

**WEST ESSEX REGIONAL  
SCHOOL DISTRICT**

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

**Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2022**

**Annual Comprehensive  
Financial Report**

**of the**

**West Essex Regional  
School District**

**North Caldwell, New Jersey**

**For the Fiscal Year Ended June 30, 2022**

**Prepared by**

**West Essex Regional  
School District**

WEST ESSEX REGIONAL SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2022

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal .....	1
Organizational Chart .....	4
Roster of Officials .....	5
Consultants and Advisors.....	6

FINANCIAL SECTION.....7

Independent Auditors’ Report .....	8
------------------------------------	---

Required Supplementary Information .....	12
Management’s Discussion and Analysis .....	13

Basic Financial Statements (Sections A and B).....21

A. District-Wide Financial Statements .....	22
A-1 Statement of Net Position .....	23
A-2 Statement of Activities.....	24

B. Fund Financial Statements.....26

B-1 Balance Sheet – Governmental Funds .....	27
B-2 Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds.....	29
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	30
B-4 Statement of Net Position – Proprietary Funds.....	31
B-5 Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds .....	32
B-6 Statement of Cash Flows – Proprietary Funds.....	33

Notes to the Basic Financial Statements.....	34
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Required Supplementary Information .....72

L. Schedules Related to Accounting and Reporting for Pensions and Postemployment Benefits Other than Pensions .....	73
L-1 Schedule of District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System.....	73
L-2 Schedule of District Contributions – Public Employees Retirement System .....	74
L-3 Schedule of State Proportionate Share of the Net Pension Liability Associated with the District – Teachers’ Pension and Annuity Fund.....	75
L-4 Schedule of State Contributions – Teachers’ Pension and Annuity Fund .....	76
L-5 Schedule of Changes in the State’s Proportionate Share of the Total OPEB Liability Associated with the District and Related Ratios .....	77
Notes to Required Supplementary Information .....	78

WEST ESSEX REGIONAL SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

FINANCIAL SECTION (Cont'd)

Required Supplementary Information (Cont'd)

C. Budgetary Comparison Schedules .....	80
C-1 Budgetary Comparison Schedule – General Fund .....	81
C-2 Budgetary Comparison Schedule - Special Revenue Fund.....	90
C-3 Required Supplementary Information - Budgetary Comparison Schedule – Note to RSI.....	91

Other Supplementary Schedules (D.-I.)

D. School Level Schedules (Not Applicable).....	93
E. Special Revenue Fund .....	94
E-1 Combining Schedule of Program Revenue and Expenditures - Special Revenue Fund – Budgetary Basis.....	95
E-2 Preschool Education Aid Schedule of Expenditures – Budgetary Basis (Not Applicable)	
F. Capital Projects Fund (Not Applicable).....	97
G. Proprietary Funds (Enterprise Fund) .....	98
G-1 Statement of Net Position .....	99
G-2 Statement of Revenue, Expenses and Changes in Fund Net Position.....	100
G-3 Statement of Cash Flows .....	101
H. Fiduciary Activities (Not Applicable) .....	102
I. Long-Term Debt .....	103
I-1 Schedule of Serial Bonds .....	104
I-2 Schedule of Obligations Under Financed Purchases .....	105
I-3 Schedule of Obligations Under Leases (Not Applicable)	
I-4 Debt Service Fund Budgetary Comparison Schedule.....	106

STATISTICAL SECTION

J. Statistical Section (Unaudited) .....	107
J-1 Net Position by Component .....	108
J-2 Changes in Net Position.....	109
J-3 Fund Balances - Governmental Funds .....	111
J-4 Changes in Fund Balances - Governmental Funds .....	112
J-5 General Fund Other Local Revenue by Source .....	114
J-6 Assessed Value and Actual Value of Taxable Property .....	115
J-7 Direct and Overlapping Property Tax Rates .....	117
J-8 Principal Property Taxpayers, Current Year and Nine Years Ago .....	119
J-9 Property Tax Levies and Collections .....	123

WEST ESSEX REGIONAL SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

STATISTICAL SECTION (Cont'd)

J.	Statistical Section (Unaudited) (Cont'd)	
J-10	Ratios of Outstanding Debt by Type .....	124
J-11	Ratios of Net General Bonded Debt Outstanding .....	125
J-12	Ratios of Overlapping Governmental Activities Debt .....	126
J-13	Legal Debt Margin Information .....	127
J-14	Demographic and Economic Statistics .....	128
J-15	Principal Employers, Current Year and Nine Years Ago .....	131
J-16	Full-time Equivalent District Employees by Function/Program .....	132
J-17	Operating Statistics .....	133
J-18	School Building Information .....	134
J-19	Schedule of Required Maintenance .....	135
J-20	Insurance Schedule .....	136
K.	SINGLE AUDIT SECTION .....	138
K-1	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 <i>Government Auditing Standards</i> .....	139
K-2	Independent Auditors' Report on Compliance for Each Major Federal and State Program and Report on Internal Control over Compliance Required by the Uniform Guidance and NJOMB 15-08 .....	141
K-3	Schedule of Expenditures of Federal Awards .....	144
K-4	Schedule of Expenditures of State Awards .....	145
K-5	Notes to the Schedules of Expenditures of Federal and State Awards .....	146
K-6	Schedule of Findings and Questioned Costs .....	148
K-7	Summary Schedule of Prior Audit Findings .....	150

INTRODUCTORY SECTION  
(UNAUDITED)

# WEST ESSEX REGIONAL SCHOOL DISTRICT

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## Board of Education

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

December 1, 2022

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 annual comprehensive financial report of the West Essex Regional School District (the "District") for the fiscal year ended June 30, 2022, 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 annual comprehensive 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 2021-22 school year, we focused on completing our electrical upgrade for the Middle School that is needed in order to get the new HVAC units functioning. We also upgraded two Science rooms in the Middle School and four classrooms in the High School.

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.

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, 2022.



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,

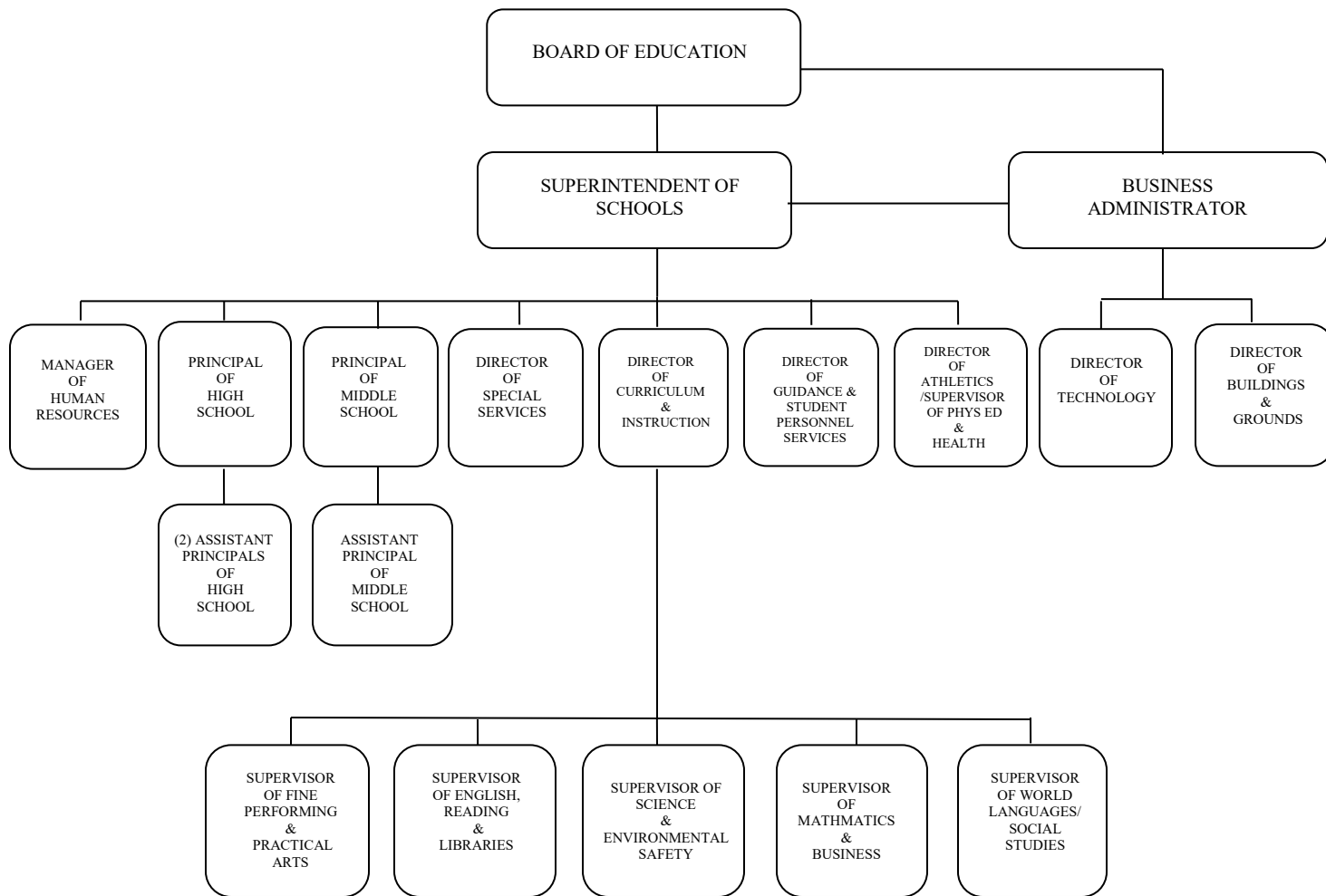


Damion Macioci  
Superintendent of Schools



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  
Modified: 11 April 2022



**WEST ESSEX REGIONAL SCHOOL DISTRICT  
 ROSTER OF OFFICIALS  
 JUNE 30, 2022**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Deborah Sacco-Calderone, President	2022
Maryadele Wojtowicz, Vice President	2024
Bethany Buccino	2024
Cynthia Egan	2023
Jill Marcus	2022
Frank Perrotti	2023
Anthony Rubinich	2023
Jann Skelton	2022
Raphael Stampone	2024

<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  
and  
1140 Route 22 East, Suite 203  
Bridgewater, New Jersey 08807

**Attorney**

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

**Special Counsel for Litigation**

Methfessel & Werbel  
2025 Lincoln Highway, Suite 200  
PO Box 3012  
Edison, NJ 08818

**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 Audit of the Financial Statements**

#### ***Qualified Opinion***

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, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2022, 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.

#### ***Basis for Qualified Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the “Office”) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

#### ***Matter Giving Rise to Qualified Opinion***

The District’s note disclosure on postemployment benefits other than pensions (OPEB) (Note 9) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan (“SHBP”) has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey (the “Division”), as of the date of this report. The District is in a “special funding situation” in that the OPEB contributions, expenses and related liability are the sole responsibility of the State of New Jersey, not the District and therefore does not affect the District’s net position. An estimated release date for the June 30, 2021 OPEB information has not been announced by the Division. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***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-retirement 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 is the responsibility of management and, although not a part of the basic financial statements, are 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.

The Schedule of Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District and Related Ratios (Exhibit L-5) do not contain the June 30, 2021 OPEB information as the related GASB No. 75 report for SHBP has not been released by the State as of the date of this report. The District is in a "special funding situation" in that the OPEB contributions, expenses and related liability are the sole responsibility of the State of New Jersey, not the District and therefore does not affect the District's net position. An estimated release date for the June 30, 2021 OPEB information has not been announced by the Division. This required supplementary information is required to be presented to supplement the basic financial statements in accordance with accounting principles generally accepted in the United States of America. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

***Supplementary 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 supplementary information 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 accompanying supplementary information 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.



***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with Government Auditing Standards, we have also issued our report dated December 1, 2022 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 District’s internal control over financial reporting and compliance.

December 1, 2022  
Mount Arlington, New Jersey

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Man C Lee*

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

REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022

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, 2022. 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

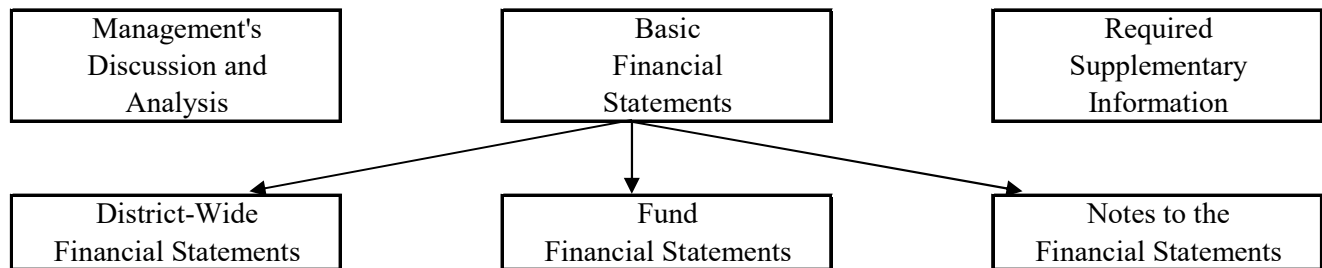


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents 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"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>
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, lease 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 \$4,322,564. Net position from governmental activities increased by \$4,236,765 and net position from business-type activities increased by \$85,799. Net investment in capital assets increased by \$1,611,052, restricted net position increased by \$2,981,344 and unrestricted net position decreased by \$269,832.

Figure A-3

### Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	
Current and							
Other Assets	\$ 20,709,710	\$ 18,772,293	\$ 327,840	\$ 205,508	\$ 21,037,550	\$ 18,977,801	
Capital Assets, Net	40,002,053	40,235,249	87,543	102,235	40,089,596	40,337,484	
Total Assets	60,711,763	59,007,542	415,383	307,743	61,127,146	59,315,285	3.05%
Deferred Outflows of Resources	1,422,981	2,216,629			1,422,981	2,216,629	-35.80%
Other Liabilities	1,593,303	949,988	63,169	41,328	1,656,472	991,316	
Long-Term Liabilities	10,956,971	15,242,946			10,956,971	15,242,946	
Total Liabilities	12,550,274	16,192,934	63,169	41,328	12,613,443	16,234,262	-28.71%
Deferred Inflows of Resources	3,535,233	3,218,765			3,535,233	3,218,765	9.83%
Net Position:							
Net Investment in Capital Assets	35,601,096	33,975,352	87,543	102,235	35,688,639	34,077,587	
Restricted	16,894,785	13,913,441			16,894,785	13,913,441	
Unrestricted/(Deficit)	(6,446,644)	(6,076,321)	264,671	164,180	(6,181,973)	(5,912,141)	
Total Net Position	\$ 46,049,237	\$ 41,812,472	\$ 352,214	\$ 266,415	\$ 46,401,451	\$ 42,078,887	10.27%

*Changes in Net Position.* The increase in net investment in capital assets is primarily due to the payments of \$1,810,000 in serial bonds payable and \$140,994 in financed purchase principal and \$1,579,269 in capital assets additions; offset by \$1,806,660 in depreciation expenses. The increase in restricted net position is mainly due to the increase in the capital and maintenance reserves. The decrease in unrestricted net position is primarily due to a decrease in year-end encumbrances offset by the changes in net position liability and related deferred outflows and inflows of resources.

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities <u>2021/22</u>	Business- Type Activities <u>2021/22</u>	Governmental Activities <u>2020/21</u>	Business- Type Activities <u>2020/21</u>	Total School District <u>2021/22</u>	Total School District <u>2020/21</u>	Percent- age Change
Revenue:							
Program Revenue:							
Charges for Services	\$ 845,744	\$ 1,021,612	\$ 503,521	\$ 6,097	\$ 1,867,356	\$ 509,618	
Operating Grants and Contributions	10,274,768		11,128,181		10,274,768	11,128,181	
General Revenue:							
Property Taxes	40,892,168		40,028,428		40,892,168	40,028,428	
Unrestricted State and Federal Aid	29,738		29,635		29,738	29,635	
Other	471,302		431,252		471,302	431,252	
Total Revenue	<u>52,513,720</u>	<u>1,021,612</u>	<u>52,121,017</u>	<u>6,097</u>	<u>53,535,332</u>	<u>52,127,114</u>	2.70%
Expenses:							
Instruction	26,602,991		26,764,971		26,602,991	26,764,971	
Pupil and Instruction Services	8,708,986		8,014,562		8,708,986	8,014,562	
Administrative and Business	4,441,713		4,766,381		4,441,713	4,766,381	
Maintenance and Operations	5,183,239		4,901,279		5,183,239	4,901,279	
Transportation	3,093,472		2,177,029		3,093,472	2,177,029	
Capital Outlay	83,370		83,370		83,370	83,370	
Other	163,184	935,813	231,347	53,118	1,098,997	284,465	
Total Expenses	<u>48,276,955</u>	<u>935,813</u>	<u>46,938,939</u>	<u>53,118</u>	<u>49,212,768</u>	<u>46,992,057</u>	4.73%
Change in Net Position	<u>\$ 4,236,765</u>	<u>\$ 85,799</u>	<u>\$ 5,182,078</u>	<u>\$ (47,021)</u>	<u>\$ 4,322,564</u>	<u>\$ 5,135,057</u>	-15.82%

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
	2021/22	2021/22	2020/21	2020/21
Instruction	\$ 26,602,991	\$ 18,878,537	\$ 26,764,971	\$ 18,715,676
Pupil and Instruction Services	8,708,986	7,109,640	8,014,562	6,616,051
Administrative and Business	4,441,713	3,719,696	4,766,381	3,811,742
Maintenance and Operations	5,183,239	4,633,675	4,901,279	4,215,226
Transportation	3,093,472	2,568,341	2,177,029	1,633,825
Capital Outlay	83,370	83,370	83,370	83,370
Other	163,184	163,184	231,347	231,347
	<u>\$ 48,276,955</u>	<u>\$ 37,156,443</u>	<u>\$ 46,938,939</u>	<u>\$ 35,307,237</u>

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

Pupil and instructional services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development. Curriculum and staff development expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public is also included in this figure.

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

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

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

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

**Business-Type Activities**

Net position from the District’s business-type activity increased by \$85,799 as a result of the District returning to full food service operations after the pandemic restrictions were lifted. (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)						Percentage Change
	Government Activities		Business-Type Activities		Total School District		
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	
Sites	\$ 288,849	\$ 288,849			\$ 288,849	\$ 288,849	
Construction in Progress	1,046,312				1,046,312		
Site Improvements	1,154,823	1,302,693			1,154,823	1,302,693	
Buildings and Building Improvements	36,542,222	37,849,197			36,542,222	37,849,197	
Machinery and Equipment	969,847	794,510	\$ 87,543	\$ 102,235	1,057,390	896,745	
<b>Total</b>	<b>\$ 40,002,053</b>	<b>\$ 40,235,249</b>	<b>\$ 87,543</b>	<b>\$ 102,235</b>	<b>\$ 40,089,596</b>	<b>\$ 40,337,484</b>	<b>-0.61%</b>

## Long-term Liabilities

More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.

Figure A-7

### Long-Term Liabilities

	Total School District		Percentage Change
	2021/22	2020/21	
Bonds Payable	\$ 4,705,000	\$ 6,515,000	
Unamortized Bond Issuance Premium	418,260	558,678	
Net Pension Liability	5,399,576	7,573,907	
Financed Purchases Payable		140,994	
Compensated Absences Payable	434,135	454,367	
	<b>\$ 10,956,971</b>	<b>\$ 15,242,946</b>	<b>-28.12%</b>

- The District continued to pay down its debt, retiring \$1,810,000 of outstanding bonds and \$140,994 of financed purchases.
- The District's liability for net pension liability decreased \$2,174,331.
- The District amortized \$140,418 of unamortized bond issuance premium.
- The District's liability for accumulated sick and vacation time decreased by \$20,232.

## **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 2022-2023 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. Transportation costs increased significantly which caused the district to cut our after school late buses.

These indicators were considered when adopting the budget for fiscal year 2022-2023. Budgeted expenditures in the General Fund increased to \$43,221,113 for fiscal year 2022-2023.

## **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, 2022

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 978,596	\$ 290,658	\$ 1,269,254
Internal Balances	(8,651)	8,651	
Tax Levy Receivable	2,344,385		2,344,385
Receivables from State Government	949,607		949,607
Receivables from Federal Government	478,434		478,434
Receivables from Other Governments	38,704		38,704
Other Receivables		5,270	5,270
Inventories		23,261	23,261
Restricted Cash and Cash Equivalents	15,928,635		15,928,635
Capital Assets, Net:			
Sites (Land)	1,335,161		1,335,161
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	38,666,892	87,543	38,754,435
Total Assets	<u>60,711,763</u>	<u>415,383</u>	<u>61,127,146</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Amount on Refunding	304,043		304,043
Deferred Outflows Related to Pension	1,118,938		1,118,938
Total Deferred Outflows of Resources	<u>1,422,981</u>		<u>304,043</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	1,471,774	38,286	1,510,060
Accrued Interest Payable	56,915		56,915
Payable to Other Governments	2,035		2,035
Unearned Revenue	62,579	24,883	87,462
Noncurrent Liabilities:			
Due Within One Year	1,990,419		1,990,419
Due Beyond One Year	8,966,552		8,966,552
Total Liabilities	<u>12,550,274</u>	<u>63,169</u>	<u>12,613,443</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows Related to Pension	3,535,233		3,535,233
Total Deferred Inflows of Resources	<u>3,535,233</u>		<u>3,535,233</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	35,601,096	87,543	35,688,639
Restricted for:			
Capital Projects	13,877,236		13,877,236
Maintenance Reserve	1,064,560		1,064,560
Excess Surplus	1,000,000		1,000,000
Unemployment Compensation	444,524		444,524
Scholarships	42,226		42,226
Student Activities	466,239		466,239
Unrestricted/(Deficit)	(6,446,644)	264,671	(6,181,973)
Total Net Position	<u>\$ 46,049,237</u>	<u>\$ 352,214</u>	<u>\$ 46,401,451</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, 2022

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	\$ 20,661,183	\$ 154,273	\$ 4,034,897	\$ (16,626,286)		\$ (16,626,286)
Special Education	3,686,697		3,212,535	(319,889)		(319,889)
School Sponsored/Other Instruction	2,255,111		322,749	(1,932,362)		(1,932,362)
Support Services:						
Tuition	2,852,678			(2,852,678)		(2,852,678)
Student and Instruction Related Services	5,856,308	691,471	907,875	(4,256,962)		(4,256,962)
General Administrative Services	952,345		111,281	(841,064)		(841,064)
School Administrative Services	2,735,102		481,986	(2,253,116)		(2,253,116)
Central Services	754,266		128,750	(625,516)		(625,516)
Plant Operations and Maintenance	5,183,239		549,564	(4,633,675)		(4,633,675)
Pupil Transportation	3,093,472		525,131	(2,568,341)		(2,568,341)
Interest on Long-Term Debt	163,184			(163,184)		(163,184)
Capital Outlay	83,370			(83,370)		(83,370)
Total Governmental Activities	48,276,955	845,744	10,274,768	(37,156,443)		(37,156,443)
Business-Type Activities:						
Food Service	935,813	1,021,612			\$ 85,799	85,799
Total Business-Type Activities	935,813	1,021,612			85,799	85,799
Total Primary Government	\$ 49,212,768	\$ 1,021,612	\$ 10,274,768	(37,156,443)	85,799	(37,070,644)

WEST ESSEX REGIONAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 38,858,193		\$ 38,858,193
Taxes Levied for Debt Service	2,033,975		2,033,975
Federal, State and Local Aid not Restricted	29,738		29,738
Interest Earnings	24,723		24,723
Miscellaneous Income	446,579		446,579
Total General Revenues	41,393,208		41,393,208
Change in Net Position	4,236,765	\$ 85,799	4,322,564
Net Position - Beginning	41,812,472	266,415	42,078,887
Net Position - Ending	\$ 46,049,237	\$ 352,214	\$ 46,401,451

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, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 978,596			\$ 978,596
Interfund Receivable	561,045			561,045
Tax Levy Receivable	2,264,575		\$ 79,810	2,344,385
Receivables From State Government	949,607			949,607
Receivables From Federal Government		\$ 478,434		478,434
Receivables From Other Governments	38,704			38,704
Restricted Cash and Cash Equivalents	15,386,320	542,315		15,928,635
<b>Total Assets</b>	<b>\$ 20,178,847</b>	<b>\$ 1,020,749</b>	<b>\$ 79,810</b>	<b>\$ 21,279,406</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Interfund Payable	\$ 8,651	\$ 481,235	\$ 79,810	\$ 569,696
Accounts Payable	886,489	285		886,774
Payable to Other Governments		2,035		2,035
Unearned Revenue	33,850	28,729		62,579
<b>Total Liabilities</b>	<b>928,990</b>	<b>512,284</b>	<b>79,810</b>	<b>1,521,084</b>
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Capital Reserve Account	13,877,236			13,877,236
Maintenance Reserve Account	1,064,560			1,064,560
Excess Surplus - 2022-2023	500,000			500,000
Excess Surplus - 2023-2024	500,000			500,000
Student Activities		466,239		466,239
Scholarships		42,226		42,226
Unemployment Compensation	444,524			444,524
<b>Assigned:</b>				
Designated for Subsequent Year's Expenditures	112,532			112,532
Year End Encumbrances	398,968			398,968
Unassigned	2,352,037			2,352,037
<b>Total Fund Balances</b>	<b>19,249,857</b>	<b>508,465</b>		<b>19,758,322</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 20,178,847</b>	<b>\$ 1,020,749</b>	<b>\$ 79,810</b>	<b>\$ 21,279,406</b>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

	<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 (Previous Page)	\$ 19,758,322
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds.	40,002,053
Bond Issuance Premiums are Reported as Revenue in the Governmental Funds in the Year the Bonds are Sold.	(418,260)
The Deferred Amount on the Refunding is not Reported as an Expenditure in the Governmental Funds in the Year of the Expenditure.	304,043
Interest on Long-Term Debt is not Accrued in Governmental Funds, but Rather is Recognized as an Expenditure When Due.	(56,915)
The Net Pension Liability for PERS and is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(5,399,576)
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	533,938
Deferred Inflows	(3,535,233)
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>(5,139,135)</u>
Net Position of Governmental Activities	<u><u>\$ 46,049,237</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, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES:				
Local Sources:				
Local Tax Levy	\$ 38,858,193		\$ 2,033,975	\$ 40,892,168
Tuition from Other LEAs	154,273			154,273
Interest Earned on Capital Reserve Funds	24,723			24,723
Restricted Miscellaneous Revenue	47,069	\$ 712,301		759,370
Unrestricted Miscellaneous Revenue	399,510	16,925		416,435
Total - Local Sources	39,483,768	729,226	2,033,975	42,246,969
State Sources	11,438,591			11,438,591
Federal Sources		786,979		786,979
Total Revenues	50,922,359	1,516,205	2,033,975	54,472,539
EXPENDITURES:				
Current:				
Regular Instruction	13,568,256	424,507		13,992,763
Special Education Instruction	2,172,244	322,737		2,494,981
School-Sponsored/Other Instruction	1,618,649			1,618,649
Support Services and Undistributed Costs:				
Tuition	2,852,678			2,852,678
Student and Other Instruction Related Services	3,515,767	728,906		4,244,673
General Administrative Services	765,303			765,303
School Administrative Services	1,770,110			1,770,110
Central Services	509,391			509,391
Plant Operations and Maintenance	3,969,730			3,969,730
Student Transportation	2,972,814			2,972,814
Unallocated Benefits	14,266,158			14,266,158
Debt Service:				
Principal			1,810,000	1,810,000
Interest and Other Charges			223,975	223,975
Capital Outlay	1,662,639			1,662,639
Total Expenditures	49,643,739	1,476,150	2,033,975	53,153,864
Excess/(Deficit) of Revenue Over/(Under) Expenditures	1,278,620	40,055		1,318,675
Fund Balance - July 1	17,971,237	468,410	-0-	18,439,647
Fund Balance - June 30	\$ 19,249,857	\$ 508,465	\$ -0-	\$ 19,758,322

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, 2022

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ 1,318,675
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 and deletions during the period.		
Depreciation Expense	\$ (1,791,968)	
Deletion of Capital Assets, net of Accumulated Depreciation	(20,497)	
Capital Outlays	1,579,269	(233,196)
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 (+).		
		12,427
Repayment of financed purchases 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.		
		140,994
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.		
		1,810,000
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		2,174,331
Change in Deferred Outflows		(738,594)
Change in Deferred Inflows		(316,468)
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 (+).		
		20,232
Change in Net Position of Governmental Activities		\$ 4,236,765

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, 2022

	Business-Type Activities
	Enterprise Fund Food Service
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 290,658
Other Accounts Receivable	5,270
Interfund Receivable - General Fund	8,651
Inventories	23,261
Total Current Assets	327,840
Non-Current Assets:	
Capital Assets	303,202
Less: Accumulated Depreciation	(215,659)
Total Non-Current Assets	87,543
Total Assets	415,383
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable - Vendors	38,286
Unearned Revenue	24,883
Total Current Liabilities	63,169
<u>NET POSITION:</u>	
Investment in Capital Assets	87,543
Unrestricted	264,671
Total Net Position	\$ 352,214

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, 2022

	Business-Type Activities
	Enterprise Fund Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Non-reimbursable Program	\$ 1,021,612
Total Operating Revenue	1,021,612
Operating Expenses:	
Cost of Sales - Non-reimbursable Program	393,441
Salaries, Benefits & Payroll Taxes	359,989
Other Purchased Services	12,053
Supplies, Insurance and Other Costs	57,496
Management Fee	81,774
Miscellaneous Expense	16,368
Depreciation Expense	14,692
Total Operating Expenses	935,813
Operating Income/Change in Net Position	85,799
Net Position - Beginning of Year	266,415
Net Position - End of Year	\$ 352,214

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, 2022

	Business-Type Activities
	Enterprise Fund Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 1,005,167
Payments to Food Service Vendor	(884,535)
Payments to Suppliers	(21,561)
Net Cash Provided by Operating Activities	99,071
Net Increase in Cash and Cash Equivalents	99,071
Cash and Cash Equivalents, July 1	191,587
Cash and Cash Equivalents, June 30	\$ 290,658
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 85,799
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	14,692
Changes in Assets and Liabilities:	
(Increase) in Unearned Revenue	(16,445)
Increase in Accounts Payable	38,286
(Increase) in Inventory	(23,261)
Net Cash Provided by Operating Activities	\$ 99,071

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, 2022

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, 2022

(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 or lease 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, 2022

(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 or lease asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under financed purchases 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, 2022  
(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, 2022 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	\$ 50,948,131	\$ 1,517,755
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis does not:		
Current Year Encumbrances		(1,550)
Prior Year State Aid Payments Recognized for GAAP Statements	152,575	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(178,347)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 50,922,359	\$ 1,516,205

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(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	\$ 49,643,739	\$ 1,477,700
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		(1,550)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 49,643,739	\$ 1,476,150

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, 2022

(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, 2022.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(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. Lease Assets:

Intangible right-to-use lease assets are assets which the District leases for a term of more than one year. The value of leases are determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

M. 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.

N. 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, 2022.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

O. 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.

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.

P. Lease Payable:

In the district-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

Q. Unearned Revenue:

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

R. Fund Balance Appropriated:

General Fund: Of the \$19,249,857 General Fund fund balance at June 30, 2022, \$398,968 is assigned for encumbrances; \$112,532 is assigned for subsequent year's expenditures; \$13,877,236 is restricted in the capital reserve account; \$1,064,560 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, 2024; \$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, 2023; \$444,524 is restricted for unemployment compensation; and \$2,352,037 is unassigned on the GAAP basis, which is \$178,347 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, 2023.

Special Revenue Fund: Of the \$508,465 Special Revenue Fund fund balance at June 30, 2022. \$466,239 is restricted for student activities and \$42,226 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, 2022 as detailed above.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

R. Fund Balance Appropriated: (Cont'd)

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.

S. Deficit Net Position:

The District has a deficit in unrestricted net position of \$6,446,644 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.

T. 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, 2022 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, 2022 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, lease assets, net of accumulated amortization 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.



WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

U. 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.

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, 2022.

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 2022/2023 budget and encumbrances in the General Fund at June 30, 2022.

V. 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.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

W. 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.

X. 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.

Y. 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.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

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.

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;

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

Investments: (Cont'd)

- (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.);
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
  - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
  - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
  - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
  - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
  - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

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

As of June 30, 2022, cash and cash equivalents of the District consisted of the following:

	Restricted Cash and Cash Equivalents	Cash and Cash Equivalents	Total
Checking Accounts	\$ 15,928,635	\$ 1,269,254	\$ 17,197,889
	\$ 15,928,635	\$ 1,269,254	\$ 17,197,889

During the period ended June 30, 2022, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2022, was \$17,197,889 and the bank balance was \$18,212,970.

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, 2021	\$ 11,083,016
Add:	
Deposit as per Board Resolution - June 2022	2,769,497
Interest Earned	24,723
Ending Balance, June 30, 2022	\$ 13,877,236

The balance in the capital reserve account at June 30, 2022 does not exceed the LRFP balance of local support costs of uncompleted capital projects.

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.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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

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

The activity of the maintenance reserve for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	\$ 964,560
Add: Deposit as per Board Resolution - June 2022	200,000
Less: Budgeted Withdrawal	<u>(100,000)</u>
Ending Balance, June 30, 2022	<u><u>\$ 1,064,560</u></u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2022 were as follows

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 288,849			\$ 288,849
Construction in Progress		\$ 1,046,312		1,046,312
Total Capital Assets Not Being Depreciated	<u>288,849</u>	<u>1,046,312</u>		<u>1,335,161</u>
Capital Assets Being Depreciated:				
Site Improvements	3,484,202			3,484,202
Buildings and Building Improvements	58,489,208	205,800		58,695,008
Machinery and Equipment	3,229,260	327,157	\$ (36,174)	3,520,243
Total Capital Assets Being Depreciated	<u>65,202,670</u>	<u>532,957</u>	<u>(36,174)</u>	<u>65,699,453</u>
Governmental Activities Capital Assets	<u>65,491,519</u>	<u>1,579,269</u>	<u>(36,174)</u>	<u>67,034,614</u>
Less Accumulated Depreciation for:				
Site Improvements	(2,181,509)	(147,870)		(2,329,379)
Buildings and Building Improvements	(20,640,011)	(1,512,775)		(22,152,786)
Machinery and Equipment	(2,434,750)	(131,323)	15,677	(2,550,396)
	<u>(25,256,270)</u>	<u>(1,791,968)</u>	<u>15,677</u>	<u>(27,032,561)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 40,235,249</u>	<u>\$ (212,699)</u>	<u>\$ (20,497)</u>	<u>\$ 40,002,053</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 303,202			\$ 303,202
Less: Accumulated Depreciation	(200,967)	\$ (14,692)		(215,659)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 102,235</u>	<u>\$ (14,692)</u>	<u>\$ -0-</u>	<u>\$ 87,543</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 759,169
Special Education	156,942
Other Instruction	91,340
Student and Instruction Related Services	211,976
General Administrative Services	45,112
School Administrative Services	114,521
Central Services/Adminstrative Technology	37,930
Transportation	120,658
Operation and Maintenance of Plant	254,320
	<u>\$ 1,791,968</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2022, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2021	Accrued	Retired	Balance 6/30/2022	Due Within One Year
Serial Bonds Payable	\$ 6,515,000		\$ 1,810,000	\$ 4,705,000	\$1,850,000
Unamortized Bond Issuance Premium	558,678		140,418	418,260	140,419
Net Pension Liability	7,573,907		2,174,331	5,399,576	
Obligations Under Financed Purchases	140,994		140,994		
Compensated Absences Payable	454,367	\$ 79,011	99,243	434,135	
	<u>\$ 15,242,946</u>	<u>\$ 79,011</u>	<u>\$ 4,364,986</u>	<u>\$ 10,956,971</u>	<u>\$ 1,990,419</u>

A. Bonds Payable:

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

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

The District had bonds outstanding as of June 30, 2022 as follows:

Purpose	<u>Serial Bonds</u>		
	Final Maturity Date	Interest Rate	Amount
Refunding Bonds	11/1/22	5.00%	\$ 1,490,000
Refunding Bonds	8/15/29	3.00-4.00%	3,215,000
			<u>\$ 4,705,000</u>

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

Year Ending June 30,	Bonds		
	Principal	Interest	Total
2023	\$ 1,850,000	\$ 150,513	\$ 2,000,513
2024	765,000	100,363	865,363
2025	400,000	85,062	485,062
2026	415,000	69,262	484,262
2027	430,000	52,962	482,962
Thereafter 5 Years (2028-2029)	845,000	63,444	908,444
	<u>\$ 4,705,000</u>	<u>\$ 521,606</u>	<u>\$ 5,226,606</u>

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



WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

B. Bonds Authorized But Not Issued:

As of June 30, 2022, 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 \$-0- and is separated from the long-term liability balance of compensated absences of \$434,135. The General Fund will be used to liquidate the governmental funds Compensated Absences Payable.

D. 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, 2022 is \$-0- and the long-term portion is \$5,399,576. See Note 9 for further information on the PERS.

E. 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 \$140,419 and is separated from the long-term liability balance of \$277,841.

NOTE 8. 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).

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](http://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, 2022  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS):

Benefits Provided

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

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. 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 \$533,789 for 2022.

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

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 8. 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

At June 30, 2022, the District reported a liability of \$5,399,576 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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, 2021, the District's proportion was 0.0456%, which was a decrease of 0.008% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the District recognized pension benefit of \$585,479. At June 30, 2022, 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	2017	5.48		\$ (228,187)
	2018	5.63		(427,803)
	2019	5.21		(377,397)
	2020	5.16		(888,897)
	2021	5.13	\$ 28,121	
			<u>28,121</u>	<u>(1,922,284)</u>
Difference Between Expected and Actual Experience	2017	5.48	6,786	
	2018	5.63		(16,292)
	2019	5.21	28,848	
	2020	5.16	49,524	
	2021	5.13		(22,363)
			<u>85,158</u>	<u>(38,655)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2018	5.00		(42,178)
	2019	5.00		13,609
	2020	5.00		306,718
	2021	5.00		(1,700,539)
				<u>(1,422,390)</u>
Changes in Proportion	2017	5.48	16,960	
	2018	5.63	12,840	
	2019	5.21	312,209	
	2020	5.16	78,650	
	2021	5.13		(151,904)
			<u>420,659</u>	<u>(151,904)</u>
District Contribution Subsequent to the Measurement Date	2021	1.00	585,000	
			<u>\$ 1,118,938</u>	<u>\$ (3,535,233)</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 8. 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
2022	\$ (1,274,065)
2023	(909,679)
2024	(620,246)
2025	(466,241)
2026	181
	\$ (3,270,050)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2022

(Continued)

NOTE 8. 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, 2021) 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, 2021 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%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Management Strategies	3.00%	3.35%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% 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 in determining the total pension liability.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 8. 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, 2021 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, 2021		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 7,357,197	\$ 5,399,576	\$ 3,743,781

Pension plan Fiduciary Net Position

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](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

Benefits Provided

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

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

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 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. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2022, the State of New Jersey contributed \$5,892,453 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$1,623,259.

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, 2022, the State's proportionate share of the net pension liability associated with the District was \$68,985,484. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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, 2021, the District's proportion was 0.143%, which was an increase of 0.002% from its proportion measured as of June 30, 2020.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 8. 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		68,985,484
Total	\$	68,985,484

For the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$1,623,259 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2022 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	\$ 153,774,925	
	2015	8.30	926,219,611	
	2016	8.30	3,000,278,784	
	2017	8.30		\$ 5,282,196,290
	2018	8.29		3,527,661,165
	2019	8.04		2,510,940,613
	2020	7.33	1,209,286,241	
	2021	7.93		12,903,483,645
				5,289,559,561
Difference Between Expected and Actual Experience	2014	8.50		1,464,605.00
	2015	8.30	57,204,429	
	2016	8.30		37,311,034
	2017	8.30	93,981,436	
	2018	8.29	618,845,893	
	2019	8.04		97,553,990
	2020	7.99		6,444,940
	2021	7.93	171,234,070	
				941,265,828
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2018	5.00		96,030,373
	2019	5.00		(72,441,385)
	2020	5.00		(74,186,621)
	2021	5.00		3,554,633,811
				2,854,036,178
			\$ 6,230,825,389	\$ 27,221,092,460



WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 8. 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
2022	\$ (2,914,282,899)
2023	(3,500,098,875)
2024	(4,665,036,366)
2025	(4,192,375,542)
2026	(2,350,648,872)
Thereafter	(3,367,824,517)
	\$ (20,990,267,071)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2022

(Continued)

NOTE 8. 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, 2021) 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, 2021 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%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Management Strategies	3.00%	3.35%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2021. 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 100% 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to projected all benefit payments in determining the total pension liability.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 8. 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, 2021 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, 2021		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 81,621,367	\$ 68,985,484	\$ 58,372,150

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 \$5,905 for the fiscal year ended June 30, 2022. Employee contributions to DCRP amounted to \$8,020 for the fiscal year ended June 30, 2022.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 9. 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, 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 annual financial statements which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2019, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	149,304
Active Plan Members	216,804
Total	366,108

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 9. 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, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020.

Actuarial Assumptions and Other Inputs

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

Inflation Rate	2.50%	
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 4.45% based on service years	2.00 - 6.00% based on service years
Thereafter	1.55 - 4.45% based on service years	3.00 - 7.00% based on service years

The actuarial assumptions used in the June 30, 2019 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) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. 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-2020. 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-2020.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 9. 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 5.6% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2020 was 2.21%. 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, 2019	\$ 46,422,878
Changes for Year:	
Service Cost	2,072,594
Interest on the Total OPEB Liability	1,675,179
Changes of Assumptions	13,822,133
Differences between Expected and Actual Experiences	12,953,660
Gross Benefit Payments by the State	(1,317,336)
Contributions from Members	39,928
Net Changes	29,246,158
Balance at June 30, 2020	\$ 75,669,036

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 9. 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, 2020, 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, 2020		
	At 1% Decrease (1.21%)	At Discount Rate (2.21%)	At 1% Increase (3.21%)
Total OPEB Liability Attributable to the District	\$ 91,222,929	\$ 75,669,036	\$ 63,507,390

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, 2020, 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, 2020		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 62,347,913	\$ 75,669,036	\$ 93,303,468

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

For the fiscal year ended June 30, 2022 the District recognized OPEB expense of \$3,706,514 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, 2022  
(Continued)

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

At June 30, 2020 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		\$ 4,592,233
Changes in Assumptions	2018	9.51		4,042,032
Changes in Assumptions	2019	9.29	\$ 544,822	
Changes in Assumptions	2020	9.24	12,326,230	
			<u>12,871,052</u>	<u>8,634,265</u>
Differences Between Expected and Actual Experience	2018	9.51		3,820,978
and Actual Experience	2019	9.29		6,412,596
and Actual Experience	2020	9.24	11,488,531	
			<u>11,488,531</u>	<u>10,233,574</u>
Changes in Proportion	N/A	N/A	185,011	770,998
			<u>24,544,594</u>	<u>19,638,837</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
2021	\$ 48,475
2022	48,475
2023	48,475
2024	48,475
2025	48,475
Thereafter	<u>5,249,369</u>
	<u>\$ 5,491,744</u>



WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 10. 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 Annual Comprehensive 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, 2022 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, 2021 is as follows:

	School Alliance Insurance Fund
Total Assets	\$ 52,863,732
Net Position	\$ 20,991,515
Total Revenue	\$ 42,696,854
Total Expenses	\$ 42,245,248
Change in Net Position	\$ 451,606
Members Dividends	\$ -0-

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

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

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

The June 30, 2022 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, 2021 is as follows:

	<u>Morris Essex Insurance Group</u>
Total Assets	\$ 12,024,566
Net Position	\$ 8,609,634
Total Revenue	\$ 3,815,160
Total Expenses	\$ 2,603,753
Change in Net Position	\$ 129,659
Members Dividends	\$ 1,081,748

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>
2022	\$ -0-	\$ 819	\$ 94,820	\$ 48,570	\$ 444,524
2021	57,737	732	43,503	65,331	397,455
2020	40,630	664	43,503	45,497	360,814

NOTE 11. 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, 2022  
(Continued)

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 561,045	\$ 8,651
Special Revenue Fund		481,235
Debt Service Fund		79,810
Food Service Fund	8,651	
	<u>\$ 569,696</u>	<u>\$ 569,696</u>

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 13. 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 14. 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 municipalities and are remitted to the regional 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, 2022  
(Continued)

NOTE 15. ACCOUNTS PAYABLE

The following accounts payable existed as of June 30, 2022:

	<u>Governmental Funds</u>		District Contri- bution Susequent to the Measure- ment Date	Total Governmental Activities	<u>Business-Type Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>			<u>Proprietary Funds</u>
Vendors	\$ 543,489	\$ 285		\$ 543,774	\$ 38,286
Payroll Deductions and Withholdings	343,000			343,000	
State of New Jersey			\$ 585,000	585,000	
	<u>\$ 886,489</u>	<u>\$ 285</u>	<u>\$ 585,000</u>	<u>\$ 1,471,774</u>	<u>\$ 38,286</u>

NOTE 16. 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 claims or lawsuits arising in the normal course of business. There are a number of pending lawsuits regarding a certain former employee of the District. The cases are in the early stages of litigation and it cannot be determined at this point what the ultimate outcome of these lawsuits may be. The District is still in the process of investigating insurance coverage to offset possible exposure.

Encumbrances

At June 30, 2022, 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>\$ 398,968</u>	<u>\$ 1,550</u>	<u>\$ 400,518</u>

On the District's Governmental Funds Balance Sheet as of June 30, 2022, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$1,550 more than the actual year-end encumbrances on a budgetary basis. Encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in unearned revenue.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 17. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2022, the District transferred \$822 to the capital outlay accounts, which was for equipment and did not require County superintendent approval.

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 EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension liability	0.0422792453%	0.0425589699%	0.0415399521%	0.0424283127%	0.0426248957%	0.0458742167%	0.0464446458%	0.0455795069%
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	\$ 5,399,576
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	\$ 3,483,634
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%	155.00%
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%	70.33%

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 EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 348,544	\$ 365,893	\$ 375,724	\$ 428,245	\$ 439,081	\$ 449,144	\$ 508,081	\$ 533,789
Contributions in relation to the contractually required contribution	(348,544)	(365,893)	(375,724)	(428,245)	(439,081)	(449,144)	(508,081)	(533,789)
Contribution deficiency/(excess)	\$ -0-	\$ -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	\$ 3,543,058
Contributions as a percentage of covered employee payroll	12.57%	12.60%	12.87%	13.82%	13.47%	13.52%	14.58%	15.07%

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 EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
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%	0.1434949838%
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	\$ 68,985,484
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	\$ 16,192,162
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%	426.04%
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%	35.52%

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

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

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 3,677,134	\$ 5,247,001	\$ 8,446,862	\$ 6,244,457	\$ 5,231,321	\$ 5,140,861	\$ 5,764,672	\$ 1,623,259
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)	(5,892,453)
Contribution deficiency/(excess)	<u>\$ 2,942,078</u>	<u>\$ 4,102,821</u>	<u>\$ 6,995,666</u>	<u>\$ 4,167,209</u>	<u>\$ 2,438,137</u>	<u>\$ 2,052,979</u>	<u>\$ 1,593,447</u>	<u>\$ (4,269,194)</u>
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	\$ 16,854,585
Contributions as a percentage of covered employee payroll	5.25%	7.83%	9.88%	13.73%	18.00%	19.53%	25.76%	34.96%

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 FOUR FISCAL YEARS

	Fiscal Year Ending June 30,			
	2017	2018	2019	2020
Service Cost	\$ 2,679,518	\$ 2,217,562	\$ 2,015,133	\$ 2,072,594
Interest Cost	1,920,885	2,222,332	2,050,164	1,675,179
Changes in Assumptions	(8,121,040)	(5,926,581)	692,169	13,822,133
Differences between Expected and Actual Experience		(6,054,068)	(8,597,296)	12,953,660
Member Contributions	51,616	47,729	42,242	39,928
Gross Benefit Payments	(1,401,760)	(1,380,983)	(1,425,044)	(1,317,336)
Net Change in Total OPEB Liability	(4,870,781)	(8,874,009)	(5,222,632)	29,246,158
Total OPEB Liability - Beginning	<u>65,390,300</u>	<u>60,519,519</u>	<u>51,645,510</u>	<u>46,422,878</u>
Total OPEB Liability - Ending	<u>\$ 60,519,519</u>	<u>\$ 51,645,510</u>	<u>\$ 46,422,878</u>	<u>\$ 75,669,036</u>
District's Covered Employee Payroll *	\$ 14,687,078	\$ 15,127,956	\$ 15,516,262	\$ 15,807,716
Total OPEB Liability as a Percentage of Covered Employee Payroll	412%	341%	299%	479%

\* - Covered payroll for the fiscal years ending June 30, 2017, June 30, 2018, June 30, 2019, and June 30, 2020 are based on the payroll on the June 30, 2016, June 30, 2017, June 30, 2018, and June 30, 2019 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, 2022

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.40% as of June 30, 2020 to 7.00% as of June 30, 2021.

In the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

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, 2020 was 2.21%. The discount rate for June 30, 2019 was 3.50%, a change of -1.29%.

The mortality rates in the valuation as of June 30, 2020 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. 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-2020. 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-2020.

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, 2020 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

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, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 38,858,193		\$ 38,858,193	\$ 38,858,193	
Tuition From Other LEAs Within the State	205,000		205,000	154,273	\$ (50,727)
Unrestricted Miscellaneous Revenues	445,000		445,000	399,510	(45,490)
Interest Earned on Capital Reserve Funds				24,723	24,723
Other Restricted Miscellaneous Revenues				47,069	47,069
<b>Total Revenues from Local Sources</b>	<u>39,508,193</u>		<u>39,508,193</u>	<u>39,483,768</u>	<u>(24,425)</u>
Revenues from State Sources:					
Categorical Transportation Aid	479,086		479,086	479,086	
Extraordinary Aid				844,122	844,122
Categorical Special Education Aid	1,470,705		1,470,705	1,470,705	
Categorical Security Aid	29,634		29,634	29,634	
Nonpublic Transportation Aid				44,370	44,370
TPAF Post Retirement Contributions (Non-Budgeted)				1,396,139	1,396,139
TPAF Pension Contributions (Non-Budgeted)				5,892,453	5,892,453
TPAF Non-Contributory Insurance (Non-Budgeted)				83,134	83,134
TPAF Long-Term Disability Insurance (Non-Budgeted)				2,174	2,174
Reimbursed TPAF Social Security Contributions				1,222,546	1,222,546
<b>Total Revenues from State Sources</b>	<u>1,979,425</u>		<u>1,979,425</u>	<u>11,464,363</u>	<u>9,484,938</u>
<b>TOTAL REVENUE</b>	<u>41,487,618</u>		<u>41,487,618</u>	<u>50,948,131</u>	<u>9,460,513</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>GENERAL CURRENT EXPENSE</b>					
Regular Programs - Instruction:					
Grades 6-8 - Salaries of Teachers	\$ 4,185,023	\$ 168,397	\$ 4,353,420	\$ 4,350,305	\$ 3,115
Grades 9-12 - Salaries of Teachers	8,071,737	75,127	8,146,864	8,139,323	7,541
Regular Programs - Home Instruction:					
Salaries of Teachers	35,000	(17,835)	17,165	16,954	211
Purchased Professional-Educational Services	5,000	11,634	16,634	9,339	7,295
Regular Programs - Undistributed Instruction:					
Purchased Professional-Educational Services	12,000		12,000	4,034	7,966
Other Purchased Services (400-500 series)	603,152	(5,688)	597,464	543,864	53,600
General Supplies	418,137	2,726	420,863	337,007	83,856
Textbooks	65,500	(10,251)	55,249	45,865	9,384
Other Objects	124,176	10,033	134,209	121,565	12,644
<b>Total Regular Programs - Instruction</b>	<b>13,519,725</b>	<b>234,143</b>	<b>13,753,868</b>	<b>13,568,256</b>	<b>185,612</b>
Learning and/or Language Disabilities:					
Salaries of Teachers	106,922		106,922	106,922	
General Supplies	4,000	53	4,053	4,053	
<b>Total Learning and/or Language Disabilities</b>	<b>110,922</b>	<b>53</b>	<b>110,975</b>	<b>110,975</b>	
Resource Room/Resource Center:					
Salaries of Teachers	1,750,116	(94,867)	1,655,249	1,655,249	
Other Salaries for Instruction	414,668	(43,187)	371,481	355,723	15,758
Purchased Technical Services	25,000		25,000	24,328	672
General Supplies	20,449	15,256	35,705	23,245	12,460
Textbooks	2,000		2,000	661	1,339
<b>Total Resource Room/Resource Center</b>	<b>2,212,233</b>	<b>(122,798)</b>	<b>2,089,435</b>	<b>2,059,206</b>	<b>30,229</b>
Home Instruction:					
Salaries of Teachers		2,063	2,063	2,063	
General Supplies	1,000		1,000		1,000
<b>Total Home Instruction</b>	<b>1,000</b>	<b>2,063</b>	<b>3,063</b>	<b>2,063</b>	<b>1,000</b>



WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	\$ 2,324,155	\$ (120,682)	\$ 2,203,473	\$ 2,172,244	\$ 31,229
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	225,039	30,389	255,428	255,428	
Purchased Services (300-500 series)	20,000	(3,090)	16,910	13,686	3,224
Supplies and Materials	55,700		55,700	36,758	18,942
Other Objects	61,565	9,611	71,176	54,132	17,044
<b>Total School-Spon. Cocurricular &amp; Extracurricular Actvts. - Inst.</b>	<b>362,304</b>	<b>36,910</b>	<b>399,214</b>	<b>360,004</b>	<b>39,210</b>
School-Sponsored Athletics - Instruction:					
Salaries	899,426		899,426	865,100	34,326
Purchased Services (300-500 series)	298,098	(16,900)	281,198	168,515	112,683
Supplies and Materials	264,186	15,830	280,016	216,562	63,454
Other Objects	10,468		10,468	8,468	2,000
<b>Total School-Sponsored Athletics - Instruction</b>	<b>1,472,178</b>	<b>(1,070)</b>	<b>1,471,108</b>	<b>1,258,645</b>	<b>212,463</b>
<b>TOTAL INSTRUCTION</b>	<b>17,678,362</b>	<b>149,301</b>	<b>17,827,663</b>	<b>17,359,149</b>	<b>468,514</b>
Undistributed Expenditures - Instruction:					
Tuition to County Voc. School Dist.-Regular	5,911	2,500	8,411	6,494	1,917
Tuition to County Voc. School Dist.-Special	82,005	(41,000)	41,005	40,081	924
Tuition to CSSD & Reg. Day Schools		27,176	27,176	27,176	
Tuition to Priv. Sch. for the Handicap. W/I State	3,438,416	(215,995)	3,222,421	2,778,927	443,494
<b>Total Undistributed Expenditures - Instruction</b>	<b>3,526,332</b>	<b>(227,319)</b>	<b>3,299,013</b>	<b>2,852,678</b>	<b>446,335</b>
Undistributed Expend. - Attend. & Social Work:					
Salaries	118,852		118,852	118,852	
Supplies and Materials	1,728	14	1,742	1,742	
<b>Total Undist. Expend. - Attendance and Social Work</b>	<b>120,580</b>	<b>14</b>	<b>120,594</b>	<b>120,594</b>	

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Health Services:					
Salaries	\$ 225,974	\$ (14)	\$ 225,960	\$ 168,281	\$ 57,679
Purchased Professional and Technical Services	21,000	(340)	20,660	20,220	440
Supplies and Materials	10,087	1,410	11,497	11,463	34
Total Undist. Expenditures - Health Services	<u>257,061</u>	<u>1,056</u>	<u>258,117</u>	<u>199,964</u>	<u>58,153</u>
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Purchased Professional - Educational Services		4,400	4,400	4,400	
Total Undist. Expend. - Speech, OT, PT, Related Svcs		<u>4,400</u>	<u>4,400</u>	<u>4,400</u>	
Undist. Expend.- Guidance:					
Salaries of Other Professional Staff	698,567	(4,400)	694,167	675,615	18,552
Salaries of Secretarial and Clerical Assistants	169,364		169,364	153,200	16,164
Other Salaries	25,000		25,000	22,169	2,831
Other Purchased Prof. and Tech. Services	26,600		26,600	18,422	8,178
Other Purchased Services (400-500 series)	1,000		1,000		1,000
Supplies and Materials	75,591		75,591	65,090	10,501
Other Objects	12,960		12,960	10,070	2,890
Total Undist Expend. - Guidance	<u>1,009,082</u>	<u>(4,400)</u>	<u>1,004,682</u>	<u>944,566</u>	<u>60,116</u>
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	577,429		577,429	570,062	7,367
Salaries of Secretarial and Clerical Assistants	117,652		117,652	117,652	
Purchased Professional - Educational Services	469,196	55,000	524,196	356,343	167,853
Other Purchased Prof. and Tech. Services	50,000	35,000	85,000	73,875	11,125
Other Purchased Services (400-500 series)	400		400	25	375
Supplies and Materials	5,736		5,736	4,024	1,712
Total Undist Expend. - Child Study Team	<u>1,220,413</u>	<u>90,000</u>	<u>1,310,413</u>	<u>1,121,981</u>	<u>188,432</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	\$ 583,275		\$ 583,275	\$ 579,844	\$ 3,431
Supplies and Materials	39,812		39,812	35,740	4,072
Total Undist. Expend.-Edu. Media Serv./Sch. Library	<u>623,087</u>		<u>623,087</u>	<u>615,584</u>	<u>7,503</u>
Undist. Expend.-Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	474,088	\$ 3,199	477,287	477,287	
Salaries of Other Professional Staff	5,000	(3,199)	1,801		1,801
Purchased Professional - Educational Service	75,799		75,799	24,996	50,803
Other Purchased Services (400-500 series)	30,000		30,000	6,395	23,605
Total Undist. Expend.-Instructional Staff Training Services	<u>584,887</u>		<u>584,887</u>	<u>508,678</u>	<u>76,209</u>
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	374,859	15,000	389,859	386,350	3,509
Legal Services	97,544	70,000	167,544	131,795	35,749
Audit Fees	37,500		37,500	35,600	1,900
Architectural/Engineering Services	37,923	(15,000)	22,923	17,965	4,958
Other Purchased Professional Services	84,795	(16,157)	68,638	58,901	9,737
Communications / Telephone	116,720	(12,100)	104,620	81,907	22,713
BOE Other Purchased Services	10,000	(7,000)	3,000	502	2,498
Other Purch. Serv. (400-500 series other than 530 & 585)	20,000	(4,309)	15,691	12,826	2,865
General Supplies	15,002	(7,000)	8,002	5,092	2,910
Miscellaneous Expenditures	7,500	6,584	14,084	14,084	
BOE Membership Dues and Fees	25,300	(5,019)	20,281	20,281	
Total Undist. Expend.-Support Serv.-Gen. Admin.	<u>827,143</u>	<u>24,999</u>	<u>852,142</u>	<u>765,303</u>	<u>86,839</u>
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	769,700	13,000	782,700	781,283	1,417
Salaries of Other Professional Staff	584,367	25,000	609,367	600,830	8,537
Salaries of Secretarial and Clerical Assistants	308,266	(16,500)	291,766	291,266	500
Purchased Professional and Technical Services	43,524	(5,000)	38,524	21,194	17,330

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-School Admin.: (Cont'd)					
Supplies and Materials	\$ 53,247	\$ (200)	\$ 53,047	\$ 39,247	\$ 13,800
Other Objects	42,816	5,200	48,016	36,290	11,726
Total Undist. Expend.-Support Serv.-School Adm.	<u>1,801,920</u>	<u>21,500</u>	<u>1,823,420</u>	<u>1,770,110</u>	<u>53,310</u>
Undist. Expend. - Central Services:					
Salaries	438,639	9,146	447,785	447,000	785
Purchased Professional Services	10,000	(800)	9,200	6,595	2,605
Purchased Technical Services	5,000	800	5,800	5,800	
Miscellaneous Purchased Services (400-500 series other than 594)	52,854	(9,145)	43,709	35,580	8,129
Supplies and Materials	20,009	(10,000)	10,009	4,372	5,637
Other Objects	11,500		11,500	10,044	1,456
Total Undist. Expend. - Central Services	<u>538,002</u>	<u>(9,999)</u>	<u>528,003</u>	<u>509,391</u>	<u>18,612</u>
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	749,884	(41,030)	708,854	698,147	10,707
Cleaning, Repair, and Maintenance Services	347,106		347,106	318,652	28,454
General Supplies	254,909		254,909	226,198	28,711
Other Objects	15,000	(822)	14,178	8,456	5,722
Total Undist. Expend.- Required Maint. for School Facilities	<u>1,366,899</u>	<u>(41,852)</u>	<u>1,325,047</u>	<u>1,251,453</u>	<u>73,594</u>
Undist. Expend.-Custodial Services:					
Salaries	898,409	1,530	899,939	882,392	17,547
Purchased Professional and Technical Services	12,000		12,000		12,000
Cleaning, Repair, and Maintenance Services	64,000		64,000	32,525	31,475
Other Purchased Property Services	65,000	(9,991)	55,009	30,655	24,354
Insurance	388,180	76,992	465,172	465,172	
Miscellaneous Purchased Services	49,000	(9,000)	40,000	18,581	21,419
General Supplies	179,576		179,576	115,188	64,388
Energy (Natural Gas)	70,000	105,000	175,000	134,870	40,130
Energy (Electricity)	700,000	(45,000)	655,000	593,636	61,364
Total Undist. Expend.-Custodial Services	<u>2,426,165</u>	<u>119,531</u>	<u>2,545,696</u>	<u>2,273,019</u>	<u>272,677</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Care and Upkeep of Grounds:					
Salaries	\$ 270,896	\$ (15,000)	\$ 255,896	\$ 248,797	\$ 7,099
Purchased Professional and Technical Services	2,500		2,500	2,500	
Cleaning, Repair, and Maintenance Services	53,811		53,811	47,856	5,955
General Supplies	100,877		100,877	63,181	37,696
Other Objects	1,000		1,000	820	180
Total Care And Upkeep Of Grounds	<u>429,084</u>	<u>(15,000)</u>	<u>414,084</u>	<u>363,154</u>	<u>50,930</u>
Security:					
Salaries	122,015		122,015	78,656	43,359
Purchased Professional and Technical Services	30,000		30,000	700	29,300
General Supplies	10,000		10,000	2,748	7,252
Other Objects	15,000		15,000		15,000
Total Security	<u>177,015</u>		<u>177,015</u>	<u>82,104</u>	<u>94,911</u>
Total Undist. Expend.-Oper. And Maint. Of Plant Serv.	<u>4,399,163</u>	<u>62,679</u>	<u>4,461,842</u>	<u>3,969,730</u>	<u>492,112</u>
Undist. Expend.-Student Transportation Serv.:					
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studts	184,000	(30,730)	153,270	146,500	6,770
Contract. Serv.(Bet. Home & Sch.)-Vendors	1,400,000	60,000	1,460,000	1,459,940	60
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	430,000	12,854	442,854	412,438	30,416
Contract. Serv.(Spl. Ed. Students)-Vendors	906,060	77,876	983,936	953,936	30,000
Total Undist. Expend.-Student Trans. Serv.	<u>2,920,060</u>	<u>120,000</u>	<u>3,040,060</u>	<u>2,972,814</u>	<u>67,246</u>
UNALLOCATED BENEFITS					
Social Security Contributions	475,000	9,731	484,731	484,731	
Other Retirement Contributions - PERS	548,000	3,095	551,095	533,789	17,306
Other Retirement Contributions - ERIP	7,614		7,614	7,614	
Other Retirement Contributions - Regular		5,905	5,905	5,905	
Unemployment Compensation	225,000	(100,000)	125,000		125,000
Workers Compensation	180,000		180,000	175,628	4,372

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>UNALLOCATED BENEFITS (Cont'd)</b>					
Health Benefits	\$ 5,492,294	\$ (233,000)	\$ 5,259,294	\$ 4,190,176	\$ 1,069,118
Tuition Reimbursement	55,000		55,000	50,190	4,810
Other Employee Benefits	220,000	81,216	301,216	221,679	79,537
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>7,202,908</b>	<b>(233,053)</b>	<b>6,969,855</b>	<b>5,669,712</b>	<b>1,300,143</b>
<b>ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)</b>					
TPAF Post Retirement Contributions (Non-Budgeted)				1,396,139	(1,396,139)
TPAF Pension Contributions (Non-Budgeted)				5,892,453	(5,892,453)
TPAF Non-Contributory Insurance (Non-Budgeted)				83,134	(83,134)
TPAF Long-Term Disability Insurance (Non-Budgeted)				2,174	(2,174)
Reimbursed TPAF Social Security Contributions				1,222,546	(1,222,546)
<b>TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)</b>				<b>8,596,446</b>	<b>(8,596,446)</b>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	<b>7,202,908</b>	<b>(233,053)</b>	<b>6,969,855</b>	<b>14,266,158</b>	<b>(7,296,303)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>25,030,638</b>	<b>(150,123)</b>	<b>24,880,515</b>	<b>30,621,951</b>	<b>(5,741,436)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>42,709,000</b>	<b>(822)</b>	<b>42,708,178</b>	<b>47,981,100</b>	<b>(5,272,922)</b>
<b>CAPITAL OUTLAY</b>					
Equipment:					
Undistributed:					
Undist. Expend. - Required Maint for School Fac.	95,000	822	95,822	95,822	
Total Equipment	95,000	822	95,822	95,822	
Facilities Acquisition and Construction Serv.:					
Construction Services	1,323,250		1,323,250	1,252,112	71,138
Supplies and Materials	231,335		231,335	231,335	
Assessment for Debt Service on SDA Funding	83,370		83,370	83,370	
Total Facilities Acquisition and Const. Serv.	1,637,955		1,637,955	1,566,817	71,138

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL CAPITAL OUTLAY	\$ 1,732,955	\$ 822	\$ 1,733,777	\$ 1,662,639	\$ 71,138
TOTAL EXPENDITURES	44,441,955		44,441,955	49,643,739	(5,201,784)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(2,954,337)		(2,954,337)	1,304,392	4,258,729
Fund Balance, July 1	18,123,812		18,123,812	18,123,812	
Fund Balance, June 30	<u>\$ 15,169,475</u>	<u>\$ -0-</u>	<u>\$ 15,169,475</u>	<u>\$ 19,428,204</u>	<u>\$ 4,258,729</u>
<u>Recapitulation:</u>					
Restricted Fund Balance:				\$ 500,000	
Excess Surplus - Restricted For 2023-2024				500,000	
Excess Surplus - Restricted For 2022-2023				13,877,236	
Capital Reserve				1,064,560	
Maintenance Reserve				444,524	
Unemployment Compensation				398,968	
Assigned Fund Balance:				112,532	
Year End Encumbrances				2,530,384	
Designated for Subsequent Year's Expenditures				19,428,204	
Unassigned Fund Balance				(178,347)	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis					
Fund Balance per Governmental Funds (GAAP)				<u>\$ 19,249,857</u>	

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 729,226	\$ 729,226	\$ 729,226	
Federal Sources	\$ 263,000	1,013,130	1,276,130	788,529	\$ (487,601)
Total Revenues	263,000	1,742,356	2,005,356	1,517,755	(487,601)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	21,000	174,710	195,710	72,034	123,676
Other Purchased Services		308,889	308,889	305,193	3,696
Tuition	230,000	84,643	314,643	314,643	
General Supplies		236,382	236,382	56,924	179,458
Total Instruction	251,000	804,624	1,055,624	748,794	306,830
Support Services:					
Salaries of Supervisors of Instruction		4,921	4,921	3,672	1,249
Personal Services - Employee Benefits		14,972	14,972	7,409	7,563
Purchased Professional and Technical Services		197,308	197,308	45,300	152,008
Other Purchased Professional Services		10,230	10,230	279	9,951
Other Purchased Services	12,000	(12,000)			
Supplies and Materials		10,000	10,000		10,000
Student Activities		623,946	623,946	623,946	
Scholarships Awarded		48,300	48,300	48,300	
Total Support Services	12,000	897,677	909,677	728,906	180,771
Total Expenditures	\$ 263,000	\$ 1,702,301	\$ 1,965,301	\$ 1,477,700	\$ 487,601
Excess of Revenue over Expenditures	\$ -0-	\$ 40,055	\$ 40,055	\$ 40,055	\$ -0-



WEST ESSEX REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 50,948,131	\$ 1,517,755
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis does not:		
Current Year Encumbrances		(1,550)
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	152,575	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(178,347)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 50,922,359</u>	<u>\$ 1,516,205</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 49,643,739	\$ 1,477,700
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Current Year Encumbrances		<u>(1,550)</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 49,643,739</u>	<u>\$ 1,476,150</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2022 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, 2022

	Elementary and Secondary Education Act		CRRSA		ARP IDEA Part B Basic	IDEA Part B Basic
	Title I	Title IIA	Learning Acceleration	Mental Health		
<b>REVENUE:</b>						
Local Sources						
Federal Sources	\$ 72,098	\$ 8,392	\$ 17,520	\$ 45,000	\$ 69,514	\$ 314,643
<b>Total Revenue</b>	<b>72,098</b>	<b>8,392</b>	<b>17,520</b>	<b>45,000</b>	<b>69,514</b>	<b>314,643</b>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers	55,759		16,275			314,643
Tuition						
Other Purchased Services		8,094		45,000	69,514	
General Supplies	6,801					
<b>Total Instruction</b>	<b>62,560</b>	<b>8,094</b>	<b>16,275</b>	<b>45,000</b>	<b>69,514</b>	<b>314,643</b>
Support Services:						
Salaries of Supervisors of Instruction	3,374	298				
Personal Services - Employee Benefits	6,164		1,245			
Purchased Professional & Technical Services						
Other Purchased Professional Services						
Student Activities						
Scholarships Awarded						
<b>Total Support Services</b>	<b>9,538</b>	<b>298</b>	<b>1,245</b>			
<b>Total Expenditures</b>	<b>\$ 72,098</b>	<b>\$ 8,392</b>	<b>\$ 17,520</b>	<b>\$ 45,000</b>	<b>\$ 69,514</b>	<b>\$ 314,643</b>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	ARP					Totals
	Accelerated Learning	ESSER III	Student Activities	Scholarship	Local Grants	
<b>REVENUE:</b>						
Local Sources			\$ 691,471	\$ 20,830	\$ 16,925	\$ 729,226
Federal Sources	\$ 21,079	\$ 240,283				788,529
<b>Total Revenue</b>	<b>21,079</b>	<b>240,283</b>	<b>691,471</b>	<b>20,830</b>	<b>16,925</b>	<b>1,517,755</b>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers						72,034
Tuition						314,643
Other Purchased Services		182,585				305,193
General Supplies		33,198			16,925	56,924
<b>Total Instruction</b>		<b>215,783</b>			<b>16,925</b>	<b>748,794</b>
Support Services:						
Salaries of Supervisors of Instruction						3,672
Personal Services - Employee Benefits						7,409
Purchased Professional & Technical Services	20,800	24,500				45,300
Other Purchased Professional Services	279					279
Student Activities			623,946			623,946
Scholarships Awarded				48,300		48,300
<b>Total Support Services</b>	<b>21,079</b>	<b>24,500</b>	<b>623,946</b>	<b>48,300</b>		<b>728,906</b>
<b>Total Expenditures</b>	<b>\$ 21,079</b>	<b>\$ 240,283</b>	<b>\$ 623,946</b>	<b>\$ 48,300</b>	<b>\$ 16,925</b>	<b>\$ 1,477,700</b>

CAPITAL PROJECTS FUND  
NOT APPLICABLE

PROPRIETARY FUNDS



WEST ESSEX REGIONAL SCHOOL DISTRICT  
ENTERPRISE FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2022

	Business-Type Activities
	Enterprise Fund Food Service
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 290,658
Other Accounts Receivable	5,270
Interfund Receivable - General Fund	8,651
Inventories	23,261
Total Current Assets	327,840
Non-Current Assets:	
Capital Assets	303,202
Less: Accumulated Depreciation	(215,659)
Total Non-Current Assets	87,543
Total Assets	415,383
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable - Vendors	38,286
Unearned Revenue	24,883
Total Current Liabilities	63,169
<u>NET POSITION:</u>	
Investment in Capital Assets	87,543
Unrestricted	264,671
Total Net Position	\$ 352,214

WEST ESSEX REGIONAL SCHOOL DISTRICT  
ENTERPRISE FUNDS  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Busines-Type Activities
	Enterprise Fund Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Program	\$ 1,021,612
Total Operating Revenue	1,021,612
Operating Expenses:	
Cost of Sales - Non-Reimbursable Program	393,441
Salaries, Benefits & Payroll Taxes	359,989
Other Purchased Services	12,053
Supplies, Insurance and Other Costs	57,496
Management Fee	81,774
Miscellaneous Expense	16,368
Depreciation Expense	14,692
Total Operating Expenses	935,813
Operating Income/Change in Net Position	85,799
Net Position - Beginning of Year	266,415
Net Position - End of Year	\$ 352,214

WEST ESSEX REGIONAL SCHOOL DISTRICT  
ENTERPRISE FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Business-Type Activities
	Enterprise Fund Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 1,005,167
Payments to Food Service Vendor	(884,535)
Payments to Suppliers	(21,561)
	99,071
Net Cash Provided by Operating Activities	99,071
Net Increase in Cash and Cash Equivalents	99,071
Cash and Cash Equivalents, July 1	191,587
Cash and Cash Equivalents, June 30	\$ 290,658
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 85,799
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	14,692
Changes in Assets and Liabilities:	
(Increase) in Unearned Revenue	(16,445)
Increase in Accounts Payable	38,286
(Increase) in Inventory	(23,261)
	99,071
Net Cash Provided by Operating Activities	\$ 99,071

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, 2021	Matured	Balance June 30, 2022
			Date	Amount	June 30, 2022				
Refunding Bonds 2011	7/14/2011	\$ 14,470,000	11/1/2022	\$ 1,490,000		\$ 5,000%	\$ 1,465,000	\$ 1,490,000	
Refunding Bonds 2016	7/13/2016	3,965,000	8/15/2022	360,000		3.000%	3,560,000	345,000	3,215,000
			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%			
							\$ 1,810,000	\$ 4,705,000	

WEST ESSEX REGIONAL SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance June 30, 2021</u>	<u>Matured</u>	<u>Balance June 30, 2022</u>
Dell Teacher Laptops	6.920%	\$ 141,338	\$ 47,309	\$ 47,309	
HP G6 Chromebooks (GR 11-12)	6.920%	186,576	62,451	62,451	
HP G6 Chromebooks (GR 7-9)	7.670%	93,288	31,234	31,234	
			<u>\$ 140,994</u>	<u>\$ 140,994</u>	<u>\$ -0-</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,033,975		\$ 2,033,975	\$ 2,033,975	
Total Revenues	<u>2,033,975</u>		<u>2,033,975</u>	<u>2,033,975</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	223,975		223,975	223,975	
Redemption of Principal	1,810,000		1,810,000	1,810,000	
Total Regular Debt Service	<u>2,033,975</u>		<u>2,033,975</u>	<u>2,033,975</u>	
Total Expenditures	<u>2,033,975</u>		<u>2,033,975</u>	<u>2,033,975</u>	
Excess/(Deficit) of Revenues Over/ (Under) Expenditures	<u>-0-</u>		<u>-0-</u>	<u>-0-</u>	
Fund Balance, July 1	<u>-0-</u>		<u>-0-</u>	<u>-0-</u>	
Fund Balance, June 30	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>



## STATISTICAL SECTION

(UNAUDITED)

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

### Contents

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

**Sources:** Unless otherwise noted, the information in these schedules is derived from the annual comprehensive 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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 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	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	(3,873,619)
Unrestricted/(Deficit)	662,926	(7,012,230)	(7,743,176)	(8,159,741)	(9,300,854)	(9,521,143)	(8,990,483)	(8,880,586)	(6,076,321)	46,049,237
Total Governmental Activities Net Position	\$ 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	\$ 42,175,618
<b>Business-type Activities</b>										
Investment in Capital Assets	\$ 24,289	\$ 12,596	\$ 57,527	\$ 50,810	\$ 104,833	\$ 95,168	\$ 105,247	\$ 117,559	\$ 102,235	\$ -
Unrestricted	168,342	100,098	49,963	80,957	62,839	133,117	193,303	195,877	164,180	352,214
Total Business-type Activities Net Position	\$ 192,631	\$ 112,694	\$ 107,490	\$ 131,767	\$ 167,672	\$ 228,285	\$ 298,550	\$ 313,436	\$ 266,415	\$ 352,214
<b>District-wide</b>										
Net Investment in Capital Assets	\$ 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	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	(3,873,619)
Unrestricted/(Deficit)	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)	46,401,451
Total District Net Position	\$ 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	\$ 42,527,832

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses:</b>										
Governmental Activities:										
Instruction:										
Regular	\$ 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	\$ 20,661,183
Special Education	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	3,686,697
Other Special Education	48,195	130,856						64,521		
School Sponsored Activities And Athletics	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	2,255,111
Support Services:										
Tuition			2,520,512	2,460,215	2,640,421	2,527,262	2,845,271	2,603,303	2,514,828	2,852,678
Student & Instruction Related Services	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	5,856,308
General Administrative Services	945,428	773,663	865,242	837,366	835,943	841,692	1,047,544	946,614	993,575	952,345
School Administrative Services	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	2,735,102
Central and Other Support Services	552,372	566,228	649,021	696,651	734,230	734,179	772,093	738,750	738,750	754,266
Administrative Information Technology			189,067	207,484	225,852	221,011	259,571	221,364	129,711	
Plant Operations and Maintenance	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	5,183,239
Pupil Transportation	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	3,093,472
Transfer of Funds to Charter School	761,455	691,812	663,512	597,552	616,401	465,758	390,027	312,346	231,347	163,184
Interest on Long-term Debt							83,370	83,370	83,370	83,370
Capital Outlay										
Unallocated Depreciation			1,588,396	1,600,560	1,609,620	1,840,936	1,521,971			
Total Governmental Activities Expenses	\$ 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	\$ 48,276,955
Business-type Activities:										
Food Service	750,776	794,468	765,978	816,748	829,098	914,170	981,349	712,079	53,118	935,813
Total Business-type Activities Expense	\$ 750,776	\$ 794,468	\$ 765,978	\$ 816,748	\$ 829,098	\$ 914,170	\$ 981,349	\$ 712,079	\$ 53,118	\$ 935,813
Total District Expenses	\$ 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	\$ 49,212,768
<b>Program Revenues:</b>										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 77,076	\$ 102,010	\$ 52,289	\$ 79,974	\$ 219,426	\$ 201,745	\$ 205,107	\$ 149,964	\$ 168,569	\$ 154,273
Student and Related Services									334,952	691,471
Operating Grants and Contributions	4,782,073	4,329,234	8,139,878	9,525,846	12,703,372	13,027,463	11,126,288	10,979,365	11,128,181	10,274,768
Capital Grants and Contributions			72,520	360,204						
Total Governmental Activities Program Revenues	\$ 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	\$ 11,120,512
Business-type Activities:										
Charges for Services:										
Food Service	743,292	727,484	760,774	841,025	865,003	974,783	1,031,870	726,965	6,097	1,021,612
Total Business-type Activities Program Revenues	\$ 743,292	\$ 727,484	\$ 760,774	\$ 841,025	\$ 865,003	\$ 974,783	\$ 1,031,870	\$ 726,965	\$ 6,097	\$ 1,021,612
Total District Program Revenues	\$ 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	\$ 12,142,124

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

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net (Expense)/Revenue:										
Governmental Activities	\$ (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)	\$ (37,156,443)
Business-type Activities	(7,484)	(66,984)	(5,204)	24,277	35,905	60,613	50,521	14,886	(47,021)	85,799
Total District-wide Net Expense	\$ (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)	\$ (37,070,644)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 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	\$ 38,858,193
Property Taxes Levied for Debt Service	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	2,033,975
State Aid - Unrestricted			56,617	58,853	78,957	80,560	34,218	29,465	29,635	29,738
Investment Earnings			13,506	11,594	17,319	20,174	24,369	25,388	12,758	24,723
Miscellaneous Income	370,036	345,949	245,063	323,613	328,348	384,443	652,667	238,454	418,494	446,579
Total Governmental Activities	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	41,393,208
Business-type Activities:										
Purchase of Capital Assets							19,744			
Total Business-type Activities	-0-	-0-	-0-	-0-	-0-	-0-	19,744	-0-	-0-	-0-
Total District-wide	\$ 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	\$ 41,393,208
Change in Net Position										
Governmental Activities	\$ 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	\$ 4,236,765
Business-type Activities	(7,484)	(66,984)	(5,204)	24,277	35,905	60,613	70,265	14,886	(47,021)	85,799
Total District	\$ 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	\$ 4,322,564

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Restricted	\$ 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	\$ 16,386,320
Committed	161,670	490,602								
Assigned	531,760	1,117,233	841,259	623,715	524,864	485,699	768,452	1,022,996	2,354,339	2,352,037
Unassigned	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	\$ 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	\$ 18,738,357
All Other Governmental Funds										
Restricted	\$ 914,026	\$ 1,034,806	\$ 914,026	\$ 914,026	\$ 1,158,869	\$ 865,086	\$ 234,753	\$ 647,302	\$ 468,410	\$ 508,465
Total All Other Governmental Funds	\$ 914,026	\$ 1,034,806	\$ 914,026	\$ 914,026	\$ 1,158,869	\$ 865,086	\$ 234,753	\$ 647,302	\$ 468,410	\$ 508,465
Total Governmental Funds	\$ 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	\$ 19,246,822

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Property Tax Levy	\$ 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	\$ 40,892,168
Tuition	77,076	102,010	52,289	79,974	219,426	201,745	205,107	149,964	168,569	154,273
Interest Earnings								14,390	36,641	47,069
Transportation Fees from LEAs								16,517	12,758	24,723
Miscellaneous	400,230	370,871	278,405	356,350	351,099	411,490	721,167	246,580	738,243	1,128,736
State Sources	4,429,723	3,950,324	4,930,968	5,084,650	5,771,071	6,220,558	7,272,916	7,416,823	9,293,439	11,438,591
Federal Sources	322,156	353,988	376,133	376,085	370,364	376,564	383,797	376,433	480,462	786,979
<b>Total Revenue</b>	<b>38,627,021</b>	<b>38,692,351</b>	<b>40,453,084</b>	<b>41,649,654</b>	<b>43,147,106</b>	<b>44,560,818</b>	<b>46,920,722</b>	<b>47,570,289</b>	<b>50,758,540</b>	<b>54,472,539</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	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	13,992,763
Special Education Instruction	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	2,494,981
Other Instruction	48,264	127,465								
School Sponsored Activities and Athletics	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	1,618,649
<b>Support Services:</b>										
Tuition			2,520,512	2,460,215	2,640,421	2,527,262	2,845,271	2,603,303	2,514,828	2,852,678
Student & Instruction Related Services	3,921,624	3,769,634	3,002,260	3,015,578	3,044,095	3,128,512	3,051,040	3,230,736	3,651,776	4,244,673
General Administrative Services	900,256	751,062	671,493	605,176	546,201	648,836	700,578	687,550	745,269	765,303
School Administrative Services	2,078,786	2,152,073	1,633,517	1,600,486	1,704,659	1,671,874	1,701,544	1,745,416	1,765,989	1,770,110
Central and Other Support Services	526,331	540,137	445,456	442,350	404,043	443,770	455,471	446,886	448,481	509,391
Administrative Information Technology			122,000	125,050	123,385	118,450	177,023	131,181	49,321	
Plant Operations and Maintenance	3,554,853	3,839,438	3,126,978	3,264,591	3,234,854	3,429,615	3,546,859	3,864,382	3,522,515	3,969,730
Pupil Transportation	1,832,747	1,781,428	2,128,409	1,797,862	1,970,178	2,032,610	2,526,767	1,898,861	2,059,716	2,972,814
Unallocated Benefits			7,665,652	8,647,379	9,028,590	10,062,016	10,919,028	11,716,606	12,154,166	14,266,158
Transfer of Funds to Charter School			35,284							
Capital Outlay	818,459	1,136,371	3,286,537	1,043,350	684,834	1,043,670	979,438	1,792,285	154,777	1,662,639
Debt Service:										
Principal	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	1,810,000
Interest and Other Charges	842,680	780,730	715,105	649,280	515,510	514,069	451,550	376,900	295,313	223,975
<b>Total Expenditures</b>	<b>37,616,932</b>	<b>37,540,651</b>	<b>42,090,601</b>	<b>40,399,007</b>	<b>41,250,466</b>	<b>43,353,278</b>	<b>45,774,631</b>	<b>47,086,862</b>	<b>46,111,929</b>	<b>53,153,864</b>
<b>Excess/(Deficit) of Revenues Over/(Under) Expenditures</b>	<b>1,010,089</b>	<b>1,151,700</b>	<b>(1,637,517)</b>	<b>1,250,647</b>	<b>1,896,640</b>	<b>1,207,540</b>	<b>1,146,091</b>	<b>483,427</b>	<b>4,646,611</b>	<b>1,318,675</b>

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

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Other Financing Sources/(Uses)										
Proceeds from Refunding Bonds					\$ 3,965,000					
Premium on Bonds					555,685					
Payment to Refunded Bonds Escrow Agent					(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)			\$ 307,627				
Capital Leases (Non-budgeted)			780,000			307,627				
Total Other Financing Sources/(Uses)			780,000							
Net Change in Fund Balances	\$ 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	\$ 1,318,675
Debt Service as a Percentage of Noncapital Expenditures	6.81%	6.83%	6.25%	6.01%	5.67%	5.28%	4.86%	4.67%	4.46%	3.95%

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Tuition	\$ 77,076	\$ 102,010	\$ 1,755	\$ 79,974	\$ 219,426	\$ 201,745	\$ 205,107	\$ 149,964	\$ 168,569	\$ 154,273
Rentals/Facility Use	67,601	95,195	75,155	54,755	77,615	93,721	99,071	22,776	2,000	49,707
Interest	9,770	12,174	13,506	11,594	17,319	20,174	24,369	25,389	27,116	35,472
Athletic Game Receipts	19,195	28,075	24,035	15,638	14,571	18,856	25,029	29,833	4,302	18,039
Prior Year Refunds and Reimbursements		12,181	7,990	44,128	9,524		155,158	1,610	3,013	
Transportation Fess from LEAs								16,517		
Energy Rebate	58,636	31,772								
E-Rate Reimbursement	23,158	15,332	21,390	10,499			16,123			44,907
Workers Compensation Refund	49,438			47,585						
Vending Machines			170							
Student Activity Fees	104,585	107,132	105,000	100,635	114,150	95,833	125,428	100,275	105,460	122,337
Insurance Claims									212,342	10,000
Miscellaneous	37,653	44,087	61,857	50,373	112,488	176,033	231,858	67,442	77,019	190,840
<b>Total Miscellaneous</b>	<b>\$ 447,112</b>	<b>\$ 447,958</b>	<b>\$ 310,858</b>	<b>\$ 415,181</b>	<b>\$ 565,093</b>	<b>\$ 606,362</b>	<b>\$ 882,143</b>	<b>\$ 413,806</b>	<b>\$ 599,821</b>	<b>\$ 625,575</b>

Source: School District Financial Reports



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 <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
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
2021	8,392,800	726,443,600	-	-	17,193,350	-	-	752,029,750	255,555	752,285,305	0.42	796,856,246

**FAIRFIELD TOWNSHIP**

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2012	\$ 40,010,500	\$ 1,105,701,000	\$ 424,200	\$ 33,300	\$ 692,955,600	\$ 823,057,500	\$ 15,000,000	\$ 2,677,182,100	\$ 10,025,440	\$ 2,687,207,540	\$ 0.53	\$ 2,962,755,685
2013	38,877,100	1,108,782,600	424,200	33,300	665,905,200	817,502,000	15,000,000	2,646,524,400	7,898,040	2,654,422,440	0.53	2,783,791,725
2014	38,420,800	1,111,492,100	424,200	33,300	653,979,100	802,744,600	15,000,000	2,622,094,100	7,402,303	2,629,496,403	0.54	2,591,005,944
2015	35,959,100	1,119,311,600	424,200	33,300	650,828,300	791,236,800	15,000,000	2,612,793,300	7,466,353	2,620,259,653	0.55	2,648,934,593
2016	36,133,900	1,123,687,800	452,200	27,600	627,499,880	779,629,900	15,000,000	2,582,431,280	6,669,400	2,589,100,680	0.62	3,041,679,929
2017	34,274,500	1,130,908,200	452,200	27,600	612,516,480	775,968,500	15,000,000	2,569,147,480	7,003,818	2,576,151,298	0.61	2,915,051,007
2018	36,442,200	1,139,996,200	452,200	27,600	610,677,980	773,692,800	15,000,000	2,576,288,980	7,336,353	2,583,625,333	0.62	2,887,300,037
2019	34,096,900	1,151,402,600	452,200	27,600	620,482,280	771,772,400	22,995,600	2,601,229,580	6,875,879	2,608,105,459	0.67	3,183,326,152
2020	43,294,400	1,366,309,500	483,200	14,300	725,211,700	1,024,963,100	31,431,100	3,191,707,300	8,385,227	3,200,092,527	0.56	3,303,343,607
2021	37,871,700	1,370,749,500	483,200	14,300	723,081,900	1,023,511,800	41,631,100	3,197,343,500	7,768,477	3,205,111,977	0.60	3,680,857,390

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

NORTH CALDWELL BOROUGH

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2012	\$ 27,965,000	\$ 1,477,834,400	\$ 424,000	\$ 4,000	\$ 25,749,200	\$ 2,916,300	\$ -	\$ 1,534,892,900	\$ 572,300	\$ 1,535,465,200	0.48	\$ 1,629,143,891
2013	32,703,600	1,479,925,700	424,000	4,000	23,679,100	2,697,500	-	1,539,433,900	618,900	1,540,052,800	0.50	1,603,705,860
2014	24,013,300	1,511,273,300	228,500	5,700	23,217,700	2,697,500	-	1,561,436,000	528,800	1,561,964,800	0.50	1,627,465,417
2015	19,041,700	1,535,025,600	-	-	24,426,700	2,697,500	-	1,581,191,500	517,500	1,581,709,000	0.51	1,676,062,829
2016	20,618,600	1,542,944,100	-	-	24,707,200	2,500,000	459,500	1,591,229,400	472,000	1,591,701,400	0.51	1,729,088,755
2017	20,877,800	1,551,406,800	-	-	24,931,500	2,500,000	-	1,599,716,100	468,700	1,600,184,800	0.53	1,762,595,194
2018	26,662,700	1,557,840,400	-	-	24,439,500	2,500,000	-	1,611,442,600	461,900	1,611,904,500	0.57	1,817,249,973
2019	23,117,500	1,568,618,800	-	-	24,439,500	2,500,000	-	1,618,675,800	468,300	1,619,144,100	0.56	1,813,766,467
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
2021	9,808,300	1,622,310,500	-	-	24,439,500	2,500,000	-	1,659,058,300	497,100	1,659,555,400	0.56	1,851,122,801

ROSELAND BOROUGH

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
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
2021	12,517,000	963,300,300	-	-	507,983,500	86,106,800	76,017,700	1,645,925,300	1,630,000	1,647,555,300	0.56	1,788,569,057

Source: Essex County Abstracts of Ratables

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

**ESSEX FELLS BOROUGH**

Year Ended December 31,	School District of West Essex Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Borough of Essex Fells	Local School District	Essex County	
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
2021	0.40	0.02	0.42	0.55	0.72	0.51	2.19

**FAIRFIELD TOWNSHIP**

Year Ended December 31,	School District of West Essex Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Township of Fairfield	Local School District	Essex County	
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
2021	0.57	0.03	0.60	0.50	0.38	0.55	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
	Basic Rate <sup>a</sup>	Debt Service <sup>b</sup>	Total Direct	Borough of North Caldwell	Local School District	Essex County	
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
2021	0.53	0.03	0.56	0.44	0.85	0.54	2.39

**ROSELAND BOROUGH**

Year Ended December 31,	School District of West Essex Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	Debt Service <sup>b</sup>	Total Direct	Borough of Roseland	Local School District	Essex County	
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
2021	0.53	0.03	0.56	0.66	0.58	0.51	2.30

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  
(UNAUDITED)

**ESSEX FELLS BOROUGH**

	2021		
Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Assessed Value

NOT AVAILABLE

	2012		
Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Essex Fells Country Club	\$ 16,075,800	1	2.11%
Individual Taxpayers	30,381,200	2-10	3.98%
Total	\$ 46,457,000		6.09%

Source: Municipal Tax Assessor

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

FAIRFIELD TOWNSHIP

Taxpayer	2021		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Colfin Industrial LLC	\$ 84,041,200	1	2.62%
Breit Industrial Fair Prop LLC	51,566,600	2	1.61%
300 Fairfield Road LLC	43,544,700	3	1.36%
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%
Investor Properties Inc	21,631,600	8	0.67%
Skyline Properties LLC	21,544,600	9	0.67%
Fairfield Route 46 LLC	21,468,700	10	0.67%
Total	<u>\$ 353,889,200</u>		<u>11.04%</u>

Taxpayer	2012		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
AMB-AMS	\$ 63,765,000	1	2.37%
AMB Partners II LP	31,019,700	2	1.15%
Greenbrook Property LLC	30,895,800	3	1.15%
Individual Taxpayer #1	29,988,600	4	1.12%
Fairfield BB Group, LLC	28,175,200	5	1.05%
LMR USA, LLC	21,283,800	6	0.79%
True North Fairfield Property, LLC	20,400,000	7	0.76%
Kyocera Mita America	20,023,600	8	0.75%
RRAMC	19,809,000	9	0.74%
JHD Assoc/Levitz Furniture and Peer Age Group	19,177,500	10	0.71%
Total	<u>\$ 284,538,200</u>		<u>10.59%</u>

Source: Municipal Tax Assessor

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

NORTH CALDWELL BOROUGH

Taxpayer	2021		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Green Brook Country Club	\$ 12,000,000	1	0.72%
Pulte Homes of NJ, LP	6,493,900	2	0.39%
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	0.15%
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	0.13%
Individual Taxpayer #5	2,470,900	10	0.15%
Total	<u>\$ 39,142,100</u>		<u>2.36%</u>

Taxpayer	2012		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Green Brook Country Club	\$ 14,000,000	1	0.91%
K. Hovnanian at North Caldwell LLC	11,270,700	2	0.73%
K. Hovnanian at Hilltop	8,503,000	3	0.55%
Hidden Ridge at North Caldwell	4,430,000	4	0.29%
Individual Taxpayer #1	3,473,500	5	0.23%
Individual Taxpayer #2	3,425,400	6	0.22%
Individual Taxpayer #3	2,961,400	7	0.19%
Individual Taxpayer #4	2,824,800	8	0.18%
Individual Taxpayer #5	2,776,800	9	0.18%
Individual Taxpayer #6	2,724,500	10	0.18%
Total	<u>\$ 56,390,100</u>		<u>3.67%</u>

Note: Individual Taxpayers in 2021 and 2012 may be different.

Source: Municipal Tax Assessor

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

**ROSELAND BOROUGH**

<u>Taxpayer</u>	2021		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
Prudential Financial - 80 Livingston Ave	\$ 266,106,168	1	16.15%
ADP Incorporated - 1 ADP Boulevard	141,432,588	2	8.58%
Roseland Owner LLC - 8 Eisenhower Pkwy	107,865,000	3	6.55%
56 Livingston Owner - 56 Livingston Ave	96,390,000	4	5.85%
Eisenhower 101 FO, LLC - 101 Eisenhower Pkwy	67,541,162	5	4.10%
Avalon Roseland LLC - 56 Locust Ave	66,595,622	6	4.04%
Eisenhower 105 FO, LLC - 105 Eisenhower Pkwy	65,107,773	7	3.95%
Becker Equities - 4 Becker Farm Road	59,670,000	8	3.62%
Eisenhower 103 FO, LLC - 103 Eisenhower Pkwy	43,851,713	9	2.66%
85 Livingston Urban Renewal, LLC	35,859,375	10	2.18%
<b>Total</b>	<b>\$ 950,419,401</b>		<b>57.69%</b>

<u>Taxpayer</u>	2012		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
Prudential Financial - 80 Livingston	\$ 89,038,300	1	5.19%
Organon International	80,300,000	2	4.68%
ADP Incorporated	62,888,500	3	3.67%
Prudential Financial - 55 Livingston	58,048,800	4	3.39%
Segal Development	53,906,200	5	3.14%
Mack-Cali Realty Corp - 4 Beckham	42,781,900	6	2.50%
Mack-Cali Realty Corp - 101 Eisenhower	36,072,600	7	2.10%
Mack-Cali Realty Corp - 105 Eisenhower	33,130,000	8	1.93%
Mack-Cali Realty Corp - 103 Eisenhower	23,893,200	9	1.39%
Mack-Cali Realty Corp - 85 Livingston	18,786,100	10	1.10%
<b>Total</b>	<b>\$ 498,845,600</b>		<b>29.09%</b>

Source: Municipal Tax Assessor



WEST ESSEX REGIONAL SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS,  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
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
2022	40,892,168	38,547,783	94.27%	2,344,385

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</u>	<u>Total</u>	<u>Percentage</u> <u>of Personal</u> <u>Income</u> <sup>a</sup>	<u>Per Capita</u> <sup>a</sup>
	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Financed</u> <u>Purchases</u>	<u>Activities</u> <u>Financed</u> <u>Purchases</u>			
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	0.56%	391
2021	6,515,000	140,994	-0-	6,655,994	0.41%	291
2022	4,705,000	-0-	-0-	4,705,000	1.01%	710

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

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

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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%	285
2022	4,705,000	-0-	4,705,000	0.12%	710

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, 2021  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes:			
Borough of Essex Fells	\$ 3,753,397	100.000%	\$ 3,753,397
Township of Fairfield	20,882,936	100.000%	20,882,936
Borough of North Caldwell	12,663,692	100.000%	12,663,692
Borough of Roseland	9,253,078	100.000%	9,253,078
Essex County General Obligation Debt:			
Borough of Essex Fells	680,439,442	0.842%	5,732,248
Township of Fairfield	680,439,442	3.891%	26,478,537
Borough of North Caldwell	680,439,442	1.957%	13,316,197
Borough of Roseland	680,439,442	1.891%	12,866,212
Subtotal, Overlapping Debt			104,946,297
West Essex Regional School District Direct Debt			4,705,000
Total Direct and Overlapping Debt			<u>\$ 109,651,297</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.

<sup>a</sup> 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 2022

	Borough of Essex Fells	Township of Fairfield	Borough of North Caldwell	Borough of Roseland	Total
Equalized valuation basis					
2021	\$ 808,199,624	\$ 3,528,684,125	\$ 1,915,329,370	\$ 1,846,449,742	\$ 8,098,662,861
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
					<u>\$ 23,829,832,977</u>
Average Equalized Valuation of Taxable Property					<u>\$ 7,943,277,659</u>
Debt Limit (4% of average equalization value)					\$ 317,731,106
Net Bonded School Debt					4,705,000
Legal Debt Margin					<u>\$ 313,026,106</u>

Fiscal Year Ended June 30,

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit	\$ 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	\$ 317,731,106
Total Net Debt Applicable to Limit	20,422,000	18,717,000	17,007,000	15,287,000	13,460,000	11,735,000	10,010,000	8,270,000	6,515,000	4,705,000
Legal Debt Margin	<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>	<u>\$ 313,026,106</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	8.10%	7.65%	6.22%	5.49%	4.72%	4.04%	3.38%	2.72%	2.10%	1.48%

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

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

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

Year	Population <sup>a</sup>	Borough of Essex Fells Income Personal Income <sup>b</sup>	Essex County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
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	145,999,287	70,497	6.40%
2021	2,182	153,824,454 ***	70,497 *	3.60%
2022	2,182 **	153,824,454 ***	70,497 *	N/A

Year	Population <sup>a</sup>	Township of Fairfield Income Personal Income <sup>b</sup>	Essex County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
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	525,837,123	70,497	11.00%
2021	7,818	551,145,546 ***	70,497 *	6.20%
2022	7,818 **	551,145,546 ***	70,497 *	N/A

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

Year	Population <sup>a</sup>	Borough of North Caldwell Income Personal Income <sup>b</sup>	Essex County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
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	468,170,577	70,497	6.00%
2021	6,625	467,042,625 ***	70,497 *	3.70%
2022	6,625 **	467,042,625 ***	70,497 *	N/A

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

Year	Population <sup>a</sup>	Borough of Roseland Income Personal Income <sup>b</sup>	Essex County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
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	410,433,534	70,497	8.90%
2021	6,219	438,420,843 ***	70,497 *	5.00%
2022	6,219 **	438,420,843 ***	70,497 *	N/A

\* - Latest Essex County per capita personal income available (2020) was used for calculation purposes.

\*\* - Latest population data available (2021) was used for calculation purposes.

\*\*\* - Latest available population data (2021) and latest available Essex County per capita personal income (2020) was used for calculation purposes.

N/A - Information not available

Sources:

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

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

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

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



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

Employer	2021		
	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	2012		
	Employees	Rank	Percentage of Total Employment

NOT AVAILABLE

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>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Instruction	146	146	147	146	147	155	159	157	155	157
Support Services:										
Student & Instruction related services	36	36	26	36	36	40	45	52	57	56
General Administrative	2	2	2	2	2	2	2	2	2	2
School Administrative Services	9	9	9	9	9	9	13	15	15	15
Central and Other Support Services	8	8	8	8	8	8	8	7	6	7
Plant Operations and Maintenance	26	26	28	27	28	28	30	29	28	28
<b>Total</b>	<b>227</b>	<b>227</b>	<b>220</b>	<b>228</b>	<b>230</b>	<b>242</b>	<b>257</b>	<b>262</b>	<b>263</b>	<b>265</b>

Source: School District Personnel Records

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

Fiscal Year End June 30,	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Junior High School	Senior High School				
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%
2022	1,613	49,457,250	30,662	14.81%	157	1:10	1:11	1,598	1,509	-1.66%	94.43%

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>District Building</u>										
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	564	580	578	497	571	555	562	567	564	551
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	1,087	1,072	1,059	1,190	1,128	1,107	1,129	1,079	1,080	1,062

Number of Schools at June 30, 2022

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>School Facilities</u>										
Senior High School	\$ 181,645	\$ 465,521	\$ 493,587	\$ 597,034	\$ 561,488	\$ 552,773	\$ 594,946	\$ 616,193	\$ 482,161	\$ 839,499
Junior High School	88,824	318,179	371,889	298,423	412,962	421,853	487,988	507,122	635,571	411,954
Total	<u>\$ 270,469</u>	<u>\$ 783,700</u>	<u>\$ 865,476</u>	<u>\$ 895,457</u>	<u>\$ 974,450</u>	<u>\$ 974,626</u>	<u>\$ 1,082,934</u>	<u>\$ 1,123,315</u>	<u>\$ 1,117,732</u>	<u>\$ 1,251,453</u>

Source: School District's Financial Statements

WEST ESSEX REGIONAL SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2022  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package Policy - School Alliance Insurance Fund:		
<u>PROPERTY SECTION:</u>		
Blanket Building and Contents (fund limit)	\$ 500,000,000	
Member Retention per Occurrence		\$ 100,000
Sch Excess Liability Fund SIR per Occurrence		100,000
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, 2022  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
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 "Office"), 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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 1, 2022. That report included a qualified opinion on the financial statements as the District's note disclosure on postemployment benefits other than pensions (OPEB) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, as of the date of this report. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America

**Report on 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.

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

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 or significant deficiencies may exist that were not identified.

### **Report on 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.

December 1, 2022  
Mount Arlington, New Jersey

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Man C Lee*

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

Report on Compliance For Each Major Federal and State Program;  
Report on Internal Control Over Compliance Required by the Uniform Guidance and NJOMB 15-08  
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 Federal and State Program**

***Opinion on Each Major Federal and 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 identified as subject to audit in the *OMB Compliance Supplement* and *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2022. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2022.

***Basis for Opinion on Each Major Federal and State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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*. Our responsibilities under those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

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

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal and state programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey's OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 a 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.

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

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 Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 New Jersey’s OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

December 1, 2022  
Mount Arlington, New Jersey

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Man C Lee*

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

WEST ESSEX REGIONAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Assistance Listing Number	Grant or State Project No.	Grant Period	Award Amount	Balance at		Due to Grantor	Amounts Paid to Subrecipients
					June 30, 2021	June 30, 2022		
					Budgetary Accounts Receivable	Budgetary Expendi- tures	Budgetary Accounts Receivable	
U.S. Department of Education:								
Passed-through State Department of Education:								
Special Revenue Fund:								
Elementary and Secondary Education Act:								
	84.010	ESEA563022	7/1/21-9/30/22	\$ 96,920	\$ 47,402	\$ (72,098)	\$ (24,696)	
	84.010	ESEA563021	7/1/20-9/30/21	95,338	36,561			
					<u>83,963</u>	<u>(72,098)</u>	<u>(24,696)</u>	
	84.367	ESEA563022	7/1/21-9/30/22	12,087	6,687	(8,392)	(1,705)	
	84.367	ESEA563021	7/1/20-9/30/21	13,258	7,104		\$ 2,035	
					<u>(5,069)</u>	<u>(8,392)</u>	<u>(1,705)</u>	
					<u>13,791</u>		<u>2,035</u>	
Special Education Cluster:								
	84.027	IDEA563022	7/1/21-9/30/22	314,643	184,942	(314,643)	(129,701)	
	84.027X	H027X210100	7/1/21-9/30/22	69,514	69,514	(69,514)		
					<u>254,456</u>	<u>(384,157)</u>	<u>(129,701)</u>	
Education Stabilization Fund:								
COVID 19 - CRRSA:								
	84.425D	S425D210027	3/13/20-9/30/23	25,000		(17,520)	(17,520)	
	84.425D	S425D210027	3/13/20-9/30/23	45,000		(45,000)	(45,000)	
COVID 19 - ARP:								
	84.425U	S425D210027	3/13/20-9/30/24	319,497		(240,283)	(240,283)	
	84.425U	S425D210027	3/13/20-9/30/24	126,308		(21,079)	(21,079)	
						<u>(323,882)</u>	<u>(323,882)</u>	
					<u>(41,630)</u>	<u>(788,529)</u>	<u>(479,984)</u>	<u>2,035</u>
					<u>\$ (41,630)</u>	<u>\$ (788,529)</u>	<u>\$ (479,984)</u>	<u>\$ 2,035</u>
								<u>\$ -0-</u>

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, 2022

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at		Cash Received	Budgetary Expenditures	Balance at		MEMO		
				June 30, 2021	June 30, 2022			GAAP Accounts Receivable	Budgetary Receivable	GAAP Accounts Receivable	Budgetary Receivable	Cumulative Total Expenditures
<u>State Department of Education:</u>												
General Fund State Aid:												
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	\$ 479,086	\$ 435,920	\$ (479,086)	\$ 435,920	\$ (479,086)	\$ (43,166)	\$ 479,086	\$ (43,166)	\$ 479,086	
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	1,470,705	1,338,194	(1,470,705)	1,338,194	(1,470,705)	(132,511)	1,470,705	(132,511)	1,470,705	
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	29,634	26,964	(29,634)	26,964	(29,634)	(2,670)	29,634	(2,670)	29,634	
Extraordinary Special Education Costs Aid	22-495-034-5120-044	7/1/21-6/30/22	844,122	844,122	(844,122)	844,122	(844,122)	(844,122)	844,122	(844,122)	844,122	
Excess Nonpublic Transportation Costs	22-495-034-5120-014	7/1/21-6/30/22	44,370		(44,370)		(44,370)	(44,370)	44,370	(44,370)	44,370	
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	7/1/21-6/30/22	1,222,546	1,161,431	(1,222,546)	1,161,431	(1,222,546)	(61,115)	1,222,546	(61,115)	1,222,546	
On-Behalf TPAF Post Retirement Contributions	22-495-034-5094-001	7/1/21-6/30/22	1,396,139	1,396,139	(1,396,139)	1,396,139	(1,396,139)		1,396,139		1,396,139	
On-Behalf TPAF Pension Contributions	22-495-034-5094-002	7/1/21-6/30/22	5,892,453	5,892,453	(5,892,453)	5,892,453	(5,892,453)		5,892,453		5,892,453	
On-Behalf TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/21-6/30/22	83,134	83,134	(83,134)	83,134	(83,134)		83,134		83,134	
On-Behalf TPAF Long-Term Disability Insurance	22-495-034-5094-004	7/1/21-6/30/22	2,174	2,174	(2,174)	2,174	(2,174)		2,174		2,174	
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	479,086	44,841		44,841			479,086		479,086	
Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	1,121,392	(104,960)		104,960			1,121,392		1,121,392	
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	29,634	(2,774)		2,774			29,634		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		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		64,090	
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	7/1/20-6/30/21	1,171,405	(58,536)		58,536			1,171,405		1,171,405	
Subtotal - General Fund				(1,079,254)	(11,464,363)	11,415,663	(11,464,363)	(1,127,954)	(949,607)	(1,127,954)	15,134,023	
Total State Department of Education				(1,079,254)	(11,464,363)	11,415,663	(11,464,363)	(1,127,954)	(949,607)	(1,127,954)	15,134,023	
Total State Awards Subject to Single Audit Determination				\$ (1,079,254)	\$ (11,464,363)	\$ 11,415,663	\$ (11,464,363)	\$ (1,127,954)	\$ (949,607)	\$ (1,127,954)	\$ 15,134,023	
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	22-495-034-5094-001	7/1/21-6/30/22	(1,396,139)		\$ 1,396,139				\$ 1,396,139			
On-Behalf TPAF Pension Contributions	22-495-034-5094-002	7/1/21-6/30/22	(5,892,453)		5,892,453				5,892,453			
On-Behalf TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/21-6/30/22	(83,134)		83,134				83,134			
On-Behalf TPAF Long-Term Disability Insurance	22-495-034-5094-004	7/1/21-6/30/22	(2,174)		2,174				2,174			
Subtotal - On-Behalf TPAF Pension System Contributions					7,373,900				7,373,900			
Total State Awards Subject to Single Audit Major Program Determination					\$ (4,090,463)				\$ (4,090,463)			

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, 2022

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, 2022. 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, 2022

(Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$25,772) for the general fund and (\$1,550) for the special revenue fund. 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		\$ 11,438,591	\$ 11,438,591
Special Revenue Fund	\$ 786,979		786,979
Total Awards	<u>\$ 786,979</u>	<u>\$ 11,438,591</u>	<u>\$ 12,225,570</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, 2022.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the financial statements as the District's note disclosure on postemployment benefits other than pensions (OPEB) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, as of the date of this report. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.
- 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* Required by the Uniform Guidance and NJ OMB 15-08.
- 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 Federal and State Program; Report on Internal Control Over Compliance Required by the Uniform Guidance and NJOMB 15-08*.
- The auditor's report on compliance for the major federal and state program for the District expresses an unmodified opinion on the major federal and 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's program tested as a major federal and state programs for the current fiscal year consisted of the following:

	<u>Assistance Listing/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Special Education Cluster:				
I.D.E.A. Part B, Basic	84.027	7/1/21-9/30/22	\$ 314,643	\$ 314,643
COVID 19 - ARP IDEA Basic	84.027X	7/1/21-9/30/22	69,514	69,514
<u>State:</u>				
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	1,470,705	1,470,705
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	29,634	29,634

- The threshold used for distinguishing between Type A and Type B federal and state programs was \$750,000.
- The Single audit threshold identified in the Uniform Guidance and New Jersey's OMB 15-08 was \$750,000.
- The District was determined to be a "low-risk" auditee for state programs.
- The District was determined not to be a "low-risk" auditee for federal programs.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

Summary of Auditors' Results: (Cont'd)

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.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in 2 CFR 200.516(a) of the Uniform Guidance.

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, 2022

Status of Prior Year Findings:

The District had no prior year audit findings.