	Employees	Rank	Percentage of Total Employment
Verizon Communications	18,000	1	24.80%
Continental Airlines	14,000	2	19.29%
PSE&G	10,300	3	14.19%
Prudential Financial	8,119	4	11.19%
Horizon Blue Cross Blue Shield	5,300	5	7.30%
JP Morgan Chase	4,808	6	6.63%
Automatic Data Processing	4,666	7	6.43%
Roche	3,715	8	5.12%
KPMG	2,265	9	3.12%
Ricoh American Corp	1,400	10	1.93%
	72,573		100.00%
Total Employment	72,573		

Note- Principal employers are that of Essex County

Source: Essex County Economic Development Corporation



WEST ESSEX REGIONAL SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM.  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>Function/Program</u>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction	143	146	146	146	147	146	147	155	159	157
Support Services:										
Student & Instruction related services	36	36	36	36	26	36	36	40	45	52
General Administrative	2	2	2	2	2	2	2	2	2	2
School Administrative Services	8	9	9	9	9	9	9	9	13	15
Central and Other Support Services	8	8	8	8	8	8	8	8	8	7
Plant Operations and Maintenance	27	27	26	26	28	27	28	28	30	29
<b>Total</b>	<b>224</b>	<b>228</b>	<b>227</b>	<b>227</b>	<b>220</b>	<b>228</b>	<b>230</b>	<b>242</b>	<b>257</b>	<b>262</b>

Source: School District Personnel Records

WEST ESSEX REGIONAL SCHOOL DISTRICT  
OPERATING STATISTICS,  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year End June 30,	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>e</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Junior High School	Senior High School				
2011	1,589	\$ 31,176,424	\$ 19,620	-0.47%	143	1:11	1:11	1,589	1,522	1.79%	95.78%
2012	1,615	32,491,936	20,119	2.54%	146	1:11	1:11	1,615	1,573	1.64%	97.40%
2013	1,617	34,290,793	21,206	5.41%	146	1:11	1:11	1,618	1,550	0.19%	95.80%
2014	1,650	33,918,550	20,557	-3.06%	142.4	1:11	1:11	1,646	1,579	1.73%	95.93%
2015	1,651	36,378,959	22,034	7.19%	147.4	1:13	1:12	1,646	1,580	0.00%	95.99%
2016	1,721	36,986,377	21,491	-2.47%	146	1:12	1:12	1,711	1,639	3.95%	95.79%
2017	1,739	38,260,122	22,001	2.37%	147	1:10	1:11	1,700	1,619	-0.64%	95.24%
2018	1,694	40,070,539	23,654	7.51%	155	1:10	1:11	1,662	1,586	-2.24%	95.43%
2019	1,721	42,618,643	24,764	4.69%	159	1:11	1:11	1,718	1,677	3.37%	97.61%
2020	1,711	43,177,677	25,235	1.90%	157	1:10	1:11	1,655	1,608	-3.67%	97.16%

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay.

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

d The Cost Per Pupil calculated above is the sum of the operating expenditures divided by enrollment. This Cost Per Pupil may be different from other Cost Per Pupil calculations.

Source: School District records

WEST ESSEX REGIONAL SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>District Building</u>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Middle School										
Square Feet	175,500	175,500	175,500	175,500	175,500	175,500	175,500	175,500	175,500	175,500
Capacity (students) - *	721; 892	721; 892	721; 892	721; 892	721; 892	721; 892	721; 892	721; 892	721; 892	721; 892
Enrollment	594	579	564	580	578	497	571	555	562	567
High School										
Square Feet	232,931	232,931	232,931	232,931	232,931	232,931	232,931	232,931	232,931	232,931
Capacity (students) - *	873; 1,234	873; 1,234	873; 1,234	873; 1,234	873; 1,234	873; 1,234	873; 1,234	873; 1,234	873; 1,234	873; 1,234
Enrollment	1,025	1,050	1,087	1,072	1,059	1,190	1,128	1,107	1,129	1,079

Number of Schools at June 30, 2020

Middle School = 1

High School = 1

\* The first student capacity number reflects the FES (Facility Efficiency Standards) capacity while the second student capacity number reflects the District Practices as per the 2008 Long Range Facility Plan.

Note: Enrollment is based on the annual October district count.

Source: West Essex Regional School District Facilities Office

WEST ESSEX REGIONAL SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST TEN FISCAL YEARS  
UNAUDITED

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>School Facilities</u>										
Senior High School	\$ 141,776	\$ 83,489	\$ 181,645	\$ 465,521	\$ 493,587	\$ 597,034	\$ 561,488	\$ 552,773	\$ 594,946	\$ 616,193
Junior High School	63,160	60,724	88,824	318,179	371,889	298,423	412,962	421,853	487,988	507,122
Total	<u>\$ 204,936</u>	<u>\$ 144,213</u>	<u>\$ 270,469</u>	<u>\$ 783,700</u>	<u>\$ 865,476</u>	<u>\$ 895,457</u>	<u>\$ 974,450</u>	<u>\$ 974,626</u>	<u>\$ 1,082,934</u>	<u>\$ 1,123,315</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2019  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package Policy - School Alliance Insurance Fund:		
<u>PROPERTY SECTION:</u>		
Blanket Building and Contents (fund limit)	\$ 500,000	
Member Retention per Occurrence		\$ 100,000
Sch Excess Liability Fund SIR per Occurrence		150,000
Accounts Receivable	2,500,000	2,500
Automobile Physical Damage	In Blanket Limit	1,000
Builders Risk (New Construction)	25,000,000	2,500
Electronic Data Processing Equipment	In Blanket Limit	2,500
<u>LIABILITY SECTION:</u>		
Comprehensive General Liability and Automobile Liability		
Per Occurrence	5,000,000	1,000
Fund Annual Aggregate	100,000	2,500
Underlying Insurance Limit	100,000	1,000
<u>EXCESS LIABILITY:</u>		
Excludes School Board Legal Liability	15,000,000	
<u>CRIME:</u>		
Blanket Employee Dishonesty	500,000	1,000
Computer Fraud	50,000	1,000
Forgery	50,000	1,000
Theft/Disappearance/Destruction:		
Inside	50,000	1,000
Outside	50,000	1,000
NJUEP Excess:		
Max/Occurrence	30,000	
Max Available Other Aggregate	30,000	
Max Products/Completed Ops Aggregate	30,000	
Crisis Fund	25,000	
IEP Hearing Limit of Liability	100,000	100,000
School Leaders Professional Liability Employment Practices Liability:		
Claim Limit of Liability	5,000,000	5,000
3rd Party Event Sublimit of Liability	5,000,000	5,000
Member Sublimit of Liability	5,000,000	
Excess School Leaders Professional Liability:		
Loss	15,000	5,000
Policy Year Annual Aggregate	15,000	

WEST ESSEX REGIONAL SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2020  
UNAUDITED

	Coverage	Deductible
Morris Essex Insurance Group:		
<u>WORKERS' COMPENSATION:</u>		
(a) Statutory Benefits	Included	
(a) Employer's Liability	\$ 5,000,000	
Supplemental Coverage (optional)	Included	
Selective Insurance Company:		
Public Employees' Faithful Performance Blanket Position Bond -		
School Business Administrator/Board Secretary	300,000	
Treasurer	300,000	
Student Accident Insurance	5,000,000	
Boiler & Machinery	100,000,000	
Cyber Liability	2,000,000	\$ 100,000
Sexual Abuse & Molestation		
Occurrence/Member Aggregate	10,000,000	
Fund Aggregate	30,000,000	
Underlying Insurance Limit	100,000	
Medical Expense Benefits	150,000	

Source: School District records.

SINGLE AUDIT SECTION

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 Auditors' Report

The Honorable President and Members  
of the Board of Education  
West Essex Regional School District  
County of Essex, 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 the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the West Essex Regional School District, in the County of Essex (the "District") as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 6, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 District'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 the 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.



The Honorable President and Members  
of the Board of Education  
West Essex Regional School District  
Page 2

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

**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 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 District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November 6, 2020  
Mount Arlington, New Jersey

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Man C Lee*  
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Man C. Lee  
Licensed Public School Accountant #2527  
Certified Public Accountant

Report on Compliance For Each Major State Program  
and Report on Internal Control Over Compliance

Independent Auditors' Report

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

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

We have audited the Board of Education of the West Essex Regional School District's (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on the District's major state program for the fiscal year ended June 30, 2020. The District's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for the District's major state program 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 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 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 the major state program. However, our audit does not provide a legal determination of the District's compliance.

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major state program for the fiscal year ended June 30, 2020.

The Honorable President and Members  
of the Board of Education  
West Essex Regional School District  
Page 2

### Report on Internal Control Over Compliance

Management of the 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 District's internal control over compliance with the types of requirements that could have a direct and material effect on the major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 15-08, 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 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 federal or 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 federal or 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 federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

November 6, 2020  
Mount Arlington, New Jersey

*Nisivoccia LLP*

NISIVOCCIA LLP

*Man C Lee*

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Man C. Lee  
Licensed Public School Accountant #2527  
Certified Public Accountant

WEST ESSEX REGIONAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2019		Cash Received	Budgetary Expensi- tures	Balance at June 30, 2020		Amounts Paid to Subrecipients	
					Budgetary Accounts Receivable	Budgetary Unearned Revenue			Budgetary Accounts Receivable	Budgetary Unearned Revenue		
U.S. Department of Education:												
Special Revenue Fund:												
Passed-through State Department of Education:												
Elementary and Secondary Education Act:												
Title I	84.010	ESEA563020	7/1/19-9/30/20	\$ 77,342			\$ 42,274	\$ (50,376)	\$ (8,102)			
Title I	84.010	ESEA563019	7/1/18-9/30/19	63,680			14,969					
Total Title I							57,243	(50,376)	(8,102)			
Title II A	84.367	ESEA563020	7/1/19-9/30/20	20,166			13,681	(15,969)	(2,288)			
Title II A	84.367	ESEA563019	7/1/18-9/30/19	25,984			3,142		(447)			
Title II A	84.367	ESEA563018	7/1/17-6/30/18	30,171			609					
Total Title II							17,432	(15,969)	(2,735)			
Title IV	84.424	ESEA359019	7/1/18-9/30/19	10,000			200		(3,000)			
Title IV	84.424	ESEA359018	7/1/17-6/30/18	3,000			30					
Total Title IV							230		(3,000)			
Special Education Cluster:												
I.D.E.A. Part B, Basic	84.027	IDEA563020	7/1/19-9/30/20	308,676			193,339	(308,676)	(115,337)			
I.D.E.A. Part B, Basic	84.027	IDEA563019	7/1/18-9/30/19	302,895			70,999					
Total I.D.E.A. Part B, Basic							264,338	(308,676)	(115,337)			
Total Special Education Cluster							264,338	(308,676)	(115,337)			
Subtotal - Special Revenue Fund												
Total U.S. Department of Education												
Total Federal Awards												
							\$ -0-	\$ (375,021)	\$ (129,174)	\$ -0-	\$ -0-	

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

WEST ESSEX REGIONAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at		MEMO	
				June 30, 2019	June 30, 2020	Budgetary	Cumulative
				Budgetary	GAAP	Budgetary	Total
				Expenditures	Accounts	Receivable	Expenditures
			Received				
<u>State Department of Education:</u>							
<u>General Fund State Aid:</u>							
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	\$ 479,086	\$ (479,086)	\$	(44,869)	\$ 479,086
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	1,044,551	(1,044,551)		(97,827)	1,044,551
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	29,634	26,859		(2,775)	29,634
Extraordinary Special Education Costs Aid	20-495-034-5120-044	7/1/19-6/30/20	456,528	(456,528)	\$	(456,528)	456,528
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19-6/30/20	1,118,134	(1,118,134)		(57,110)	1,118,134
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/1/19-6/30/20	1,166,080	(1,166,080)			1,166,080
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/1/19-6/30/20	3,087,882	(3,087,882)			3,087,882
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/1/19-6/30/20	55,347	(55,347)			55,347
On-Behalf TPAF Long-Term Disability Insurance	20-495-034-5094-004	7/1/19-6/30/20	2,687	(2,687)			2,687
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	479,086	42,124			479,086
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	882,967	77,635			882,967
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	29,634	2,606			29,634
Extraordinary Special Education Costs Aid	19-495-034-5120-044	7/1/18-6/30/19	577,468	(577,468)			577,468
Excess Nonpublic Transportation Costs	19-495-034-5120-014	7/1/18-6/30/19	75,980	(75,980)			75,980
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18-6/30/19	1,098,306	(54,586)			1,098,306
Subtotal - General Fund				(830,399)	7,611,219	(659,109)	10,634,431
Total State Department of Education				(830,399)	7,611,219	(659,109)	10,634,431
Total State Awards Subject to Single Audit Determination				\$ (830,399)	\$ 7,611,219	\$ (659,109)	\$ 10,634,431
Less: State Awards Not Subject to Single Audit Major Program Determination							
On-Behalf TPAF Pension System Contributions:							
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/1/19-6/30/20	(1,166,080)	\$ 1,166,080			
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/1/19-6/30/20	(3,087,882)	3,087,882			
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/1/19-6/30/20	(55,347)	55,347			
On-Behalf TPAF Long-Term Disability Insurance	20-495-034-5094-004	7/1/19-6/30/20	(2,687)	2,687			
Subtotal - On-Behalf TPAF Pension System Contributions				4,311,996			
Total State Awards Subject to Single Audit Major Program Determination				\$ (3,127,933)			

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, West Essex Regional School District under programs of the federal and state governments for the fiscal year ended June 30, 2020. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on 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 Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes these payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two 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 revenue, whereas the GAAP basis does not.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$23,106) for the general fund and \$1,412 for the special revenue. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Revenue from federal and state awards is reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 7,416,823	\$ 7,416,823
Special Revenue Fund	\$ 376,433		376,433
Total Awards	<u>\$ 376,433</u>	<u>\$ 7,416,823</u>	<u>\$ 7,793,256</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2020.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over the major state program disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state program for the District expresses an unmodified opinion on the major state program.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2019 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The District's program tested as a major state program for the current fiscal year consisted of the following:

	<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>State:</u>				
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19-6/30/20	\$ 1,118,134	\$ 1,118,134

- The threshold used for distinguishing between Type A and Type B state programs was \$750,000.
- The District was determined to be a "low-risk" auditee for state programs.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.



WEST ESSEX REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

Summary of Auditors' Results: (Cont'd)

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Status of Prior Year Findings:

The District had no prior year audit findings.