

**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, 2021**

**Comprehensive Annual
Financial Report**

of the

**West Essex Regional
School District**

North Caldwell, New Jersey

For the Fiscal Year Ended June 30, 2021

Prepared by

**West Essex Regional
School District**

WEST ESSEX REGIONAL SCHOOL DISTRICT
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INTRODUCTORY SECTION
(UNAUDITED)

WEST ESSEX REGIONAL SCHOOL DISTRICT

Board of Education

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

November 17, 2021

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, 2021, 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 2020-21 school year, we focused on completing our HVAC upgrades. We purchased the remaining HVAC units needed to install the remaining HVAC units. We began our Electrical Upgrade for the Middle School that is needed in order to get the HVAC units functioning.

We've also continued with various interior LED lighting upgrades to help cut down energy expenses. We've continued to upgrade our district cameras and camera system. Our focus on security upgrades is ongoing.

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.

The Honorable President and Members of
the Board of Education
West Essex Regional School District
Page 3
November 17, 2021

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, 2021.

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,

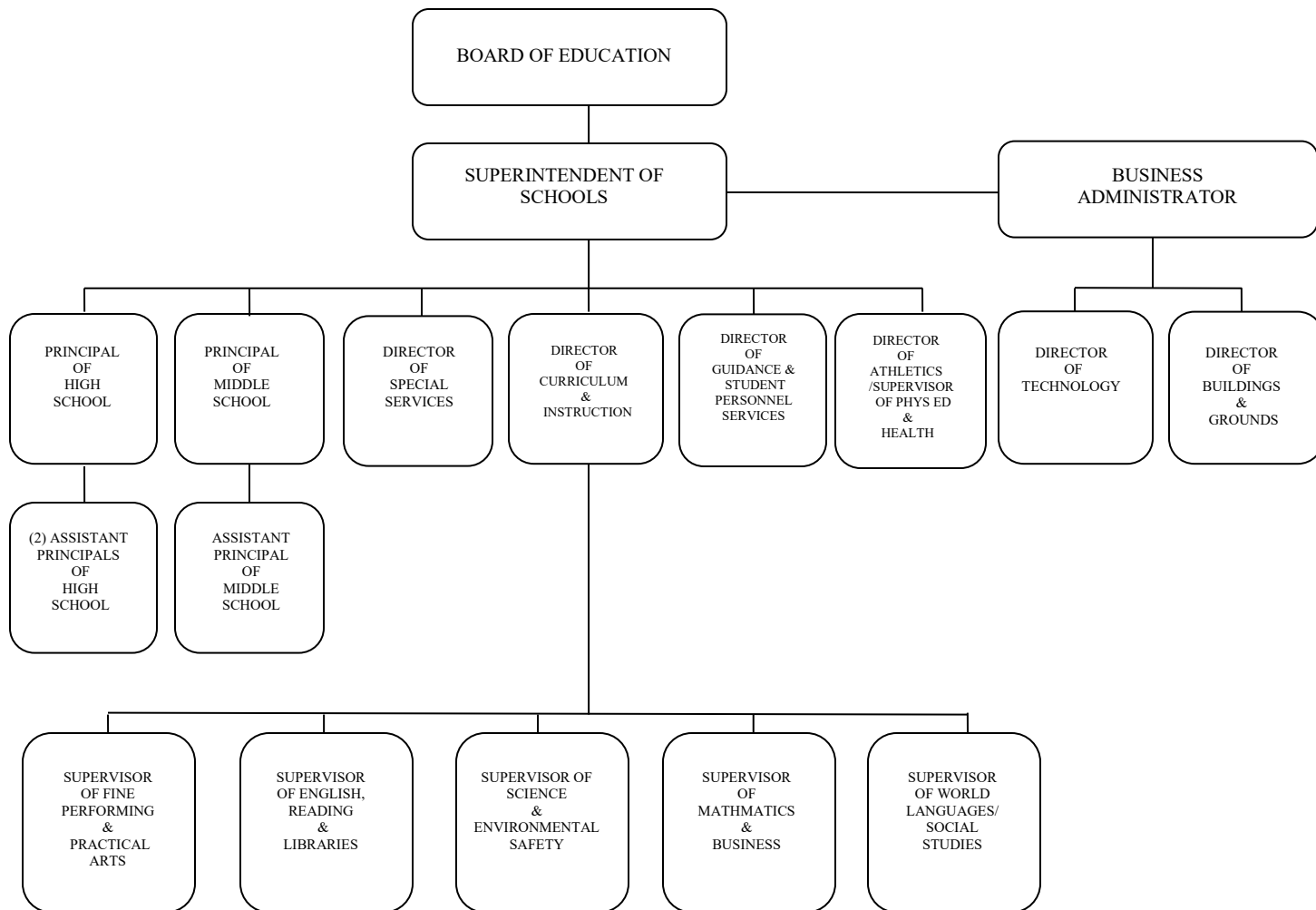


Damion Macioci
Superintendent of Schools



Melissa Kida
Business Administrator/Board Secretary

1110 ORGANIZATIONAL CHART



Adopted: 6 April 2009
Modified: 26 September 2011
Modified: 10 September 2012
Modified: 20 October 2021



**WEST ESSEX REGIONAL SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2021**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Cynthia Egan	2023
Jann Skelton	2022
Deborah Sacco-Calderone, Vice President	2022
Jill Marcus	2022
Anne Fahey	2021
Anthony Rubinich	2023
Frank Perrotti	2023
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
Michael Halik	Treasurer of School Monies

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, 2021, 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, 2021, 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.

Emphasis of Matter

As discussed in Note 20 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 84, Fiduciary Activities, during the fiscal year ended June 30, 2021. Our opinions are not modified with respect to this matter.

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 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 17, 2021 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 17, 2021
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, 2021

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, 2021. 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.
- *Notes to Basic Financial Statements*: Provide additional information essential to a full understanding of the district-wide and fund financial statements.

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

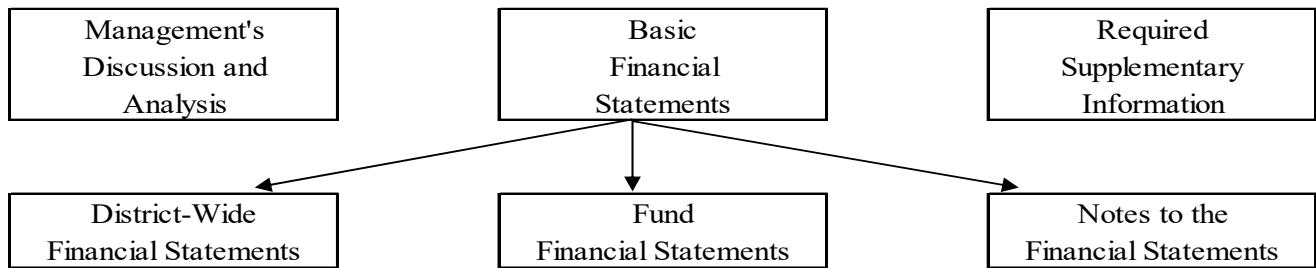


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents 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
Scope	Entire District	The activities of the District that are not proprietary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows
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
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
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

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 two 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.

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 \$5,135,057. Net position from governmental activities increased by \$5,182,078 and net position from business-type activities decreased by \$47,021. Net investment in capital assets increased by \$133,460, restricted net position increased by \$2,229,029 and unrestricted net position increased by \$2,772,568.

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2020/21	2019/20*	2020/21	2019/20	2020/21	2019/20*	
Current and							
Other Assets	\$ 18,772,293	\$ 14,233,363	\$ 205,508	\$ 239,591	\$ 18,977,801	\$ 14,472,954	
Capital Assets, Net	40,235,249	41,944,409	102,235	117,559	40,337,484	42,061,968	
Total Assets	<u>59,007,542</u>	<u>56,177,772</u>	<u>307,743</u>	<u>357,150</u>	<u>59,315,285</u>	<u>56,534,922</u>	4.92%
Deferred Outflows of Resources	<u>2,216,629</u>	<u>2,683,315</u>			<u>2,216,629</u>	<u>2,683,315</u>	-17.39%
Other Liabilities	949,988	1,028,941	41,328	43,714	991,316	1,072,655	
Long-Term Liabilities	15,242,946	18,095,625			15,242,946	18,095,625	
Total Liabilities	<u>16,192,934</u>	<u>19,124,566</u>	<u>41,328</u>	<u>43,714</u>	<u>16,234,262</u>	<u>19,168,280</u>	-18.07%
Deferred Inflows of Resources	<u>3,218,765</u>	<u>3,106,127</u>			<u>3,218,765</u>	<u>3,106,127</u>	3.63%
Net Position:							
Net Investment in							
Capital Assets	33,975,352	33,826,568	102,235	117,559	34,077,587	33,944,127	
Restricted	13,913,441	11,684,412			13,913,441	11,684,412	
Unrestricted/(Deficit)	<u>(6,076,321)</u>	<u>(8,880,586)</u>	<u>164,180</u>	<u>195,877</u>	<u>(5,912,141)</u>	<u>(8,684,709)</u>	
Total Net Position	<u>\$ 41,812,472</u>	<u>\$ 36,630,394</u>	<u>\$ 266,415</u>	<u>\$ 313,436</u>	<u>\$ 42,078,887</u>	<u>\$ 36,943,830</u>	13.90%

*Restated

Changes in Net Position. The increase in net investment in capital assets is primarily due to the payments of \$1,755,000 in serial bonds payable and \$194,998 in capital leases payable and \$71,407 in capital assets additions; offset by \$1,795,891 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 an increase in year-end encumbrances and unassigned General Fund fund balance.

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities 2020/21	Business- Type Activities 2020/21	Governmental Activities 2019/20	Business- Type Activities 2019/20	Total School District 2020/21	Total School District 2019/20	Percent- age Change
Revenue:							
Program Revenue:							
Charges for Services	\$ 503,521	\$ 6,097	\$ 149,964	\$ 726,965	\$ 509,618	\$ 876,929	
Operating Grants and Contributions	11,128,181		10,979,365		11,128,181	10,979,365	
General Revenue:							
Property Taxes	40,028,428		39,349,582		40,028,428	39,349,582	
Unrestricted State and Federal Aid	29,635		29,465		29,635	29,465	
Other	431,252		263,842		431,252	263,842	
Total Revenue	52,121,017	6,097	50,772,218	726,965	52,127,114	51,499,183	1.22%
Expenses:							
Instruction	26,764,971		28,191,806		26,764,971	28,191,806	
Pupil and Instruction Services	8,014,562		7,792,469		8,014,562	7,792,469	
Administrative and Business	4,766,381		4,962,276		4,766,381	4,962,276	
Maintenance and Operations	4,901,279		5,579,009		4,901,279	5,579,009	
Transportation	2,177,029		2,051,855		2,177,029	2,051,855	
Capital Outlay	83,370		83,370		83,370	83,370	
Other	231,347	53,118	312,346	712,079	284,465	1,024,425	
Total Expenses	46,938,939	53,118	48,973,131	712,079	46,992,057	49,685,210	-5.42%
Change in Net Position	\$ 5,182,078	\$ (47,021)	\$ 1,799,087	\$ 14,886	\$ 5,135,057	\$ 1,813,973	183.08%

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
	2020/21	2019/20	2020/21	2019/20
Instruction	\$ 26,764,971	\$ 18,715,676	\$ 28,191,806	\$ 20,366,420
Pupil and Instruction Services	8,014,562	6,616,051	7,792,469	6,709,230
Administrative and Business	4,766,381	3,811,742	4,962,276	3,947,316
Maintenance and Operations	4,901,279	4,215,226	5,579,009	4,849,606
Transportation	2,177,029	1,633,825	2,051,855	1,575,514
Capital Outlay	83,370	83,370	83,370	83,370
Other	231,347	231,347	312,346	312,346
	<u>\$ 46,938,939</u>	<u>\$ 35,307,237</u>	<u>\$ 48,973,131</u>	<u>\$ 37,843,802</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 decreased by \$47,021 as a result of 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
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	
Sites	\$ 288,849	\$ 288,849			\$ 288,849	\$ 288,849	
Construction in Progress		198,737				198,737	
Site Improvements	1,302,693	1,448,155			1,302,693	1,448,155	
Buildings and Building Improvements	37,849,197	39,019,791			37,849,197	39,019,791	
Machinery and Equipment	794,510	988,877	\$ 102,235	\$ 117,559	896,745	1,106,436	
Total	\$ 40,235,249	\$ 41,944,409	\$ 102,235	\$ 117,559	\$ 40,337,484	\$ 42,061,968	-4.10%

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
	2020/21	2019/20	
Bonds Payable	\$ 6,515,000	\$ 8,270,000	
Unamortized Bond Issuance Premium	558,678	699,096	
Net Pension Liability	7,573,907	8,265,838	
Capital Leases Payable	140,994	335,992	
Compensated Absences Payable	454,367	524,699	
	\$ 15,242,946	\$ 18,095,625	-15.76%

- The District continued to pay down its debt, retiring \$1,755,000 of outstanding bonds and \$194,998 of capital leases.
- The District's liability for net pension liability decreased \$691,931.
- The District amortized \$140,418 of unamortized bond issuance premium.
- The District's liability for accumulated sick and vacation time decreased by \$70,332.

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 2021-2022 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 2021-2022. Budgeted expenditures in the General Fund increased to \$42,213,057 for fiscal year 2021-2022.

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, 2021

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 3,300,325	\$ 191,587	\$ 3,491,912
Tax Levy Receivable	1,497,524		1,497,524
Receivables from State Government	926,679		926,679
Receivables from Federal Government	41,630		41,630
Receivables from Other Governments	101,345		101,345
Other Receivables		5,270	5,270
Internal Balances	(8,651)	8,651	
Restricted Cash and Cash Equivalents	12,913,441		12,913,441
Capital Assets, Net:			
Sites (Land)	288,849		288,849
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	39,946,400	102,235	40,048,635
Total Assets	<u>59,007,542</u>	<u>307,743</u>	<u>59,315,285</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Amount on Refunding	396,097		396,097
Deferred Outflows Related to Pension	1,820,532		1,820,532
Total Deferred Outflows of Resources	<u>2,216,629</u>		<u>396,097</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	853,010		853,010
Accrued Interest Payable	69,342		69,342
Unearned Revenue	27,636	41,328	68,964
Noncurrent Liabilities:			
Due Within One Year	2,106,762		2,106,762
Due Beyond One Year	13,136,184		13,136,184
Total Liabilities	<u>16,192,934</u>	<u>41,328</u>	<u>16,234,262</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows Related to Pension	3,218,765		3,218,765
Total Deferred Inflows of Resources	<u>3,218,765</u>		<u>3,218,765</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	33,975,352	102,235	34,077,587
Restricted for:			
Capital Projects	11,083,016		11,083,016
Maintenance Reserve	964,560		964,560
Excess Surplus	1,000,000		1,000,000
Unemployment Compensation	397,455		397,455
Scholarships	69,696		69,696
Student Activities	398,714		398,714
Unrestricted/(Deficit)	(6,076,321)	164,180	(5,912,141)
Total Net Position	<u>\$ 41,812,472</u>	<u>\$ 266,415</u>	<u>\$ 42,078,887</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, 2021

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 20,721,177	\$ 168,569	\$ 4,352,103	\$ (16,369,074)		\$ (16,369,074)
Special Education	3,939,598		3,134,509	(636,520)		(636,520)
School Sponsored/Other Instruction	2,104,196		394,114	(1,710,082)		(1,710,082)
Support Services:						
Tuition	2,514,828			(2,514,828)		(2,514,828)
Student and Instruction Related Services	5,499,734	334,952	1,063,559	(4,101,223)		(4,101,223)
General Administrative Services	993,575		137,515	(856,060)		(856,060)
School Administrative Services	2,904,345		615,669	(2,288,676)		(2,288,676)
Central Services	738,750		152,587	(586,163)		(586,163)
Administrative Information Technology	129,711		48,868	(80,843)		(80,843)
Plant Operations and Maintenance	4,901,279		686,053	(4,215,226)		(4,215,226)
Pupil Transportation	2,177,029		543,204	(1,633,825)		(1,633,825)
Interest on Long-Term Debt	231,347			(231,347)		(231,347)
Capital Outlay	83,370			(83,370)		(83,370)
Total Governmental Activities	46,938,939	503,521	11,128,181	(35,307,237)		(35,307,237)
Business-Type Activities:						
Food Service	53,118	6,097			\$ (47,021)	(47,021)
Total Primary Government	\$ 46,992,057	\$ 6,097	\$ 11,128,181	(35,307,237)	(47,021)	(35,354,258)

WEST ESSEX REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 38,096,268		\$ 38,096,268
Taxes Levied for Debt Service	1,932,160		1,932,160
Federal, State and Local Aid not Restricted	29,635		29,635
Interest Earnings	12,758		12,758
Miscellaneous Income	418,494		418,494
Total General Revenues	40,489,315		40,489,315
Change in Net Position	5,182,078	\$ (47,021)	5,135,057
Net Position - Beginning (Restated)	36,630,394	313,436	36,943,830
Net Position - Ending	\$ 41,812,472	\$ 266,415	\$ 42,078,887

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, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 3,300,325			\$ 3,300,325
Interfund Receivable	86,278			86,278
Tax Levy Receivable	1,425,240		\$ 72,284	1,497,524
Receivables From State Government	926,679			926,679
Receivables From Federal Government		\$ 41,630		41,630
Receivables From Other Governments	101,345			101,345
Restricted Cash and Cash Equivalents	12,445,031	468,410		12,913,441
Total Assets	\$ 18,284,898	\$ 510,040	\$ 72,284	\$ 18,867,222
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund Payable	\$ 8,651	\$ 13,994	\$ 72,284	\$ 94,929
Accounts Payable	305,010			305,010
Unearned Revenue		27,636		27,636
Total Liabilities	313,661	41,630	72,284	427,575
Fund Balances:				
Restricted:				
Capital Reserve Account	11,083,016			11,083,016
Maintenance Reserve Account	964,560			964,560
Excess Surplus - 2021-2022	500,000			500,000
Excess Surplus - 2022-2023	500,000			500,000
Student Activities		398,714		398,714
Scholarships		69,696		69,696
Unemployment Compensation	397,455			397,455
Assigned:				
Designated for Subsequent Year's Expenditures	125,439			125,439
Year End Encumbrances	2,228,900			2,228,900
Unassigned	2,171,867			2,171,867
Total Fund Balances	17,971,237	468,410		18,439,647
Total Liabilities and Fund Balances	\$ 18,284,898	\$ 510,040	\$ 72,284	\$ 18,867,222

WEST ESSEX REGIONAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	<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)	\$ 18,439,647
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds.	40,235,249
Bond Issuance Premiums are Reported as Revenue in the Governmental Funds in the Year the Bonds are Sold.	(558,678)
The Deferred Amount on the Refunding is not Reported as an Expenditure in the Governmental Funds in the Year of the Expenditure.	396,097
Interest on Long-Term Debt is not Accrued in Governmental Funds, but Rather is Recognized as an Expenditure When Due.	(69,342)
The Net Pension Liability for PERS and is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(7,573,907)
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	1,272,532
Deferred Inflows	(3,218,765)
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>(7,110,361)</u>
Net Position of Governmental Activities	<u><u>\$ 41,812,472</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, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES:				
Local Sources:				
Local Tax Levy	\$ 38,096,268		\$ 1,932,160	\$ 40,028,428
Tuition from Other LEAs	168,569			168,569
Interest Earned on Capital Reserve Funds	12,758			12,758
Restricted Miscellaneous Revenue	36,641	\$ 339,987		376,628
Unrestricted Miscellaneous Revenue	381,853	16,403		398,256
Total - Local Sources	38,696,089	356,390	1,932,160	40,984,639
State Sources	9,293,439			9,293,439
Federal Sources		480,462		480,462
Total Revenues	47,989,528	836,852	1,932,160	50,758,540
EXPENDITURES:				
Current:				
Regular Instruction	13,119,201	110,677		13,229,878
Special Education Instruction	2,064,822	322,708		2,387,530
School-Sponsored/Other Instruction	1,377,370			1,377,370
Support Services and Undistributed Costs:				
Tuition	2,514,828			2,514,828
Student and Other Instruction Related Services	3,187,570	464,206		3,651,776
General Administrative Services	745,269			745,269
School Administrative Services	1,765,989			1,765,989
Central Services	448,481			448,481
Administrative Information Technology	49,321			49,321
Plant Operations and Maintenance	3,522,515			3,522,515
Student Transportation	2,059,716			2,059,716
Unallocated Benefits	12,154,166			12,154,166
Debt Service:				
Principal			1,755,000	1,755,000
Interest and Other Charges			295,313	295,313
Capital Outlay	154,777			154,777
Total Expenditures	43,164,025	897,591	2,050,313	46,111,929
Excess/(Deficit) of Revenue Over/(Under) Expenditures	4,825,503	(60,739)	(118,153)	4,646,611
Fund Balance - July 1 (Restated)	13,145,734	529,149	118,153	13,793,036
Fund Balance - June 30	\$ 17,971,237	\$ 468,410	\$ -0-	\$ 18,439,647

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, 2021

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ 4,646,611
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 differ from depreciation during the period.		
Depreciation Expense	\$ (1,780,567)	
Capital Outlays	<u>71,407</u>	(1,709,160)
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 (+).		
		15,602
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.		
		194,998
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.		
		1,755,000
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.		
		(92,054)
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		691,931
Change in Deferred Outflows		(418,962)
Change in Deferred Inflows		(112,638)
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 a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		<u>70,332</u>
Change in Net Position of Governmental Activities		<u>\$ 5,182,078</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, 2021

	Business-Type Activities
	Enterprise Fund Food Service
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 191,587
Other Accounts Receivable	5,270
Interfund Receivable - General Fund	8,651
Total Current Assets	205,508
Non-Current Assets:	
Capital Assets	303,202
Less: Accumulated Depreciation	(200,967)
Total Non-Current Assets	102,235
Total Assets	307,743
<u>LIABILITIES:</u>	
Current Liabilities:	
Unearned Revenue	41,328
Total Current Liabilities	41,328
<u>NET POSITION:</u>	
Investment in Capital Assets	102,235
Unrestricted	164,180
Total Net Position	\$ 266,415

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, 2021

	Business-Type Activities
	Enterprise Fund Food Service
Operating Revenue:	
Local Sources:	
Daily Sales- Nonreimbursable Program	\$ 6,097
Total Operating Revenue	6,097
Operating Expenses:	
Cost of Sales - Nonreimbursable Program	29,947
Other Purchased Services	5,770
Supplies, Insurance and Other Costs	2,077
Depreciation Expense	15,324
Total Operating Expenses	53,118
Operating Loss/Change in Net Position	(47,021)
Net Position - Beginning of Year	313,436
Net Position - End of Year	\$ 266,415

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, 2021

	Business-Type Activities
	Enterprise Fund Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 3,711
Payments to Suppliers	(7,847)
	(4,136)
Net Cash Used for Operating Activities	(4,136)
Net Decrease in Cash and Cash Equivalents	(4,136)
Cash and Cash Equivalents, July 1	195,723
Cash and Cash Equivalents, June 30	\$ 191,587
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (47,021)
Adjustment to Reconcile Operating Income to Net Cash Used for Operating Activities:	
Depreciation	15,324
Changes in Assets and Liabilities:	
(Increase) in Unearned Revenue	(2,386)
Decrease in Other Accounts Receivable	8,651
(Increase) in Interfund Receivable	(8,651)
Decrease in Inventory	29,947
	29,947
Net Cash Used for Operating Activities	\$ (4,136)

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, 2021

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. 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.

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements (Cont'd):

Program revenue includes (a) charges paid by the recipients of goods or services offered by 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. Separate statements for each fund category – governmental and proprietary – 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, 2021
(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.

C. Measurement Focus and Basis of Accounting:

The district-wide financial statements and the proprietary 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, 2021

(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, 2021 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 except for student activities and scholarships. 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	\$ 47,996,632	\$ 834,817
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:		
Prior Year Encumbrances		2,035
Prior Year State Aid Payments Recognized for GAAP Statements	145,471	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(152,575)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 47,989,528	\$ 836,852

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(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	\$ 43,164,025	\$ 895,556
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	\$ 43,164,025	\$ 897,591

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, 2021

(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, 2021.

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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, 2021.

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, 2021

(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 \$17,791,237 General Fund fund balance at June 30, 2021, \$2,228,900 is assigned for encumbrances; \$125,439 is assigned for subsequent year's expenditures; \$11,083,016 is restricted in the capital reserve account; \$964,560 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, 2023; \$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, 2022; \$397,455 is restricted for unemployment compensation; and \$2,171,867 is unassigned on the GAAP basis, which is \$152,575 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, 2022.

Special Revenue Fund: Of the \$468,410 Special Revenue Fund fund balance at June 30, 2021. \$398,714 is restricted for student activities and \$69,696 is restricted for scholarships.

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, 2021 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, 2021
(Continued)

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

Q. Deficit Net Position:

The District has a deficit in unrestricted net position of \$6,076,321 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, 2021 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, 2021 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.

Fund balance restrictions have been established for capital reserve, maintenance reserve, unemployment compensation, scholarships, student activities and excess surplus.

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

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

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, 2021.

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 2021/2022 budget and encumbrances in the General Fund at June 30, 2021.

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.

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.

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

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.

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.

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

Deposits: (Cont'd)

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
- (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.);

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

Investments: (Cont'd)

- (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.

As of June 30, 2021, cash and cash equivalents of the District consisted of the following:

	Restricted Cash and Cash Equivalents	Cash and Cash Equivalents	Total
Checking Accounts	\$ 12,913,441	\$ 3,491,912	\$ 16,405,353
	\$ 12,913,441	\$ 3,491,912	\$ 16,405,353

During the period ended June 30, 2021, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2021, was \$16,405,353 and the bank balance was \$16,832,570.

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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, 2020		\$ 9,124,843
Add:		
Deposit as per Board Resolution - June 2021	\$ 3,500,000	
Interest Earned	12,758	
Unexpended Funds of Budgeted Withdrawal for Capital Outlay	44,200	
		12,681,801
Less:		
Budgeted Withdrawal for Capital Outlay	(250,000)	
Withdrawal per Board Resolution	(1,348,785)	
		(1,598,785)
Ending Balance, June 30, 2021		\$ 11,083,016

The balance in the capital reserve account at June 30, 2021 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.

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.

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$ 551,453
Add: Deposit as per Board Resolution - June 2021	<u>413,107</u>
Ending Balance, June 30, 2021	<u><u>\$ 964,560</u></u>

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2021 were as follows

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 288,849			\$ 288,849
Construction in Progress	198,737	\$ 71,407	\$ (270,144)	
Total Capital Assets Not Being Depreciated	<u>487,586</u>	<u>71,407</u>	<u>(270,144)</u>	<u>288,849</u>
Capital Assets Being Depreciated:				
Site Improvements	3,484,202			3,484,202
Buildings and Building Improvements	58,219,064		270,144	58,489,208
Machinery and Equipment	3,229,260			3,229,260
Total Capital Assets Being Depreciated	<u>64,932,526</u>		<u>270,144</u>	<u>65,202,670</u>
Governmental Activities Capital Assets	<u>65,420,112</u>	<u>71,407</u>		<u>65,491,519</u>
Less Accumulated Depreciation for:				
Site Improvements	(2,036,047)	(145,462)		(2,181,509)
Buildings and Building Improvements	(19,199,273)	(1,440,738)		(20,640,011)
Machinery and Equipment	(2,240,383)	(194,367)		(2,434,750)
	<u>(23,475,703)</u>	<u>(1,780,567)</u>		<u>(25,256,270)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 41,944,409</u>	<u>\$ (1,709,160)</u>	<u>\$ -0-</u>	<u>\$ 40,235,249</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 303,202			\$ 303,202
Less: Accumulated Depreciation	<u>(185,643)</u>	<u>(15,324)</u>		<u>(200,967)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 117,559</u>	<u>\$ (15,324)</u>	<u>\$ -0-</u>	<u>\$ 102,235</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 755,542
Special Education	156,191
Other Instruction	90,895
Student and Instruction Related Services	211,050
General Administrative Services	44,915
School Administrative Services	114,021
Central Services/Adminstrative Technology	37,763
Transportation	117,313
Operation and Maintenance of Plant	252,877
	\$ 1,780,567

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>
2022	\$ 71,286
2023	13,302
Total future minimum lease payments	\$ 84,588

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2021, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2020	Accrued	Retired	Balance 6/30/2021
Serial Bonds Payable	\$ 8,270,000		\$ 1,755,000	\$ 6,515,000
Unamortized Bond Issuance Premium	699,096		140,418	558,678
Net Pension Liability	8,265,838		691,931	7,573,907
Obligations Under Capital Leases	335,992		194,998	140,994
Compensated Absences Payable	524,699	\$ 28,910	99,242	454,367
	\$ 18,095,625	\$ 28,910	\$ 2,881,589	\$ 15,242,946

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.

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

A. Bonds Payable: (Cont'd)

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, 2021 as follows:

<u>Purpose</u>	<u>Serial Bonds</u> Final Maturity Date	<u>Interest</u> Rate	<u>Amount</u>
Refunding Bonds	11/1/22	3.50-5.00%	\$ 2,955,000
Refunding Bonds	8/15/29	3.00-4.00%	3,560,000
			<u>\$ 6,515,000</u>

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>
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
2025	415,000	69,262	484,262
Thereafter 5 Years (2026-2030)	1,275,000	116,406	1,391,406
	<u>\$ 6,515,000</u>	<u>\$ 745,581</u>	<u>\$ 7,260,581</u>

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

B. Bonds Authorized But Not Issued:

As of June 30, 2021, the Board had no bonds authorized but not issued.

C. 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 \$15,350 and is separated from the long-term liability balance of compensated absences of \$439,017. 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, 2021
(Continued)

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

D. Capital Leases Payable:

The District has \$611,282 in capital leases payable for district-wide computers of which \$470,288 has been liquidated as of June 30, 2021. 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, 2021.

<u>Year Ending</u>	<u>Amount</u>
2022	\$ 151,318
Less: Amount representing interest	<u>(10,324)</u>
Present value of net minimum lease payments	<u>\$ 140,994</u>

The current portion of capital leases payable at June 30, 2021 is \$140,994.

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, 2021 is \$-0- and the long-term portion is \$7,573,907. 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 \$418,260.

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 annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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:

<u>Tier</u>	<u>Definition</u>
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 1/55th 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 1/60th 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 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 \$508,081 for 2021.

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, 2021, the District reported a liability of \$7,573,907 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020.

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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, 2020, the District's proportion was 0.0464%, which was an increase of 0.0005% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$347,749. At June 30, 2021, the District reported deferred outflows of resources and deferred 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	2016	5.57	\$ 245,706	
	2017	5.48		\$ 716,933
	2018	5.63		703,360
	2019	5.21		558,569
	2020	5.16		1,192,405
				<u>245,706</u>
Difference Between Expected and Actual Experience	2016	5.57	7,456	
	2017	5.48	21,322	
	2018	5.63		26,785
	2019	5.21	42,697	
	2020	5.16	66,433	
				<u>137,908</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(92,682)	
	2018	5.00	(85,957)	
	2019	5.00	20,802	
	2020	5.00	416,719	
				<u>258,882</u>
Changes in Proportion	2016	5.57		20,713
	2017	5.48	52,304	
	2018	5.63	20,715	
	2019	5.21	453,478	
	2020	5.16	103,539	
				<u>630,036</u>
District Contribution Subsequent to the Measurement Date	2020	1.00	548,000	
			<u>\$ 1,820,532</u>	<u>\$ 3,218,765</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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
2021	\$ (950,388)
2022	(866,464)
2023	(495,162)
2024	(200,235)
2025	(43,307)
	\$ (2,555,556)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. 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-2020.

The actuarial assumptions used in the July 1, 2019 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, 2021

(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, 2020) 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 78% of the actuarially determined contributions for the State employer and 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments to determine the total pension liability.

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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, 2020 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, 2020		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
<u>District's proportionate share of the Net Pension Liability</u>	\$ 9,513,165	\$ 7,573,907	\$ 5,897,379
<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 annual financial statements which can be found at 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
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

Service retirement benefits of 1/55th 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 1/60th 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 2021, 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 2021, the State of New Jersey contributed \$4,171,225 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$5,764,672.

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, 2021, the State's proportionate share of the net pension liability associated with the District was \$92,703,072. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. 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, 2020, the District's proportion was 0.141%, which was a decrease of 0.001% from its proportion measured as of June 30, 2019.

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(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>92,703,072</u>
Total	<u>\$ 92,703,072</u>

For the fiscal year ended June 30, 2021, the State recognized pension expense on behalf of the District in the amount of \$5,764,672 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2021 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	8.50	\$ 461,324,773	
	2015	8.30	1,638,696,238	
	2016	8.30	4,304,747,820	
	2017	8.30	1,411,170,422	\$ 6,882,861,832
	2018	8.29		4,349,959,805
	2019	8.04		3,009,143,115
	2020	7.33	1,411,170,422	
				<u>9,227,109,675</u>
Difference Between Expected and Actual Experience	2014	8.50		4,393,807
	2015	8.30	101,207,836	
	2016	8.30		53,533,223
	2017	8.30	122,460,660	
	2018	8.29	763,099,015	
	2019	8.04		116,909,940
	2020	7.99		7,520,890
				<u>986,767,511</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(226,008,261)	
	2018	5.00	(192,060,744)	
	2019	5.00	108,662,078	
	2020	5.00	965,582,162	
			<u>656,175,235</u>	
			<u>\$ 10,870,052,421</u>	<u>\$ 14,424,322,612</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(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
2021	\$ (262,056,928)
2022	(188,358,995)
2023	(774,174,971)
2024	(1,939,112,462)
2025	(1,466,451,639)
Thereafter	(335,285,618)
	\$ (4,965,440,613)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. 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-2020.

The actuarial assumptions used in the July 1, 2019 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
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(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, 2020) 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020 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 78% 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 2062. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2062, 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, 2021
(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, 2020 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, 2020		
	At 1% Decrease (4.40%)	At Current Discount Rate (5.40%)	At 1% Increase (6.40%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 108,890,631	\$ 92,703,086	\$ 79,262,046

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 \$8,768 for the fiscal year ended June 30, 2021. Employee contributions to DCRP amounted to \$13,323 for the fiscal year ended June 30, 2021.

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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, 2018, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	148,051
Active Plan Members	<u>216,892</u>
Total	<u><u>364,943</u></u>

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

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 - 3.05%	2.00 - 6.00%
	based on service years	based on service years
Thereafter	1.55 - 3.05%	3.00 - 7.00%
	based on service years	based on service years

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(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 medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

	Total OPEB Liability
Balance at June 30, 2018	\$ 51,645,510
Changes for Year:	
Service Cost	2,015,133
Interest on the Total OPEB Liability	2,050,164
Changes of Assumptions	692,169
Differences between Expected and Actual Experiences	(8,597,296)
Gross Benefit Payments by the State	(1,425,044)
Contributions from Members	42,242
Net Changes	(5,222,632)
Balance at June 30, 2019	\$ 46,422,878

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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, 2019, 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, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPEB Liability Attributable to the District	\$ 54,843,764	\$ 46,422,878	\$ 39,733,788

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, 2019, 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, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 38,250,382	\$ 46,422,878	\$ 57,241,584

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

For the fiscal year ended June 30, 2021 the District recognized OPEB expense of \$1,101,098 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, 2021
(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, 2019 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		\$ 5,404,562
Changes in Assumptions	2018	9.51		4,648,654
Changes in Assumptions	2019	9.29	\$ 617,662	
			<u>617,662</u>	<u>10,053,216</u>
Differences Between Expected and Actual Experience	2018	9.51		4,394,425
and Actual Experience	2019	9.29		7,269,917
				<u>11,664,342</u>
Changes in Proportion	N/A	N/A		885,447
			<u>617,662</u>	<u>22,603,005</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:

Fiscal Year Ending June 30,	Total
2020	\$ (2,832,967)
2021	(2,832,967)
2022	(2,832,967)
2023	(2,832,967)
2024	(2,832,967)
Thereafter	<u>(6,935,060)</u>
	<u>\$ (21,099,896)</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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.

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, 2021 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, 2020 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	<u>\$ 51,526,293</u>
Net Position	<u>\$ 20,539,909</u>
Total Revenue	<u>\$ 43,264,716</u>
Total Expenses	<u>\$ 41,642,794</u>
Change in Net Position	<u>\$ 1,621,922</u>
Members Dividends	<u>\$ -0-</u>

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, 2021
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

The June 30, 2021 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, 2020 is as follows:

	<u>Morris Essex Insurance Group</u>
Total Assets	\$ 11,802,954
Net Position	\$ 8,479,975
Total Revenue	\$ 4,013,691
Total Expenses	\$ 2,294,520
Change in Net Position	\$ 694,089
Members Dividends	\$ 1,025,082

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 Unemployment Compensation Restricted Fund Balance in the General 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>
2021	\$ 57,737	\$ 732	\$ 43,503	\$ 65,331	\$ 397,455
2020	40,630	664	43,503	45,497	360,814
2019	5,633	599	42,607	18,103	321,514

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, 2021
(Continued)

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 86,278	\$ 8,651
Special Revenue Fund		13,994
Debt Service Fund		72,284
Food Service Fund		
	8,651	
	\$ 94,929	\$ 94,929

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 Debt Service is due to a cash deficit as a result of a tax levy receivable at year end. The interfund between General Fund and Food Service Fund is due to a prior year receivable collected in General Fund and not returned over to Food Service.

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, 2021
(Continued)

NOTE 16. ACCOUNTS PAYABLE

The following accounts payable existed as of June 30, 2021:

	<u>Governmental Funds</u>		District Contri- bution Susequent to the Measure- ment Date	Total Governmental Activities
	<u>General Fund</u>	<u>Special Revenue Fund</u>		
Vendors	\$ 85,630			\$ 85,630
Payroll Deductions and Withholdings	219,380			219,380
State of New Jersey			\$ 548,000	548,000
	<u>\$ 305,010</u>	<u>\$ -0-</u>	<u>\$ 548,000</u>	<u>\$ 853,010</u>

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, 2021, there were encumbrances as detailed below in the governmental funds.

<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<u>\$ 2,228,900</u>	<u>\$ -0-</u>	<u>\$ 2,228,900</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 18. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2021, the District transferred \$1,348,785 to the capital outlay accounts, which was a board approved withdrawal from capital reserve and approved by the County Superintendent.

NOTE 19: SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey continues to cause disruption of the District's 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. There have been additional operating expenses in the General Fund due to schools re-opening on a full-time basis.

NOTE 20: PRIOR PERIOD ADJUSTMENTS

GASB 84, *Fiduciary Activities*, was implemented during the fiscal year ended June 30, 2021. As part of this implementation, the activity for the Unemployment Compensation Insurance Trust Fund which had previously been reported in the Fiduciary Funds is now reported in the General Fund. The Student Activities Fund and Private Purpose Scholarship Trust Fund are now reported in the Special Revenue Fund. The ending balances as of June 30, 2020 were restated due to this implementation as follows:

	Balance June 30, 2020 as Reported	Adjustments	Balance June 30, 2020 Restated
<u>Statement of Net Activities - Governmental Activities:</u>			
Net Position - Ending	\$ 35,740,431	\$ 889,963	\$ 36,630,394
<u>Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds:</u>			
General Fund:			
Fund Balance - June 30	\$ 12,784,920	\$ 360,814	\$ 13,145,734
Special Revenue Fund:			
Fund Balance - June 30	\$ -0-	\$ 529,149	\$ 529,149
<u>Statement of Changes in Fiduciary Net Position - Fiduciary Funds:</u>			
Unemployment Compensation Trust:			
Net Position - End of the Year	\$ 360,814	\$ (360,814)	\$ -0-
Private Purpose Scholarship Trust:			
Net Position - End of the Year	\$ 93,695	\$ (93,695)	\$ -0-

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 SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
District's proportion of the net pension liability	0.0422792453%	0.0425589699%	0.0415399521%	0.0424283127%	0.0426248957%	0.0458742167%	0.0464446458%
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	\$ 7,573,907
District's covered employee payroll	\$ 2,717,516	\$ 2,772,137	\$ 2,903,955	\$ 2,918,396	\$ 3,098,361	\$ 3,259,500	\$ 3,323,087
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%	227.92%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%

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 SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 348,544	\$ 365,893	\$ 375,724	\$ 428,245	\$ 439,081	\$ 449,144	\$ 508,081
Contributions in relation to the contractually required contribution	(348,544)	(365,893)	(375,724)	(428,245)	(439,081)	(449,144)	(508,081)
Contribution deficiency/(excess)	\$ -0-	\$ -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	\$ 3,483,634
Contributions as a percentage of covered employee payroll	12.57%	12.60%	12.87%	13.82%	13.47%	13.52%	14.58%

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 SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
State's proportion of the net pension liability attributable to the District	0.1278586395%	0.1359611981%	0.1429083894%	0.1336923813%	0.1410554387%	0.1420197177%	0.1407817258%
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	\$ 92,703,072
District's covered employee payroll	\$ 13,935,919	\$ 14,003,957	\$ 14,604,419	\$ 14,687,078	\$ 15,127,956	\$ 15,516,262	\$ 15,807,716
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%	586.44%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%

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 SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 3,677,134	\$ 5,247,001	\$ 8,446,862	\$ 6,244,457	\$ 5,231,321	\$ 5,140,861	\$ 5,764,672
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)	(4,171,225)
Contribution deficiency/(excess)	\$ 2,942,078	\$ 4,102,821	\$ 6,995,666	\$ 4,167,209	\$ 2,438,137	\$ 2,052,979	\$ 1,593,447
District's covered employee payroll	\$ 14,003,957	\$ 14,604,419	\$ 14,687,078	\$ 15,127,956	\$ 15,516,262	\$ 15,807,716	\$ 16,192,162
Contributions as a percentage of covered employee payroll	5.25%	7.83%	9.88%	13.73%	18.00%	19.53%	25.76%

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 THREE FISCAL YEARS

	Fiscal Year Ending June 30,		
	2017	2018	2019
Service Cost	\$ 2,679,518	\$ 2,217,562	\$ 2,015,133
Interest Cost	1,920,885	2,222,332	2,050,164
Changes in Assumptions	(8,121,040)	(5,926,581)	692,169
Differences between Expected and Actual Experience		(6,054,068)	(8,597,296)
Member Contributions	51,616	47,729	42,242
Gross Benefit Payments	(1,401,760)	(1,380,983)	(1,425,044)
Net Change in Total OPEB Liability	(4,870,781)	(8,874,009)	(5,222,632)
Total OPEB Liability - Beginning	65,390,300	60,519,519	51,645,510
Total OPEB Liability - Ending	<u>\$ 60,519,519</u>	<u>\$ 51,645,510</u>	<u>\$ 46,422,878</u>
District's Covered Employee Payroll *	\$ 14,687,078	\$ 15,127,956	\$ 15,516,262
Total OPEB Liability as a Percentage of Covered Employee Payroll	412%	341%	299%

* - Covered payroll for the fiscal years ending June 30, 2017, June 30, 2018 and June 30, 2019 are based on the payroll on the June 30, 2016, June 30, 2017 and June 30, 2018 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, 2021
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020. The municipal bond rate changed from 3.50% to 2.21%.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%.

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 Healthy 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 mortality rates in the valuation as of June 30, 2019 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

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.

The health care trend rates in the valuation as of June 30, 2019 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BUDGETARY COMPARISON SCHEDULES

WEST ESSEX REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 38,096,268		\$ 38,096,268	\$ 38,096,268	\$ 88,569
Tuition from Other LEA's	80,000		80,000	168,569	12,758
Interest Earned on Capital Reserve Funds				12,758	36,641
Restricted Miscellaneous Revenue	445,000		445,000	381,853	(63,147)
Unrestricted Miscellaneous Revenue	38,621,268		38,621,268	38,696,089	74,821
Total - Local Sources					
State Sources:					
Special Education Aid	1,286,352	\$ (164,960)	1,121,392	1,121,392	
Security Aid	29,634		29,634	29,634	
Transportation Aid	479,086		479,086	479,086	
Extraordinary Special Education Costs Aid				804,053	804,053
Additional Extraordinary Special Education Costs Aid				45,728	45,728
Nonpublic Transportation Aid				64,090	64,090
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				1,332,068	1,332,068
TPAF On-Behalf Pension Contributions (Non-Budgeted)				4,171,225	4,171,225
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				79,363	79,363
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				2,499	2,499
TPAF Social Security (Reimbursed - Non-Budgeted)				1,171,405	1,171,405
Total State Sources	1,795,072	(164,960)	1,630,112	9,300,543	7,670,431
Total Revenues	40,416,340	(164,960)	40,251,380	47,996,632	7,745,252

WEST ESSEX REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
REGULAR PROGRAMS - INSTRUCTION:					
Grades 6-8 - Salaries of Teachers	\$ 3,824,278	\$ 104,233	\$ 3,928,511	\$ 3,928,511	
Grades 9-12 - Salaries of Teachers	7,988,408	(104,233)	7,884,175	7,866,807	\$ 17,368
Regular Programs - Home Instruction:					
Salaries of Teachers	35,000		35,000	14,460	20,540
Purchased Professional-Educational Services	5,000		5,000		5,000
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	10,357	(1,167)	9,190	5,363	3,827
Other Purchased Services	660,753	287,150	947,903	917,470	30,433
General Supplies	370,979	40,616	411,595	342,877	68,718
Textbooks	54,000	7,271	61,271	41,800	19,471
Other Objects	41,000	53,176	94,176	1,913	92,263
TOTAL REGULAR PROGRAMS - INSTRUCTION	12,989,775	387,046	13,376,821	13,119,201	257,620
SPECIAL EDUCATION - INSTRUCTION:					
Learning and/or Language Disabilities:					
Salaries of Teachers	107,246		107,246	105,522	1,724
General Supplies	4,000		4,000	3,526	474
Total Learning and/or Language Disabilities	111,246		111,246	109,048	2,198
Resource Room/Resource Center:					
Salaries of Teachers	1,697,854		1,697,854	1,628,814	69,040
Other Salaries for Instruction	562,556		562,556	310,633	251,923
Purchased Technical Services	25,000		25,000		25,000
General Supplies	18,000		18,000	14,422	3,578
Textbooks	2,000		2,000	1,905	95
Total Resource Room/Resource Center	2,305,410		2,305,410	1,955,774	349,636

WEST ESSEX REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Home Instruction:					
General Supplies	\$ 1,000		\$ 1,000		\$ 1,000
Total Home Instruction	<u>1,000</u>		<u>1,000</u>		<u>1,000</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	2,417,656		2,417,656	\$ 2,064,822	352,834
School Sponsored Cocurricular Activities:					
Salaries	220,626.00	\$ 8,428	229,054.00	229,054.00	450.00
Purchased Services (300-500 Series)	27,250	(17,000)	10,250	9,800	31,680
Supplies and Materials	52,300		52,300	20,620	8,037
Other Objects	60,000	(8,428)	51,572	43,535	40,167
Total School-Sponsored Cocurricular Activities	<u>360,176</u>	<u>(17,000)</u>	<u>343,176</u>	<u>303,009</u>	
School-Sponsored Athletics:					
Salaries	871,553		871,553	808,164	63,389
Purchased Services (300-500 Series)	278,950	(7,000)	271,950	133,772	138,178
Supplies and Materials	234,500	(2,000)	232,500	132,425	100,075
Other Objects	2,000	9,000	11,000		11,000
Total School-Sponsored Athletics	<u>1,387,003</u>		<u>1,387,003</u>	<u>1,074,361</u>	<u>312,642</u>
Total Instruction	17,154,610	370,046	17,524,656	16,561,393	963,263
Undistributed Expenditures - Instruction:					
Tuition to County Vo. School District-Regular	5,911		5,911		5,911
Tuition to County Vo. School District-Special	82,005		82,005	27,312	54,693
Tuition to Private Schools for the Handicapped Within State	2,887,759	(70,000)	2,817,759	2,487,516	330,243
Tuition to Private Schools for the Handicapped Outside State	40,000		40,000		40,000
Total Undistributed Expenditures - Instruction	<u>3,015,675</u>	<u>(70,000)</u>	<u>2,945,675</u>	<u>2,514,828</u>	<u>430,847</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures - Attendance and Social Work Services:					
Salaries	\$ 115,406		\$ 115,406	\$ 115,406	
Supplies and Materials	1,500	(100)	1,400	337	\$ 1,063
Total Undistributed Expenditures - Attendance and Social Work Services	<u>116,906</u>	<u>(100)</u>	<u>116,806</u>	<u>115,743</u>	<u>1,063</u>
Undistributed Expenditures - Health Services:					
Salaries	206,107		206,107	186,283	19,824
Purchased Professional and Technical Services	21,000	(1,170)	19,830	19,830	
Supplies and Materials	9,000	1,270	10,270	9,754	516
Total Undistributed Expenditures - Health Services	<u>236,107</u>	<u>100</u>	<u>236,207</u>	<u>215,867</u>	<u>20,340</u>
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	675,570	4,260	679,830	679,727	103
Salaries of Secretarial and Clerical Assistants	174,401	(4,265)	170,136	166,103	4,033
Other Salaries	21,000	3,671	24,671	24,671	
Other Purchased Professional and Technical Services	25,000	4,600	29,600	13,679	15,921
Supplies and Materials	5,600	(5,566)	34	34	
Other Objects	12,000	(200)	11,800	9,647	2,153
Total Undist. Expend. - Guidance	<u>913,571</u>	<u>2,500</u>	<u>916,071</u>	<u>893,827</u>	<u>22,244</u>
Undist. Expend. - Child Study Teams:					
Salaries of Other Professional Staff	568,299		568,299	544,091	24,208
Salaries of Secretarial and Clerical Assistants	114,206		114,206	114,206	
Purchased Professional - Educational Services	455,000	(2,500)	452,500	284,961	167,539
Other Purchased Professional and Technical Services	49,000		49,000	26,713	22,287
Miscellaneous Purchased Services	2,400		2,400	395	2,005
Supplies and Materials	5,400		5,400	2,901	2,499
Total Undist. Expend. - Child Study Teams	<u>1,194,305</u>	<u>(2,500)</u>	<u>1,191,805</u>	<u>973,267</u>	<u>218,538</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Educational Media Services/School Library:					
Salaries	\$ 545,871	\$ (7,968)	\$ 537,903	\$ 497,682	\$ 40,221
Supplies and Materials	39,000	(3,837)	35,163	26,950	8,213
Total Undist. Expend. - Educational Media Services/School Library	584,871	(11,805)	573,066	524,632	48,434
Undist. Expend. - Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	462,792		462,792	432,565	30,227
Salaries of Other Professional Staff	5,000		5,000		5,000
Purchased Professional - Educational Services	71,900	(29,211)	42,689	31,669	11,020
Other Purchased Services	30,000		30,000		30,000
Total Undist. Expend. - Instructional Staff Training Services	569,692	(29,211)	540,481	464,234	76,247
Undist. Expend. - Support Services - General Administration:					
Salaries	381,574		381,574	368,280	13,294
Legal Services	100,000	(25,804)	74,196	59,476	14,720
Audit Fees	35,000		35,000	34,900	100
Architectural/Engineering Services	71,172		71,172	48,749	22,423
Other Purchased Professional Services	73,600	41,303	114,903	95,068	19,835
Communications/Telephone	116,000	(12,000)	104,000	90,308	13,692
BOE Other Purchased Services	10,000		10,000		10,000
Miscellaneous Purchased Services	20,000		20,000	13,587	6,413
General Supplies	12,500		12,500	8,230	4,270
Miscellaneous Expenditures	6,000	1,400	7,400	7,345	55
BOE Membership Dues and Fees	25,000	(4,900)	20,100	19,326	774
Total Undist. Expend. - Support Services - General Administration	850,846	(1)	850,845	745,269	105,576

WEST ESSEX REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Support Serv. - School Administration:					
Salaries of Principals/Assistant Principals	\$ 749,341	\$ 11,721	\$ 761,062	\$ 761,062	
Salaries of Other Professional Staff	567,346	27,490	594,836	594,836	
Salaries of Secretarial and Clerical Assistants	344,268	(1,064)	344,268	313,140	\$ 31,128
Purchased Professional and Technical Services	36,000		34,936	28,198	6,738
Supplies and Materials	48,256	(8,936)	39,320	35,336	3,984
Other Objects	39,150		39,150	33,417	5,733
Total Undist. Expend. - Support Serv. - School Administration	1,784,361	29,211	1,813,572	1,765,989	47,583
Undist. Expend. - Central Services:					
Salaries	412,678		412,678	411,727	951
Purchased Professional Services	10,000		10,000	6,411	3,589
Purchased Technical Services	5,000		5,000	3,150	1,850
Miscellaneous Purchased Services	35,000		35,000	10,788	24,212
Supplies and Materials	20,000		20,000	12,965	7,035
Miscellaneous Expenditures	7,500		7,500	3,440	4,060
Total Undist. Expend. - Central Services	490,178		490,178	448,481	41,697
Undist. Expend. - Administrative Information Technology:					
Salaries	37,561	11,760	49,321	49,321	
Total Undist. Expend. - Administrative Information Technology	37,561	11,760	49,321	49,321	
Undist. Expend. - Required Maintenance for School Facilities:					
Salaries	733,032	(20,000)	713,032	683,805	29,227
Cleaning, Repair and Maintenance Services	226,475	69,450	295,925	155,696	140,229
General Supplies	237,636		237,636	192,905	44,731
Other Objects	15,000	70,326	85,326	85,326	
Total Undist. Expend. - Required Maintenance for School Facilities	1,212,143	119,776	1,331,919	1,117,732	214,187

WEST ESSEX REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Custodial Services:					
Salaries	\$ 910,267		\$ 910,267	\$ 822,716	\$ 87,551
Purchased Professional and Technical Services	12,000		12,000	5,193	6,807
Cleaning, Repair and Maintenance Services	59,286	\$ (10,000)	49,286	27,465	21,821
Other Purchased Property Services	65,000		65,000	26,799	38,201
Insurance	375,000	14,400	389,400	389,391	9
Miscellaneous Purchased Services	21,012	(14,400)	6,612	1,530	5,082
General Supplies	156,216		156,216	74,774	81,442
Energy (Natural Gas)	70,000		70,000	70,000	70,000
Energy (Electricity)	700,000	(49,450)	650,550	643,764	6,786
Total Undist. Expend. - Custodial Services	<u>2,368,781</u>	<u>(59,450)</u>	<u>2,309,331</u>	<u>1,991,632</u>	<u>317,699</u>
Undist. Expend. - Care and Upkeep of Grounds:					
Salaries	270,054		270,054	240,144	29,910
Purchased Professional and Technical Services	1,000		1,000	890	110
Cleaning, Repair, and Maintenance Services	40,704	10,000	50,704	25,188	25,516
General Supplies	95,750		95,750	42,860	52,890
Other Objects	1,000		1,000		1,000
Total Undist. Expend. - Care and Upkeep of Grounds	<u>408,508</u>	<u>10,000</u>	<u>418,508</u>	<u>309,082</u>	<u>109,426</u>
Undist. Expend. - Security:					
Salaries	125,063		125,063	83,084	41,979
Purchased Professional and Technical Services	31,572		31,572	9,925	21,647
General Supplies	10,000		10,000	9,589	411
Other Objects	15,000		15,000	1,471	13,529
Total Undist. Expend. - Security	<u>181,635</u>		<u>181,635</u>	<u>104,069</u>	<u>77,566</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Student Transportation Services:					
Contracted Services:					
Aid in Lieu of Payments for Nonpublic School Students	\$ 184,000		\$ 184,000	\$ 151,725	\$ 32,275
Between Home and School - Vendors	1,451,794		1,451,794	1,371,704	80,090
Other than Between Home and School - Vendors	405,000	\$ (70,326)	334,674	38,396	296,278
Special Education Students - Vendors	977,581		977,581	497,891	479,690
Total Undist. Expend. - Student Transportation Services	<u>3,018,375</u>	<u>(70,326)</u>	<u>2,948,049</u>	<u>2,059,716</u>	<u>888,333</u>
Unallocated Benefits:					
Social Security Contributions	463,500		463,500	435,195	28,305
Other Retirement Contribution - PERS	479,980	29,000	508,980	508,081	899
Other Retirement Contribution - ERIP	7,235	150	7,385	7,380	5
Other Retirement Contribution - Regular	23,690		23,690	8,678	15,012
Unemployment Compensation	166,000		166,000	9,945	156,055
Workmen's Compensation	212,000	(29,000)	183,000	182,127	873
Health Benefits	5,854,069	(300,150)	5,553,919	4,047,988	1,505,931
Tuition Reimbursement	55,000		55,000	48,570	6,430
Other Employee Benefits	220,000		220,000	149,642	70,358
Total Unallocated Benefits	<u>7,481,474</u>	<u>(300,000)</u>	<u>7,181,474</u>	<u>5,397,606</u>	<u>1,783,868</u>
ON-BEHALF CONTRIBUTIONS:					
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				1,332,068	(1,332,068)
TPAF On-Behalf Pension Contributions (Non-Budgeted)				4,171,225	(4,171,225)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				79,363	(79,363)
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				2,499	(2,499)
TPAF Social Security (Reimbursed - Non-Budgeted)				1,171,405	(1,171,405)
TOTAL ON-BEHALF CONTRIBUTIONS				<u>6,756,560</u>	<u>(6,756,560)</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	\$ 7,481,474	\$ (300,000)	\$ 7,181,474	\$ 12,154,166	\$ (4,972,692)
TOTAL UNDISTRIBUTED EXPENDITURES	24,464,989	(370,046)	24,094,943	26,447,855	(2,352,912)
TOTAL GENERAL CURRENT EXPENSE	41,619,599		41,619,599	43,009,248	(1,389,649)
CAPITAL OUTLAY:					
Equipment:					
Undistributed:					
Required Maint for School Facilities	18,907		18,907	18,907	
Total Equipment	18,907		18,907	18,907	
Facilities Acquisition and Construction Services:					
Construction Services	210,000	1,117,450	1,327,450		1,327,450
Supplies and Materials	92,500	231,335	323,835	52,500	271,335
Other Objects - Assessment for Debt Service on SDA Funding	83,370		83,370	83,370	
Total Facilities Acquisition and Construction Services	385,870	1,348,785	1,734,655	135,870	1,598,785
TOTAL CAPITAL OUTLAY	404,777	1,348,785	1,753,562	154,777	1,598,785
TOTAL EXPENDITURES	42,024,376	1,348,785	43,373,161	43,164,025	209,136
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(1,608,036)	(1,513,745)	(3,121,781)	4,832,607	7,954,388

WEST ESSEX REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Fund Balance, July 1 (Restated)	\$ 13,291,205		\$ 13,291,205	\$ 13,291,205	
Fund Balance, June 30	<u>\$ 11,683,169</u>	<u>\$ (1,513,745)</u>	<u>\$ 10,169,424</u>	<u>\$ 18,123,812</u>	<u>\$ 7,954,388</u>
Recapitulation:					
Restricted:					
Capital Reserve				\$ 11,083,016	
Maintenance Reserve				964,560	
Excess Surplus - 2022-2023				500,000	
Excess Surplus - 2021-2022				500,000	
Unemployment Compensation				397,455	
Assigned:					
Designated for Subsequent Year's Expenditures				125,439	
Year End Encumbrances				2,228,900	
Unassigned				<u>2,324,442</u>	
				18,123,812	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				<u>(152,575)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 17,971,237</u>	

WEST ESSEX REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 355,895	\$ 355,895	\$ 356,390	\$ 495
Federal Sources	\$ 263,000	253,048	516,048	478,427	(37,621)
Total Revenues	263,000	608,943	871,943	834,817	(37,126)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	21,000	42,934	63,934	49,126	14,808
Tuition	230,000	92,708	322,708	322,708	
General Supplies		75,680	75,680	61,551	14,129
Total Instruction	251,000	211,322	462,322	433,385	28,937
Support Services:					
Salaries of Supervisors of Instruction		3,892	3,892	3,892	
Personal Services - Employee Benefits		4,891	4,891	4,891	
Other Purchased Services	12,000	785	12,785	4,596	8,189
Supplies and Materials		48,066.00	48,066.00	48,066	
Student Activities		371,692	371,692	371,692	
Scholarships Awarded		29,034	29,034	29,034	
Total Support Services	12,000	458,360	470,360	462,171	8,189
Total Expenditures	\$ 263,000	\$ 669,682	\$ 932,682	\$ 895,556	\$ 37,126
Deficit of Revenue under Expenditures	\$ -0-	\$ (60,739)	\$ (60,739)	\$ (60,739)	\$ -0-

WEST ESSEX REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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	\$ 47,996,632	\$ 834,817
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:		
Prior Year Encumbrances		2,035
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	145,471	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(152,575)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 47,989,528</u>	<u>\$ 836,852</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 43,164,025	\$ 895,556
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 Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 43,164,025</u>	<u>\$ 897,591</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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, 2021 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 except for student activities and scholarships. 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, 2021

	Elementary and Secondary Education Act Title I	Title IIA	CARES Emergency Relief	Coronavirus Relief Fund	IDEA Part B Basic
REVENUE:					
Local Sources	\$ 65,906	\$ 5,069	\$ 36,678	\$ 48,066	\$ 322,708
Federal Sources					
Total Revenue	65,906	5,069	36,678	48,066	322,708
EXPENDITURES:					
Instruction:					
Salaries of Teachers	49,126				322,708
Tuition					
General Supplies	8,470		36,678		
Total Instruction	57,596		36,678		322,708
Support Services:					
Salaries of Supervisors of Instruction	3,419	473			
Personal Services - Employee Benefits	4,891				
Other Purchased Services		4,596			
Supplies and Materials				48,066	
Student Activities					
Scholarships Awarded					
Total Support Services	8,310	5,069		48,066	
Total Expenditures	\$ 65,906	\$ 5,069	\$ 36,678	\$ 48,066	\$ 322,708

WEST ESSEX REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Student Activities	Scholarship	Local Grants	Totals
REVENUE:				
Local Sources	\$ 334,952	\$ 5,035	\$ 16,403	\$ 356,390
Federal Sources				478,427
Total Revenue	334,952	5,035	16,403	834,817
EXPENDITURES:				
Instruction:				
Salaries of Teachers				49,126
Tuition				322,708
General Supplies			16,403	61,551
Total Instruction			16,403	433,385
Support Services:				
Salaries of Supervisors of Instruction				3,892
Personal Services - Employee Benefits				4,891
Other Purchased Services				4,596
Supplies and Materials				48,066
Student Activities	371,692			371,692
Scholarships Awarded		29,034		29,034
Total Support Services	371,692	29,034		462,171
Total Expenditures	\$ 371,692	\$ 29,034	\$ 16,403	\$ 895,556

CAPITAL PROJECTS FUND
NOT APPLICABLE

PROPRIETARY FUNDS

WEST ESSEX REGIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2021

	Business-Type Activities
	Enterprise Fund Food Service
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 191,587
Other Accounts Receivable	5,270
Interfund Receivable - General Fund	8,651
Total Current Assets	205,508
Non-Current Assets:	
Capital Assets	303,202
Less: Accumulated Depreciation	(200,967)
Total Non-Current Assets	102,235
Total Assets	307,743
<u>LIABILITIES:</u>	
Current Liabilities:	
Unearned Revenue	41,328
Total Current Liabilities	41,328
<u>NET POSITION:</u>	
Investment in Capital Assets	102,235
Unrestricted	164,180
Total Net Position	\$ 266,415

WEST ESSEX REGIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-Type Activities
	<u>Enterprise Fund</u> <u>Food Service</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Program	\$ 6,097
Total Operating Revenue	<u>6,097</u>
Operating Expenses:	
Cost of Sales - Non-Reimbursable Program	29,947
Other Purchased Services	5,770
Supplies, Insurance and Other Costs	2,077
Depreciation Expense	15,324
Total Operating Expenses	<u>53,118</u>
Operating Loss/Change in Net Position	(47,021)
Net Position - Beginning of Year	<u>313,436</u>
Net Position - End of Year	<u>\$ 266,415</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Business-Type Activities</u> <u>Enterprise Fund</u> <u>Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 3,711
Payments to Suppliers	(7,847)
	(4,136)
Net Cash Used for Operating Activities	(4,136)
Net Decrease in Cash and Cash Equivalents	(4,136)
Cash and Cash Equivalents, July 1	195,723
Cash and Cash Equivalents, June 30	\$ 191,587
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (47,021)
Adjustment to Reconcile Operating Income to Net Cash Used for Operating Activities:	
Depreciation	15,324
Changes in Assets and Liabilities:	
(Increase) in Unearned Revenue	(2,386)
Decrease in Other Accounts Receivable	8,651
(Increase) in Interfund Receivable	(8,651)
Decrease in Inventory	29,947
	29,947
Net Cash Used for Operating Activities	\$ (4,136)

FIDUCIARY ACTIVITIES
NOT APPLICABLE

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, 2020	Matured	Balance June 30, 2021
			Date	Amount				
Refunding Bonds 2011	7/14/2011	\$ 14,470,000	11/1/2021	\$ 1,465,000	3.500%	\$ 4,375,000	\$ 1,420,000	\$ 2,955,000
			11/1/2022	1,490,000	5.000%			
Refunding Bonds 2016	7/13/2016	3,965,000	8/15/2021	345,000	3.000%	3,895,000	335,000	3,560,000
			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%			
						<u>\$ 8,270,000</u>	<u>\$ 1,755,000</u>	<u>\$ 6,515,000</u>

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, 2020</u>	<u>Matured</u>	<u>Balance June 30, 2021</u>
Chromebooks	6.730%	\$ 190,080	\$ 63,620	\$ 63,620	
Dell Teacher Laptops	6.920%	141,338	91,464	44,155	\$ 47,309
HP G6 Chromebooks (GR 11-12)	6.920%	186,576	120,739	58,288	62,451
HP G6 Chromebooks (GR 7-9)	7.670%	93,288	60,169	28,935	31,234
			<u>\$ 335,992</u>	<u>\$ 194,998</u>	<u>\$ 140,994</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,932,160		\$ 1,932,160	\$ 1,932,160	
Total Revenues	1,932,160		1,932,160	1,932,160	
EXPENDITURES:					
Regular Debt Service:					
Interest	295,313		295,313	295,313	
Redemption of Principal	1,755,000		1,755,000	1,755,000	
Total Regular Debt Service	2,050,313		2,050,313	2,050,313	
Total Expenditures	2,050,313		2,050,313	2,050,313	
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(118,153)		(118,153)	(118,153)	
Fund Balance, July 1	118,153		118,153	118,153	
Fund Balance, June 30	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

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>
Financial Trends 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
Revenue Capacity 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
Debt Capacity 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
Demographic and Economic Information 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
Operating Information 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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020*	2021
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 33,975,352
Restricted	2,847,261	3,667,260	4,812,739	4,195,942	5,717,488	7,652,587	9,252,912	9,949,046	11,684,412	13,913,441
Unrestricted/(Deficit)	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)	(6,076,321)
Total Governmental Activities Net Position	\$ 28,453,378	\$ 30,680,987	\$ 24,920,547	\$ 27,496,437	\$ 29,808,429	\$ 31,629,438	\$ 33,399,801	\$ 33,941,344	\$ 36,630,394	\$ 41,812,472
Business-type Activities										
Investment in Capital Assets	\$ 33,447	\$ 24,289	\$ 12,596	\$ 57,527	\$ 50,810	\$ 104,833	\$ 95,168	\$ 105,247	\$ 117,559	\$ 102,235
Unrestricted	166,668	168,342	100,098	49,963	80,957	62,839	133,117	193,303	195,877	164,180
Total Business-type Activities Net Position	\$ 200,115	\$ 192,631	\$ 112,694	\$ 107,490	\$ 131,767	\$ 167,672	\$ 228,285	\$ 298,550	\$ 313,436	\$ 266,415
District-wide										
Net Investment in Capital Assets	\$ 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	\$ 34,077,587
Restricted	2,847,261	3,667,260	4,812,739	4,195,942	5,717,488	7,652,587	9,252,912	9,949,046	11,684,412	13,913,441
Unrestricted/(Deficit)	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)	(5,912,141)
Total District Net Position	\$ 28,653,493	\$ 30,873,618	\$ 25,033,241	\$ 27,603,927	\$ 29,940,196	\$ 31,797,110	\$ 33,628,086	\$ 34,239,894	\$ 36,943,830	\$ 42,078,887

* 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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 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	\$ 20,721,177
Special Education	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	3,939,598
Other Special Education	58,892	48,195	130,856						64,521	
School Sponsored Activities And Athletics	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	2,104,196
Support Services:										
Tuition				2,520,512	2,460,215	2,640,421	2,527,262	2,845,271	2,603,303	2,514,828
Student & Instruction Related Services	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	5,499,734
General Administrative Services	952,905	945,428	773,663	865,242	837,366	835,943	841,692	1,047,544	946,614	993,575
School Administrative Services	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	2,904,345
Central and Other Support Services	584,917	552,372	566,228	649,021	696,651	678,504	734,230	734,179	772,093	738,750
Administrative Information Technology				189,067	207,484	225,852	221,011	259,571	221,364	129,711
Plant Operations and Maintenance	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	4,901,279
Pupil Transportation	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	2,177,029
Transfer of Funds to Charter School				35,284						
Interest on Long-term Debt	665,601	761,455	691,812	663,512	597,552	616,401	465,758	390,027	312,346	231,347
Capital Outlay								83,370	83,370	83,370
Unallocated Depreciation				1,588,396	1,600,560	1,609,620	1,840,936	1,521,971		
Total Governmental Activities Expenses	34,711,727	36,399,412	36,053,234	40,819,272	43,440,483	48,321,763	49,294,483	49,838,841	48,973,131	46,938,939
Business-type Activities:										
Food Service	695,121	750,776	794,468	765,978	816,748	829,098	914,170	981,349	712,079	53,118
Total Business-type Activities Expense	695,121	750,776	794,468	765,978	816,748	829,098	914,170	981,349	712,079	53,118
Total District Expenses	\$ 35,406,848	\$ 37,150,188	\$ 36,847,702	\$ 41,585,250	\$ 44,257,231	\$ 49,150,861	\$ 50,208,653	\$ 50,820,190	\$ 49,685,210	\$ 46,992,057
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 168,593	\$ 77,076	\$ 102,010	\$ 52,289	\$ 79,974	\$ 219,426	\$ 201,745	\$ 205,107	\$ 149,964	\$ 168,569
Student and Related Services				8,139,878	9,525,846	12,703,372	13,027,463	11,126,288	10,979,365	334,952
Operating Grants and Contributions	3,903,058	4,782,073	4,329,234			360,204				11,128,181
Capital Grants and Contributions	19,205			72,520						
Total Governmental Activities Program Revenues	4,090,856	4,859,149	4,431,244	8,264,687	9,605,820	13,283,002	13,229,208	11,331,395	11,129,329	11,631,702
Business-type Activities:										
Charges for Services:										
Food Service	726,069	743,292	727,484	760,774	841,025	865,003	974,783	1,031,870	726,965	6,097
Total Business-type Activities Program Revenues	726,069	743,292	727,484	760,774	841,025	865,003	974,783	1,031,870	726,965	6,097
Total District Program Revenues	\$ 4,816,925	\$ 5,602,441	\$ 5,158,728	\$ 9,025,461	\$ 10,446,845	\$ 14,148,005	\$ 14,203,991	\$ 12,363,265	\$ 11,856,294	\$ 11,637,799

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (Expense)/Revenue:										
Governmental Activities	\$ (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)	\$ (35,307,237)
Business-type Activities	30,948	(7,484)	(66,984)	(5,204)	24,277	35,905	60,613	50,521	14,886	(47,021)
Total District-wide Net Expense	\$ (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)	\$ (35,354,258)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 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	\$ 38,096,268
Property Taxes Levied for Debt Service	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	1,932,160
State Aid - Unrestricted				56,617	58,853	78,957	80,560	34,218	29,465	29,635
Investment Earnings	395,596	370,036	345,949	13,506	11,594	17,319	20,174	24,369	25,388	12,758
Miscellaneous Income				245,063	323,613	328,348	384,443	652,667	238,454	418,494
Total Governmental Activities	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	40,489,315
Business-type Activities:										
Purchase of Capital Assets								19,744		
Total Business-type Activities	-0-	-0-	-0-	-0-	-0-	-0-	-0-	19,744	-0-	-0-
Total District-wide	\$ 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	\$ 40,489,315
Change in Net Position										
Governmental Activities	\$ 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	\$ 5,182,078
Business-type Activities	30,948	(7,484)	(66,984)	(5,204)	24,277	35,905	60,613	70,265	14,886	(47,021)
Total District	\$ 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	\$ 5,135,057

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,

	2012	2013	2014	2015	2016	2017	2018	2019	2020*	2021
General Fund										
Restricted	\$ 2,768,729	\$ 3,588,729	\$ 3,777,933	\$ 3,281,916	\$ 4,803,462	\$ 6,493,718	\$ 8,387,826	\$ 9,714,293	\$ 11,037,110	\$ 13,445,031
Committed		161,670	490,602							
Assigned	385,557	531,760	1,117,233	841,259	623,715	524,864	485,699	768,452	1,022,996	2,354,339
Unassigned	619,125	621,000	626,842	1,152,698	1,099,343	1,159,735	1,113,742	1,280,946	1,085,628	2,171,867
Total General Fund	\$ 3,773,411	\$ 4,903,159	\$ 6,012,610	\$ 5,275,873	\$ 6,526,520	\$ 8,178,317	\$ 9,987,267	\$ 11,763,691	\$ 13,145,734	\$ 17,971,237
All Other Governmental Funds										
Restricted	\$ 1,112,216	\$ 914,026	\$ 1,034,806	\$ 914,026	\$ 914,026	\$ 1,158,869	\$ 865,086	\$ 234,753	\$ 647,302	\$ 468,410
Total All Other Governmental Funds	\$ 1,112,216	\$ 914,026	\$ 1,034,806	\$ 914,026	\$ 914,026	\$ 1,158,869	\$ 865,086	\$ 234,753	\$ 647,302	\$ 468,410
Total Governmental Funds	\$ 4,885,627	\$ 5,817,185	\$ 7,047,416	\$ 6,189,899	\$ 7,440,546	\$ 9,337,186	\$ 10,852,353	\$ 11,998,444	\$ 13,793,036	\$ 18,439,647

* Restated

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Property Tax Levy	\$ 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	\$ 40,028,428
Tuition	168,593	77,076	102,010	52,289	79,974	219,426	201,745	205,107	149,964	168,569
Interest Earnings									14,390	36,041
Transportation Fees from LEAs	427,395	400,230	370,871	278,405	356,350	351,099	411,490	721,167	16,517	12,758
Miscellaneous	3,456,344	4,429,723	3,950,324	4,930,968	5,084,650	5,771,071	6,220,558	7,272,916	246,580	738,243
State Sources	434,120	322,156	353,988	376,133	376,085	370,364	376,564	383,797	7,416,823	9,293,439
Federal Sources									376,433	480,462
Total Revenue	37,317,275	38,627,021	38,692,351	40,453,084	41,649,654	43,147,106	44,560,818	46,920,722	47,570,289	50,758,540
Expenditures										
Instruction										
Regular Instruction	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	13,229,878
Special Education Instruction	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	2,387,530
Other Instruction	58,888	48,264	127,465							
School Sponsored Activities and Athletics	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	1,377,370
Support Services:										
Tuition										
Student & Instruction Related Services	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	2,514,828
General Administrative Services	757,690	900,256	751,062	671,493	605,176	546,201	648,836	700,578	3,230,736	3,651,776
School Administrative Services	1,869,652	2,078,786	2,152,073	1,633,517	1,600,486	1,704,659	1,671,874	1,701,544	687,550	745,269
Central and Other Support Services	557,774	526,331	540,137	445,456	442,350	404,043	443,770	455,471	1,745,416	1,765,989
Administrative Information Technology				122,000	125,050	123,385	118,450	177,023	446,886	448,481
Plant Operations and Maintenance	3,493,524	3,554,853	3,839,438	3,126,978	3,264,591	3,234,854	3,429,615	3,546,859	131,181	49,321
Pupil Transportation	1,816,080	1,832,747	1,781,428	2,128,409	1,797,862	1,970,178	2,032,610	2,526,767	3,864,382	3,522,515
Unallocated Benefits				7,665,652	8,647,379	9,028,590	10,062,016	10,919,028	1,898,861	2,059,716
Transfer of Funds to Charter School				35,284					11,716,606	12,154,166
Capital Outlay	697,802	818,459	1,136,371	3,286,537	1,043,350	684,834	1,043,670	979,438	1,792,285	154,777
Debt Service:										
Principal	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	1,755,000
Interest and Other Charges	1,791,216	842,680	780,730	715,105	649,280	515,510	514,069	451,550	376,900	295,313
Total Expenditures	36,700,954	37,616,932	37,540,651	42,090,601	40,399,007	41,250,466	43,353,278	45,774,631	47,086,862	46,111,929
Excess/(Deficit) of Revenues Over/(Under) Expenditures	616,321	1,010,089	1,151,700	(1,637,517)	1,250,647	1,896,640	1,207,540	1,146,091	483,427	4,646,611

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Other Financing Sources/(Uses)										
Proceeds from Leases										
Proceeds from Refunding Bonds	\$ 14,470,000					\$ 3,965,000				
Premium on Bonds	1,458,392					555,685				
Payment to Refunded Bonds Escrow Agent	(14,885,000)					(4,002,000)				
Costs of Refunding Bond Issue						(94,708)				
Deferred Amount on Refunding						(423,977)				
Transfers In			\$ 120,780	\$ 926,026						
Transfers Out			(120,780)	(926,026)						
Capital Leases (Non-budgeted)				780,000			\$ 307,627			
Total Other Financing Sources/(Uses)	1,043,392			780,000			307,627			
Net Change in Fund Balances	\$ 1,659,713	\$ 1,010,089	\$ 1,151,700	\$ (857,517)	\$ 1,250,647	\$ 1,896,640	\$ 1,515,167	\$ 1,146,091	\$ 483,427	\$ 4,646,611
Debt Service as a Percentage of Noncapital Expenditures	9.75%	6.81%	6.83%	6.25%	6.01%	5.67%	5.28%	4.86%	4.67%	4.46%

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Tuition	\$ 168,593	\$ 77,076	\$ 102,010	\$ 1,755	\$ 79,974	\$ 219,426	\$ 201,745	\$ 205,107	\$ 149,964	\$ 168,569
Rentals/Facility Use	58,431	67,601	95,195	75,155	54,755	77,615	93,721	99,071	22,776	2,000
Interest	6,765	9,770	12,174	13,506	11,594	17,319	20,174	24,369	25,389	27,116
Athletic Game Receipts	9,185	19,195	28,075	24,035	15,638	14,571	18,856	25,029	29,833	4,302
Prior Year Refunds and Reimbursements	65,654		12,181	7,990	44,128	9,524		155,158	1,610	3,013
Transportation Fess from LEAs									16,517	
Energy Rebate	36,161	58,636	31,772							
E-Rate Reimbursement	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	91,896	104,585	107,132	105,000	100,635	114,150	95,833	125,428	100,275	105,460
Insurance Claims										212,342
Miscellaneous		37,653	44,087	61,857	50,373	112,488	176,033	231,858	67,442	77,019
Total Miscellaneous	\$ 564,189	\$ 447,112	\$ 447,958	\$ 310,858	\$ 415,181	\$ 565,093	\$ 606,362	\$ 882,143	\$ 413,806	\$ 599,821

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

ESSEX FIELDS BOROUGH

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
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	-	-	817,449,800	265,500	817,715,300	0.40	796,292,180
2020	7,686,600	781,404,700	-	-	18,869,800	-	-	807,961,100	266,538	808,227,638	0.43	813,484,648

FAIRFIELD TOWNSHIP

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
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	2,591,003,944
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
2020	43,294,400	1,366,309,500	483,200	14,300	725,211,700	#####	31,431,100	3,191,707,300	8,385,227	3,200,092,527	0.56	3,303,343,607

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 ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
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	\$ 1,705,642,135.00
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	1,599,716,100	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
2020	15,186,600	1,596,906,200	-	-	24,439,500	2,500,000	-	1,639,032,300	477,300	1,639,509,600	0.57	1,844,195,238

ROSELAND BOROUGH

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
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
2020	6,297,700	961,828,800	-	-	527,316,800	88,269,400	76,017,700	1,659,730,400	1,636,315	1,661,366,715	0.57	1,778,382,868

Source: County Abstract of Rates

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 ^a	Debt Service ^b					
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
2020	0.41	0.02	0.43	0.50	0.62	0.49	2.04

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 ^a	Debt Service ^b					
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
2020	0.53	0.03	0.56	0.50	0.47	0.50	2.03

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 ^a	Debt Service ^b					
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
2020	0.54	0.03	0.57	0.41	0.85	0.55	2.37

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 ^a	Debt Service ^b					
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
2020	0.54	0.03	0.57	0.65	0.55	0.52	2.29

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

Taxpayer	2020		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value

NOT AVAILABLE

Taxpayer	2011		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Essex Fells Country Club	\$ 20,939,900	1	2.72%
Individual Taxpayers	28,705,600	2-10	3.73%
Total	<u>\$ 49,645,500</u>		<u>6.46%</u>

Note: Individual Taxpayers in 2020 and 2011 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	2020		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Colfin Industrial LLC	\$ 84,041,200	1	2.63%
Fairfield Road Realty LLC	53,921,300	2	1.68%
Breit Industrial Fair Prop LLC	51,566,600	3	1.61%
LMAN LNT LLC	35,765,800	4	1.12%
Marshall Field/Target Corp	26,295,800	5	0.82%
GRE Greenbrook Property LLC	26,245,300	6	0.82%
180 Passaic A&B Fairfield NJ LLC	21,784,900	7	0.68%
RRAMC Fairfield	21,749,100	8	0.68%
Investor Properties Inc	21,631,600	9	0.68%
Skyline Properties LLC	21,544,600	10	0.67%
Total	<u>\$ 364,546,200</u>		<u>11.39%</u>

Taxpayer	2011		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
AMB-AMS	\$ 63,765,000	1	2.07%
IIT Fairfield Industrial	37,743,500	2	1.22%
AMB Partners II LP	31,019,700	3	1.00%
GRE Greenbrook Property LLC	30,895,800	4	1.00%
Fairfield BAB Group, LLC	28,175,200	5	0.91%
LMR USA, LLC	21,283,800	6	0.69%
True North Fairfield Property, LLC	20,400,000	7	0.66%
Kyocera Mita America	20,023,600	8	0.65%
Hollywood Associates	19,809,000	9	0.64%
Skyline Properties	17,177,500	10	0.56%
Total	<u>\$ 290,293,100</u>		<u>9.40%</u>

Source: Municipal Tax Assessor

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

NORTH CALDWELL BOROUGH

Taxpayer	2020		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Green Brook Country Club	\$ 12,000,000	1	0.73%
Pulte Homes of NJ, LP	6,493,900	2	0.40%
Individual Taxpayer #1	3,247,600	3	0.20%
Individual Taxpayer #2	2,824,800	4	0.17%
Individual Taxpayer #3	2,563,000	5	0.16%
Heller Property Partners, LP	2,500,000	6	0.15%
Individual Taxpayer #4	2,494,800	7	0.15%
PSEG Services Corp	2,320,000	8	0.14%
The Crossing LLC	2,227,100	9	0.14%
Eddie 1 LLC	2,470,900	10	0.15%
Total	<u>\$ 39,142,100</u>		<u>2.39%</u>

Taxpayer	2011		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
K. Hovnanian at North Caldwell LLC	\$ 21,618,700	1	1.37%
Green Brook Country Club	16,156,800	2	1.02%
Hidden Ridge at North Caldwell	4,175,000	3	0.26%
Individual Taxpayer #1	3,930,700	4	0.25%
Individual Taxpayer #2	386,940	5	0.02%
Individual Taxpayer #3	3,137,900	6	0.20%
Individual Taxpayer #4	2,961,400	7	0.19%
Individual Taxpayer #5	2,905,700	8	0.18%
Individual Taxpayer #6	2,724,500	9	0.17%
Individual Taxpayer #7	2,703,000	10	0.17%
Total	<u>\$ 60,700,640</u>		<u>3.84%</u>

Note: Individual taxpayers in 2020 and 2011 may be different.

Source: Municipal Tax Assessor

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

ROSELAND BOROUGH

Taxpayer	2020		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Prudential Financial - 80 Livingston Ave	\$ 67,100,400	1	4.04%
ADP Incorporated - 1 ADP Boulevard	61,626,400	2	3.71%
Prudential Financial - 55 Livingston Ave	48,850,000	3	2.94%
Roseland Owner LLC - 8 Eisenhower Pkwy	47,000,000	4	2.83%
56 Livingston Owner - 56 Livingston Ave	42,000,000	5	2.53%
Eisenhower 101 FO, LLC - 101 Eisenhower Pkwy	29,429,700	6	1.77%
Avalon Roseland LLC - 56 Locust Ave	29,017,700	7	1.75%
Eisenhower 105 FO, LLC - 105 Eisenhower Pkwy	28,369,400	8	1.71%
Becker Equities - 4 Becker Farm Road	24,300,000	9	1.46%
Eisenhower 103 FO, LLC - 103 Eisenhower Pkwy	19,107,500	10	1.15%
Total	\$ 396,801,100		23.88%

Taxpayer	2011		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Prudential Financial - 80 Livingston	\$ 89,038,300	1	4.93 %
Organon International	80,300,000	2	4.45 %
ADP Incorporated	62,888,500	3	3.48 %
Prudential Financial - 55 Livingston	58,048,800	4	3.22 %
Segal Development	53,906,200	5	2.99 %
Mack-Cali Realty Corp - 4 Beckham	42,781,900	6	2.37 %
Mack-Cali Realty Corp - 101 Eisenhower	36,072,600	7	2.00 %
Mack-Cali Realty Corp - 105 Eisenhower	33,130,000	8	1.84 %
Mack-Cali Realty Corp - 103 Eisenhower	23,893,200	9	1.23 %
Mack-Cali Realty Corp - 85 Livingston	18,786,100	10	1.04 %
Total	\$ 498,845,600		27.55%

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 ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
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
2021	40,028,428	38,530,904	96.26%	1,497,524

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 ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases				
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%	718
2017	13,460,000	391,845	-0-	13,851,845	1.44%	627
2018	11,735,000	463,379	-0-	12,198,379	0.85%	552
2019	10,010,000	162,412	-0-	10,172,412	0.68%	460
2020	8,270,000	335,992	-0-	8,605,992	0.58%	391
2021	6,515,000	140,994	-0-	6,655,994	0.45%	303

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 ^a	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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%	857
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%	531
2019	10,010,000	-0-	10,010,000	0.15%	453
2020	8,270,000	-0-	8,270,000	0.20%	376
2021	6,515,000	-0-	6,515,000	0.16%	296

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, 2020
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes:			
Borough of Essex Fells	\$ 3,504,398	100.000%	\$ 3,504,398
Township of Fairfield	2,519,989	100.000%	2,519,989
Borough of North Caldwell	20,412,936	100.000%	20,412,936
Borough of Roseland	8,342,505	100.000%	8,342,505
Essex County General Obligation Debt:			
Borough of Essex Fells	649,227,780	0.868%	5,634,181
Township of Fairfield	649,227,780	3.091%	20,065,820
Borough of North Caldwell	649,227,780	1.945%	12,629,311
Borough of Roseland	649,227,780	1.881%	<u>12,214,154</u>
Subtotal, Overlapping Debt			85,323,294
West Essex Regional School District Direct Debt			<u>6,515,000</u>
Total Direct and Overlapping Debt			<u>\$ 91,838,294</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 2021

	Borough of Essex Fells	Township of Fairfield	Borough of North Caldwell	Borough of Roseland	Total
2020	\$ 796,099,222	\$ 3,639,762,003	\$ 1,827,034,110	\$ 1,794,303,135	\$ 8,057,198,470
2019	822,466,848	3,250,318,106	1,819,554,631	1,781,632,061	7,673,971,646
2018	796,099,222	3,120,505,063	1,803,920,967	1,793,354,420	7,513,879,672
					<u>\$ 23,245,049,788</u>
					<u>\$ 7,748,349,929</u>
					<u>\$ 309,933,997 a</u>
					<u>\$ 6,515,000</u>
					<u>\$ 303,418,997</u>

Average Equalized Valuation of Taxable Property

Debt Limit (4% of average equalization value)

Net Bonded School Debt

Legal Debt Margin

Fiscal Year Ended June 30,

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$ 260,818,888	\$ 252,130,498	\$ 244,610,592	\$ 273,224,294	\$ 278,386,714	\$ 285,379,478	\$ 290,522,752	\$ 295,819,574	\$ 303,826,332	\$ 309,933,997
Total Net Debt Applicable to Limit	<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>	<u>6,515,000</u>
Legal Debt Margin	<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>	<u>\$ 303,418,997</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	8.47%	8.10%	7.65%	6.22%	5.49%	4.72%	4.04%	3.38%	2.72%	2.10%

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 ^a	Borough of Essex Fells Income Personal Income ^b	Essex County Per Capita Personal Income ^c	Unemployment Rate ^d
2012	2,176	\$ 119,797,504	\$ 55,054	5.50%
2013	2,197	122,610,176	55,808	2.40%
2014	2,169	126,858,303	58,487	4.40%
2015	2,142	130,319,280	60,840	3.80%
2016	2,110	131,524,740	62,334	2.90%
2017	2,103	135,079,896	64,232	3.10%
2018	2,095	136,623,330	65,214	2.60%
2019	2,097	141,876,729	67,657	2.30%
2020	2,071	140,117,647 ***	67,657 *	6.40%
2021	2,071 **	140,117,647 ***	67,657 *	N/A

Year	Population ^a	Township of Fairfield Income Personal Income ^b	Essex County Per Capita Personal Income ^c	Unemployment Rate ^d
2012	7,470	\$ 411,253,380	\$ 55,054	7.20%
2013	7,479	417,388,032	55,808	5.10%
2014	7,490	438,067,630	58,487	5.80%
2015	7,495	455,995,800	60,840	5.70%
2016	7,503	467,692,002	62,334	4.30%
2017	7,502	481,868,464	64,232	4.40%
2018	7,504	489,365,856	65,214	4.20%
2019	7,502	507,562,814	67,657	3.30%
2020	7,459	504,653,563 ***	67,657 *	11.00%
2021	7,459 **	504,653,563 ***	67,657 *	N/A

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

Year	Population ^a	Borough of North Caldwell Income Personal Income ^b	Essex County Per Capita Personal Income ^c	Unemployment Rate ^d
2012	6,259	\$ 344,582,986	\$ 55,054	6.60%
2013	6,354	354,604,032	55,808	3.10%
2014	6,547	382,914,389	58,487	3.60%
2015	6,621	402,821,640	60,840	3.10%
2016	6,632	413,399,088	62,334	2.70%
2017	6,634	426,115,088	64,232	2.70%
2018	6,625	432,042,750	65,214	2.20%
2019	6,649	449,851,393	67,657	2.00%
2020	6,641	449,310,137 ***	67,657 *	6.00%
2021	6,641 **	449,310,137 ***	67,657 *	N/A

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

Year	Population ^a	Borough of Roseland Income Personal Income ^b	Essex County Per Capita Personal Income ^c	Unemployment Rate ^d
2012	5,858	\$ 322,506,332	\$ 55,054	7.50%
2013	5,822	324,914,176	55,808	2.90%
2014	5,829	340,920,723	58,487	4.60%
2015	5,844	355,548,960	60,840	4.10%
2016	5,853	364,840,902	62,334	4.00%
2017	5,855	376,078,360	64,232	3.70%
2018	5,857	381,958,398	65,214	3.10%
2019	5,860	396,470,020	67,657	2.80%
2020	5,822	393,899,054 ***	67,657 *	8.90%
2021	5,822 **	393,899,054 ***	67,657 *	N/A

* - Latest Essex County per capita personal income available (2019) was used for calculation purposes.

** - Latest population data available (2020) was used for calculation purposes.

*** - Latest available population data (2020) and latest available Essex County per capita personal income (2019) was used for calculation purposes.

N/A - Information not available

Sources:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

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

^d 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	2020		
	Employees	Rank	Percentage of Total Employment
Prudential Ins. Co. of America	49,705	1	15.05%
St. Barnabas Health Care System	24,600	2	7.45%
Rutgers University - Newark Campus	23,980	3	7.26%
Verizon	15,000	4	4.54%
PSE&G	12,945	5	3.92%
New Jersey Transit	11,500	6	3.48%
City of Newark	10,001	7	3.03%
Montclair State University	7,900	8	2.39%
Newark Board of Education	7,050	9	2.13%
Gateway Group One	6,250	10	1.89%
Automatic Data Processing	5,649	11	1.71%
	174,580		52.86%
Total Employment	330,269		
Employer	2011		
	Employees	Rank	Percentage of Total Employment
St. Barnabas Health Care System	23,000	1	6.72%
Verizon	17,100	2	5.00%
Prudential Ins. Co. of America	16,850	3	4.92%
Univ. of Medicine and Dentistry	15,500	4	4.53%
Continental Airlines	11,000	5	3.21%
Newark Board of Education	7,050	6	2.06%
Automatic Data Processing	5,649	7	1.65%
New Jersey Transit	4,000	8	1.17%
Essex County	3,900	9	1.14%
City of Newark	4,000	10	1.17%
	108,049		31.57%
Total Employment	342,214		

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>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Instruction	146	146	146	147	146	147	155	159	157	155
Support Services:										
Student & Instruction related services	36	36	36	26	36	36	40	45	52	57
General Administrative	2	2	2	2	2	2	2	2	2	2
School Administrative Services	9	9	9	9	9	9	9	13	15	15
Central and Other Support Services	8	8	8	8	8	8	8	8	7	6
Plant Operations and Maintenance	27	26	26	28	27	28	28	30	29	28
Total	228	227	227	220	228	230	242	257	262	263

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 ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^e	% Change in Average Daily Enrollment	Student Attendance Percentage
						Junior High School	Senior High School				
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%
2021	1,644	43,906,839	26,707	5.83%	155	1:10	1:11	1,625	1,586	-1.81%	97.60%

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>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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	579	564	580	578	497	571	555	562	567	564
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	1,050	1,087	1,072	1,059	1,190	1,128	1,107	1,129	1,079	1,080

Number of Schools at June 30, 2021

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>School Facilities</u>										
Senior High School	\$ 83,489	\$ 181,645	\$ 465,521	\$ 493,587	\$ 597,034	\$ 561,488	\$ 552,773	\$ 594,946	\$ 616,193	\$ 482,161
Junior High School	60,724	88,824	318,179	371,889	298,423	412,962	421,853	487,988	507,122	635,571
Total	\$ 144,213	\$ 270,469	\$ 783,700	\$ 865,476	\$ 895,457	\$ 974,450	\$ 974,626	\$ 1,082,934	\$ 1,123,315	\$ 1,117,732

WEST ESSEX REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2021
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	

WEST ESSEX REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2021
UNAUDITED

	Coverage	Deductible
Commercial Package Policy - School Alliance Insurance Fund:		
Excess School Leaders Professional Liability:		
Loss	\$ 15,000	\$ 5,000
Policy Year Annual Aggregate	15,000	
 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, 2021, 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 17, 2021.

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 17, 2021
Mount Arlington, New Jersey

Nisivoccia LLP

NISIVOCCIA LLP

Man C Lee

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, 2021. 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, 2021.

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 17, 2021
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

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, 2021

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2020		Cash Received	Budgetary Expendi- tures	Adjustments	Balance at June 30, 2021		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue				Budgetary Accounts Receivable	Amounts Paid to Subrecipients	
<u>U.S. Department of Education:</u>												
<u>Special Revenue Fund:</u>												
Passed-through State Department of Education:												
Elementary and Secondary Education Act:												
Title I	84.010	ESEA563021	7/1/20-9/30/21	\$ 95,338			\$ 29,345	\$ (65,906)		\$ (36,561)		
Total Title I	84.010	ESEA563020	7/1/19-9/30/20	77,342			8,102	(65,906)		(36,561)		
Title II A	84.367	ESEA563021	7/1/20-9/30/21	13,258				(5,069)	\$ 50	(5,069)		
Total II A	84.367	ESEA563020	7/1/19-9/30/20	20,166			2,238					
Title II A	84.367	ESEA563019	7/1/18-9/30/19	25,984			447	(5,069)		(5,069)		
Total Title II							2,685		50			
Title IV	84.424	ESEA563019	7/1/18-9/30/19	10,000					3,000			
Total Title IV									3,000			
Education Stabilization Fund:												
COVID 19 - CARES Emergency Relief	84.425D	CARES563020	3/13/20-9/30/22	36,678			36,678	(36,678)				
Total Education Stabilization Fund							36,678	(36,678)				
Special Education Cluster:												
I.D.E.A. Part B, Basic	84.027	IDEA563021	7/1/20-9/30/21	322,708			322,708	(322,708)				
I.D.E.A. Part B, Basic	84.027	IDEA563020	7/1/19-9/30/20	308,676			115,337			(115,337)		
Total I.D.E.A. Part B, Basic							438,045	(322,708)		(115,337)		
Total Special Education Cluster							438,045	(322,708)		(115,337)		
Total U.S. Department of Education							514,855	(430,361)	3,050	(41,630)		
U.S. Department of Treasury:												
Passed-through State Department of Education:												
COVID 19 - Coronavirus Relief Fund	21.019	N/A	3/1/20-12/30/20	48,066			48,066	(48,066)				
Total U.S. Department of Education							48,066	(48,066)				
Total Federal Awards							\$ 562,921	\$ (478,427)	\$ 3,050	\$ (41,630)	\$ -0-	

N/A - Not Available

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, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at		Balance at		MEMO		
				June 30, 2020	June 30, 2021	GAAP	Budgetary	Budgetary	Cumulative	
				Budgetary	GAAP	Accounts	Expendi-	Receivable	Expenditures	
				Accounts	Receivable	Receivable	tures	Receivable	Total	
				Receivable	Received	Received		Expenditures	Expenditures	
<u>State Department of Education:</u>										
General Fund State Aid:										
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	\$ 479,086	\$	434,245	\$	(479,086)	\$	(44,841)	\$ 479,086
Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	1,121,392		1,016,432		(1,121,392)		(104,960)	1,121,392
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	29,634		26,860		(29,634)		(2,774)	29,634
Extraordinary Special Education Costs Aid	21-495-034-5120-044	7/1/20-6/30/21	804,053				(804,053)		(804,053)	804,053
Excess Nonpublic Transportation Costs	21-495-034-5120-014	7/1/20-6/30/21	64,090				(64,090)		(64,090)	64,090
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	7/1/20-6/30/21	1,171,405		1,112,869		(1,171,405)		(58,536)	1,171,405
On-Behalf TPAF Post Retirement Contributions	21-495-034-5094-001	7/1/20-6/30/21	1,332,068		1,332,068		(1,332,068)			1,332,068
On-Behalf TPAF Pension Contributions	21-495-034-5094-002	7/1/20-6/30/21	4,171,225		4,171,225		(4,171,225)			4,171,225
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-004	7/1/20-6/30/21	79,363		79,363		(79,363)			79,363
On-Behalf TPAF Long-Term Disability Insurance	21-495-034-5094-004	7/1/20-6/30/21	2,499		2,499		(2,499)			2,499
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	479,086	\$	(44,869)	\$	44,869			479,086
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	1,044,551		(97,827)		97,827			1,044,551
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	29,634		(2,775)		2,775			29,634
Extraordinary Special Education Costs Aid	20-495-034-5120-044	7/1/19-6/30/20	502,256		(456,528)		502,256			502,256
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19-6/30/20	1,118,134		(57,110)		57,110			1,118,134
Subtotal - General Fund				(659,109)	8,880,398		(9,300,543)	(1,079,254)		12,428,476
Total State Department of Education				(659,109)	8,880,398		(9,300,543)	(1,079,254)		12,428,476
Total State Awards Subject to Single Audit Determination				\$ (659,109)	\$ 8,880,398		\$ (9,300,543)	\$ (1,079,254)		\$ 12,428,476
Less: State Awards Not Subject to Single Audit Major Program Determination										
On-Behalf TPAF Pension System Contributions:										
On-Behalf TPAF Post Retirement Contributions	21-495-034-5094-001	7/1/20-6/30/21	(1,332,068)				\$ 1,332,068			
On-Behalf TPAF Pension Contributions	21-495-034-5094-002	7/1/20-6/30/21	(4,171,225)				4,171,225			
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-004	7/1/20-6/30/21	(79,363)				79,363			
On-Behalf TPAF Long-Term Disability Insurance	21-495-034-5094-004	7/1/20-6/30/21	(2,499)				2,499			
Subtotal - On-Behalf TPAF Pension System Contributions							5,585,155			
Total State Awards Subject to Single Audit Major Program Determination							\$ (3,715,388)			

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, 2021

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, 2021. 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, 2021

(Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$7,104) for the general fund and \$2,035 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		\$ 9,293,439	\$ 9,293,439
Special Revenue Fund	\$ 480,462		480,462
Total Awards	<u>\$ 480,462</u>	<u>\$ 9,293,439</u>	<u>\$ 9,773,901</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, 2021.

WEST ESSEX REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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>				
Extraordinary Special Education	21-495-034-5120-044	7/1/20-6/30/21	\$ 804,053	\$ 804,053
Costs Aid	20-495-034-5120-044	7/1/19-6/30/20	502,256	45,728

- 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, 2021

(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, 2021

Status of Prior Year Findings:

The District had no prior year audit findings.