

**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, 2024**

Annual Comprehensive Financial Report

of the

**West Essex Regional
School District**

North Caldwell, New Jersey

For the Fiscal Year Ended June 30, 2024

Prepared by

**West Essex Regional
School District**

WEST ESSEX REGIONAL SCHOOL DISTRICT
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INTRODUCTORY SECTION
(UNAUDITED)

WEST ESSEX REGIONAL SCHOOL DISTRICT

Board of Education

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

November 22, 2024

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, 2024, 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 2023-24 school year, we focused on installing new HVAC units in the Middle School to continue our initiative to ensure all classrooms have fully functioning air conditioning units. We also remodeled five classrooms in the high school which included new sheetrock, paint, flooring, ceilings and lighting. 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, 2024.

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.

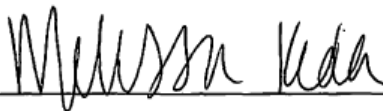
9) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, 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,

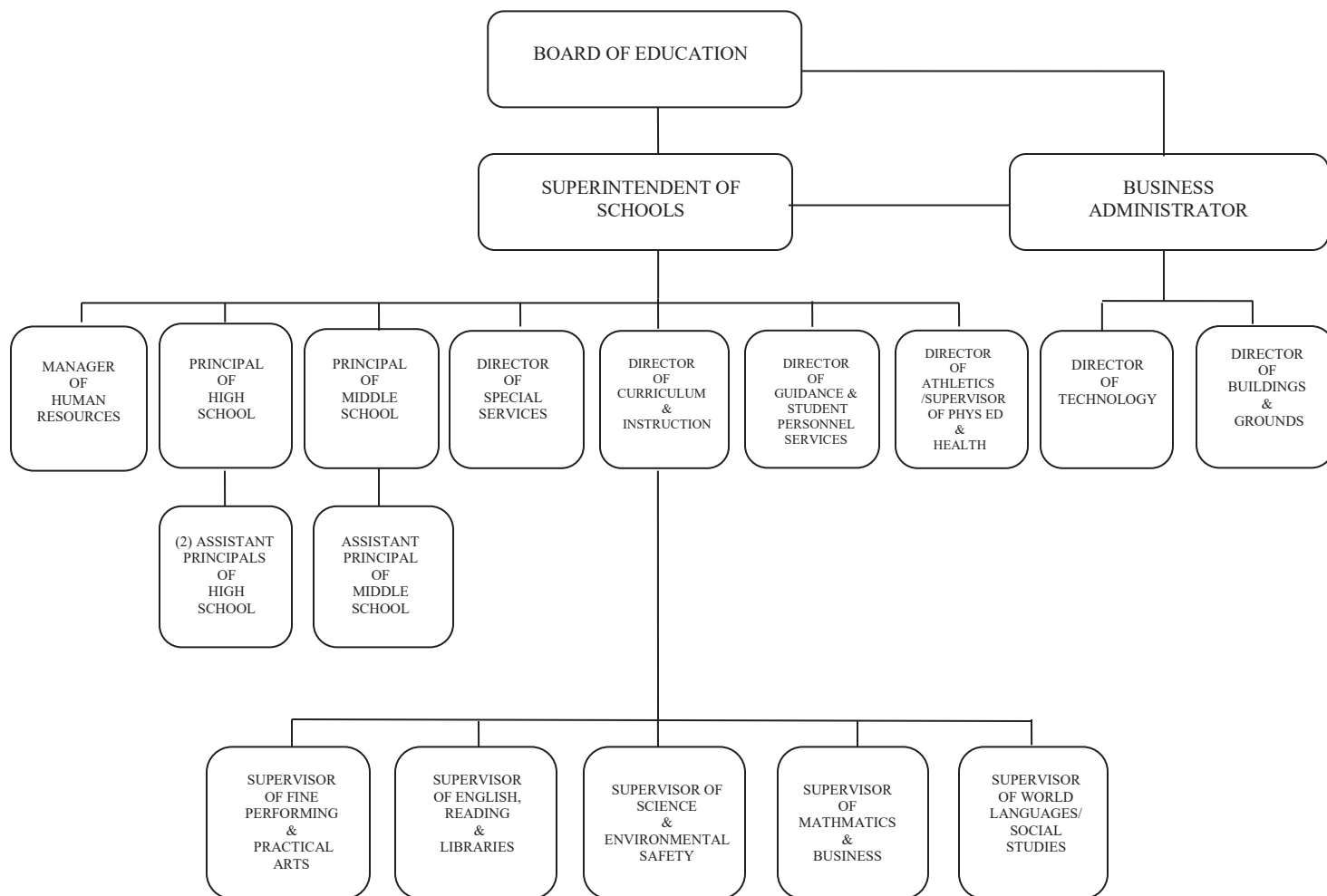


Damion Macioci
Superintendent of Schools



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, 2024**

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Maryadele Wojtowicz, President		2024
Deborah Sacco-Calderone, Vice President		2025
Bethany Buccino		2024
Laila Cristobal		2026
Debbie Holinstat		2025
Frank Perrotti		2026
Jonathan Schaer		2026
Raphael Stampone		2024
Joseph Sabol		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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund 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, 2024, 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, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District, as of June 30, 2024, 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 Opinions

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 audit opinions.

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.

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 November 22, 2024 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.

November 22, 2024
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024

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, 2024. 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 District's Financial Report

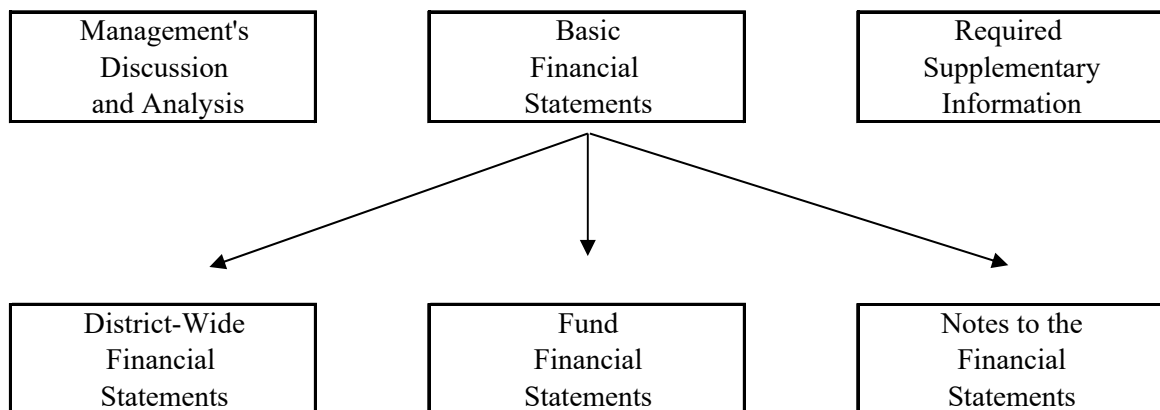


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District	The activities of the District that are not proprietary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets, lease assets, subscription 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 liabilities) 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 \$1,470,622. Net position from governmental activities increased by \$1,249,016 and net position from business-type activities increased by \$221,606. Net investment in capital assets decreased by \$1,187,090 restricted net position decreased by \$1,531,681 and unrestricted net position increased by \$4,189,393.

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	
Current and							
Other Assets	\$ 26,031,499	\$ 23,152,222	\$ 745,979	\$ 485,371	\$ 26,777,478	\$ 23,637,593	
Capital Assets, Net	36,769,984	38,338,405	60,907	74,912	36,830,891	38,413,317	
Total Assets	62,801,483	61,490,627	806,886	560,283	63,608,369	62,050,910	2.51%
Deferred Outflows of Resources	1,193,986	1,733,959			1,193,986	1,733,959	-31.14%
Other Liabilities	1,875,570	1,345,441	68,285	43,288	1,943,855	1,388,729	
Long-Term Liabilities	10,326,230	10,727,867			10,326,230	10,727,867	
Total Liabilities	12,201,800	12,073,308	68,285	43,288	12,270,085	12,116,596	1.25%
Deferred Inflows of Resources	628,084	1,234,709			628,084	1,234,709	-49.13%
Net Position:							
Net Investment in							
Capital Assets	34,209,849	35,382,934	60,907	74,912	34,270,756	35,457,846	
Restricted	19,035,494	20,567,175			19,035,494	20,567,175	
Unrestricted/(Deficit)	(2,079,758)	(6,033,540)	677,694	442,083	(1,402,064)	(5,591,457)	
Total Net Position	\$ 51,165,585	\$ 49,916,569	\$ 738,601	\$ 516,995	\$ 51,904,186	\$ 50,433,564	2.92%

Changes in Net Position. The decrease in net investment in capital assets is primarily due to depreciation expenses, offset by the maturity of serial bonds payable and capital assets additions. The decrease in restricted net position is mainly due to the decrease in the capital reserve, offset by the establishment of a new scholarship fund. The increase in unrestricted net position is primarily due to the changes in net pension liability and related deferred outflows and inflows of resources, increase in encumbrances (capital outlay project awarded for interior renovations at the high school), as well as the increase in food service enterprise fund lunch sales.

Figure A-4

Changes in Net Position from Operating Results							
	Governmental Activities	Business- Type Activities	Governmental Activities	Business- Type Activities	Total School District	Total School District	Percent- age Change
	2023/24	2023/24	2022/23	2022/23	2023/24	2022/23	
Revenue:							
Program Revenue:							
Charges for Services	\$ 766,485	\$ 1,336,246	\$ 809,558	\$ 1,207,675	\$ 2,102,731	\$ 2,017,233	
Operating Grants and Contributions	9,557,088		9,016,500		9,557,088	9,016,500	
General Revenue:							
Property Taxes	41,285,270		41,635,870		41,285,270	41,635,870	
Unrestricted State and Federal Aid	150,560		105,435		150,560	105,435	
Other	1,412,431		810,526		1,412,431	810,526	
Total Revenue	53,171,834	1,336,246	52,377,889	1,207,675	54,508,080	53,585,564	1.72%
Expenses:							
Instruction	27,820,395		26,034,459		27,820,395	26,034,459	
Pupil and Instruction Services	9,209,803		8,857,309		9,209,803	8,857,309	
Administrative and Business	4,703,618		4,521,016		4,703,618	4,521,016	
Maintenance and Operations	5,639,696		5,561,351		5,639,696	5,561,351	
Transportation	4,343,226		3,340,581		4,343,226	3,340,581	
Capital Outlay	83,370		83,370		83,370	83,370	
Other	85,330	1,152,020	85,681	1,069,684	1,237,350	1,155,365	
Total Expenses	51,885,438	1,152,020	48,483,767	1,069,684	53,037,458	49,553,451	7.03%
Transfers	(37,380)	37,380	(26,790)	26,790			
Change in Net Position	\$ 1,249,016	\$ 221,606	\$ 3,867,332	\$ 164,781	\$ 1,470,622	\$ 4,032,113	-63.53%

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 significantly. 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
	2023/24	2023/24	2022/23	2022/23
Instruction	\$ 27,820,395	\$ 21,136,412	\$ 26,034,459	\$ 19,224,619
Pupil and Instruction Services	9,209,803	7,272,789	8,857,309	7,429,569
Administrative and Business	4,703,618	4,144,743	4,521,016	3,911,113
Maintenance and Operations	5,639,696	5,219,896	5,561,351	5,115,164
Transportation	4,343,226	3,619,325	3,340,581	2,808,193
Capital Outlay	83,370	83,370	83,370	83,370
Other	85,330	85,330	85,681	85,681
	<u>\$ 51,885,438</u>	<u>\$ 41,561,865</u>	<u>\$ 48,483,767</u>	<u>\$ 38,657,709</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 \$221,606 as a result of increase in lunch sales over the increase in offsetting expenses. (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)						Percent- age Change
	Government Activities		Business-Type Activities		Total School District		
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	
Sites	\$ 288,849	\$ 288,849			\$ 288,849	\$ 288,849	
Construction in Progress	263,016	91,687			263,016	91,687	
Site Improvements	1,057,600	1,208,572			1,057,600	1,208,572	
Buildings & Building Improvements	34,454,207	35,888,806			34,454,207	35,888,806	
Machinery and Equipment	706,312	860,491	\$ 60,907	\$ 74,912	767,219	935,403	
Total	\$ 36,769,984	\$ 38,338,405	\$ 60,907	\$ 74,912	\$ 36,830,891	\$ 38,413,317	-4.12%

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		Percentage Change
	Total School District 2023/24	Total School District 2022/23	
Bonds Payable	\$ 2,480,000	\$ 2,855,000	
Unamortized Bond Issuance Premium	238,149	277,841	
Net Pension Liability	6,762,054	7,172,032	
Financed Purchases Payable	23,691	34,619	
Compensated Absences Payable	822,336	388,375	
	<u>\$ 10,326,230</u>	<u>\$ 10,727,867</u>	-3.74%

- The District continued to pay down its debt, retiring \$375,000 of outstanding bonds and \$10,928 of financed purchases.
- The District's liability for net pension liability decreased \$409,978.
- The District amortized \$39,692 of unamortized bond issuance premium.
- The District's liability for accumulated sick and vacation time increased by \$433,961.

Factors Bearing on the District's Future

While many factors influence the 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 District's administration during the process of developing the fiscal year 2024-2025 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 after school late buses.

These indicators were considered when adopting the budget for fiscal year 2024-2025. Budgeted expenditures in the General Fund increased to \$47,207,422 for fiscal year 2024-2025.

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, 2024

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 4,059,047	\$ 694,293	\$ 4,753,340
Internal Balances	(28,023)	28,023	
Tax Levy Receivable	2,673,659		2,673,659
Receivables from State Government	962,801		962,801
Receivables from Federal Government	426,172		426,172
Receivables from Other Governments	104,409		104,409
Other Receivables		5,270	5,270
Inventories		18,393	18,393
Restricted Cash and Cash Equivalents	17,833,434		17,833,434
Capital Assets, Net:			
Sites (Land) and Construction in Progress	551,865		551,865
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	36,218,119	60,907	36,279,026
Total Assets	62,801,483	806,886	63,608,369
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Amount on Refunding	181,705		181,705
Deferred Outflows Related to Pension	1,012,281		1,012,281
Total Deferred Outflows of Resources	1,193,986		181,705
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	1,767,350	25,896	1,793,246
Accrued Interest Payable	34,823		34,823
Unearned Revenue	73,397	42,389	115,786
Noncurrent Liabilities:			
Due Within One Year	441,220		441,220
Due Beyond One Year	9,885,010		9,885,010
Total Liabilities	12,201,800	68,285	12,270,085
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows Related to Pension	628,084		628,084
Total Deferred Inflows of Resources	628,084		628,084
<u>NET POSITION</u>			
Net Investment in Capital Assets	34,209,849	60,907	34,270,756
Restricted for:			
Capital Projects	15,387,282		15,387,282
Maintenance	904,074		904,074
Excess Surplus	1,250,000		1,250,000
Unemployment Compensation	478,105		478,105
Scholarships	490,161		490,161
Student Activities	525,872		525,872
Unrestricted/(Deficit)	(2,079,758)	677,694	(1,402,064)
Total Net Position	\$ 51,165,585	\$ 738,601	\$ 51,904,186

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, 2024

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	\$ 21,476,951		\$ 2,816,395	\$ (18,660,556)		\$ (18,660,556)
Special Education	3,984,823	\$ 104,410	3,505,116	(375,297)		(375,297)
School Sponsored/Other Instruction	2,358,621		258,062	(2,100,559)		(2,100,559)
Support Services:						
Tuition	3,075,536			(3,075,536)		(3,075,536)
Student and Instruction Related Services	6,134,267	662,075	1,274,939	(4,197,253)		(4,197,253)
General Administrative Services	1,038,597		91,038	(947,559)		(947,559)
School Administrative Services	2,847,670		367,364	(2,480,306)		(2,480,306)
Central Services	817,351		100,473	(716,878)		(716,878)
Plant Operations and Maintenance	5,639,696		419,800	(5,219,896)		(5,219,896)
Pupil Transportation	4,343,226		723,901	(3,619,325)		(3,619,325)
Interest on Long-Term Debt	85,330			(85,330)		(85,330)
Capital Outlay	83,370			(83,370)		(83,370)
Total Governmental Activities	51,885,438	766,485	9,557,088	(41,561,865)		(41,561,865)
Business-Type Activities:						
Food Service	1,152,020	1,336,246			\$ 184,226	184,226
Total Business-Type Activities	1,152,020	1,336,246			184,226	184,226
Total Primary Government	\$ 53,037,458	\$ 1,336,246	\$ 9,557,088	(41,561,865)	184,226	(41,377,639)

WEST ESSEX REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues and Transfers:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 40,809,907		\$ 40,809,907
Taxes Levied for Debt Service	475,363		475,363
Federal, State and Local Aid not Restricted	150,560		150,560
Interest Earnings	909,598		909,598
Miscellaneous Income	502,833		502,833
Transfers	(37,380)	\$ 37,380	
Total General Revenues and Transfers	42,810,881	37,380	42,848,261
Change in Net Position	1,249,016	221,606	1,470,622
Net Position - Beginning	49,916,569	516,995	50,433,564
Net Position - Ending	<u>\$ 51,165,585</u>	<u>\$ 738,601</u>	<u>\$ 51,904,186</u>

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, 2024

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 4,059,047			\$ 4,059,047
Interfund Receivable	388,464			388,464
Tax Levy Receivable	2,673,659			2,673,659
Receivables From State Government	962,801			962,801
Receivables From Federal Government		\$ 426,172		426,172
Receivables From Other Governments	104,409			104,409
Restricted Cash and Cash Equivalents	16,769,461	1,063,973		17,833,434
Total Assets	<u>\$ 24,957,841</u>	<u>\$ 1,490,145</u>	<u>\$ -0-</u>	<u>\$ 26,447,986</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund Payable	\$ 28,023	\$ 388,464		\$ 416,487
Accounts Payable	1,135,099	12,251		1,147,350
Unearned Revenue		73,397		73,397
Total Liabilities	<u>1,163,122</u>	<u>474,112</u>		<u>1,637,234</u>
Fund Balances:				
Restricted:				
Capital Reserve	15,387,282			15,387,282
Maintenance Reserve	904,074			904,074
Excess Surplus - 2025-2026	750,000			750,000
Excess Surplus - 2024-2025	500,000			500,000
Student Activities		525,872		525,872
Scholarships		490,161		490,161
Unemployment Compensation	478,105			478,105
Assigned:				
Year End Encumbrances	3,911,486			3,911,486
Designated for Subsequent Year's Expenditures	339,652			339,652
Unassigned	1,524,120			1,524,120
Total Fund Balances	<u>23,794,719</u>	<u>1,016,033</u>		<u>24,810,752</u>
Total Liabilities and Fund Balances	<u>\$ 24,957,841</u>	<u>\$ 1,490,145</u>	<u>\$ -0-</u>	<u>\$ 26,447,986</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

Total
Governmental
Funds

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are Different Because:

Total Fund Balances - Governmental Funds (Previous Page)	\$ 24,810,752
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds.	36,769,984
The Deferred Amount on the Refunding is not Reported as an Expenditure in the Governmental Funds in the Year of the Expenditure.	181,705
Interest on Long-Term Debt is not Accrued in Governmental Funds, but Rather is Recognized as an Expenditure When Due.	(34,823)
Long-Term Liabilities, Including Bonds Payable, Net Pension Liability for PERS and Bond Issuance Premiums, are not Due and Payable in the Current Period and Therefore are not Reported as Liabilities in the Funds.	(10,326,230)
District contributions subsequent to the measurement date are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the Statement of Net Position.	(620,000)
Certain Amounts Related to the Net Pension Liability are deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Deferred Outflows	1,012,281
Deferred Inflows	(628,084)
Net Position of Governmental Activities	<u>\$ 51,165,585</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, 2024

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES:				
Local Sources:				
Local Tax Levy	\$ 40,809,907		\$ 475,363	\$ 41,285,270
Tuition from Other LEAs	104,410			104,410
Interest Earned on Capital Reserve Funds	595,492			595,492
Interest Earned on Maintenance Reserve Funds	33,170			33,170
Restricted Miscellaneous Revenue	41,159	\$ 1,126,847		1,168,006
Unrestricted Miscellaneous Revenue	742,610			742,610
Total - Local Sources	42,326,748	1,126,847	475,363	43,928,958
State Sources	12,774,736			12,774,736
Federal Sources		655,391		655,391
Total Revenues	55,101,484	1,782,238	475,363	57,359,085
EXPENDITURES:				
Current:				
Regular Instruction	14,444,896	115,066		14,559,962
Special Education Instruction	2,397,007	350,060		2,747,067
School-Sponsored/Other Instruction	1,704,804			1,704,804
Support Services and Undistributed Costs:				
Tuition	3,075,536			3,075,536
Student and Other Instruction Related Services	3,670,794	823,753		4,494,547
General Administrative Services	787,260			787,260
School Administrative Services	1,877,257			1,877,257
Central Services	534,196			534,196
Plant Operations and Maintenance	4,496,518			4,496,518
Student Transportation	4,220,604			4,220,604
Unallocated Benefits	15,620,574			15,620,574
Debt Service:				
Principal			375,000	375,000
Interest and Other Charges			100,363	100,363
Capital Outlay	354,214	35,280		389,494
Total Expenditures	53,183,660	1,324,159	475,363	54,983,182
Excess/(Deficit) of Revenue Over/(Under) Expenditures	1,917,824	458,079		2,375,903
Other Financing Sources/(Uses):				
Transfer to Food Service Fund	(37,380)			(37,380)
Total Other Financing Sources/(Uses)	(37,380)			(37,380)
Net Change in Fund Balances	1,880,444	458,079		2,338,523
Fund Balance - July 1	21,914,275	557,954	-0-	22,472,229
Fund Balance - June 30	\$ 23,794,719	\$ 1,016,033	\$ -0-	\$ 24,810,752

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, 2024

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$ 2,338,523
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differ from depreciation during the period.	
Depreciation Expense	\$ (1,873,424)
Capital Outlays	<u>305,003</u>
	(1,568,421)
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 (+).	5,625
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.	10,928
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.	375,000
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.	39,692
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.	(30,284)
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 (+).	(433,961)
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	409,978
Change in Deferred Outflows	(504,689)
Change in Deferred Inflows	<u>606,625</u>
Change in Net Position of Governmental Activities	<u>\$ 1,249,016</u>

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

WEST ESSEX REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

	Business-Type Activities
	Enterprise Fund Food Service
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 694,293
Other Accounts Receivable	5,270
Interfund Receivable - General Fund	28,023
Inventories	18,393
Total Current Assets	745,979
Non-Current Assets:	
Capital Assets	303,202
Less: Accumulated Depreciation	(242,295)
Total Non-Current Assets	60,907
Total Assets	806,886
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable - Vendors	25,896
Unearned Revenue	42,389
Total Current Liabilities	68,285
<u>NET POSITION:</u>	
Investment in Capital Assets	60,907
Unrestricted	677,694
Total Net Position	\$ 738,601

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, 2024

	Business-Type Activities
	Enterprise Fund Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Non-reimbursable Program	\$ 1,325,894
Other Income	10,352
Total Operating Revenue	1,336,246
Operating Expenses:	
Cost of Sales - Non-reimbursable Program	553,254
Salaries, Benefits & Payroll Taxes	409,877
Other Purchased Services	48,113
Supplies, Insurance and Other Costs	36,647
Management Fee	90,124
Depreciation Expense	14,005
Total Operating Expenses	1,152,020
Operating Income	184,226
Transfers:	
Board Contribution - General Fund	37,380
Change in Net Position	221,606
Net Position - Beginning of Year	516,995
Net Position - End of Year	\$ 738,601

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, 2024

	Business-Type Activities
	Enterprise Fund Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 1,335,347
Payments to Food Service Vendor	(1,101,744)
Payments to Suppliers	(7,417)
Net Cash Provided by Operating Activities	226,186
Cash Flows from Noncapital Financing Activities:	
Board Contribution - General Fund	20,807
Net Cash Provided by Noncapital Financing Activities	20,807
Net Change in Cash and Cash Equivalents	246,993
Cash and Cash Equivalents, July 1	447,300
Cash and Cash Equivalents, June 30	\$ 694,293
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 184,226
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	14,005
Changes in Assets and Liabilities:	
(Decrease) in Unearned Revenue	(899)
Increase in Accounts Payable	25,896
Decrease in Inventory	2,958
Net Cash Provided by Operating Activities	\$ 226,186

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, 2024

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, 2024
(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, lease assets or subscription 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, 2024
(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, lease asset or subscription 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, 2024

(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, 2024 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	\$ 55,139,492	\$ 1,747,203
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		(1,015)
Prior Year Encumbrances		36,050
Prior Year State Aid Payments Recognized for GAAP Statements	219,285	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(257,293)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 55,101,484</u>	<u>\$ 1,782,238</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(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:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 53,183,660	\$ 1,289,124
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		(1,015)
Prior Year Encumbrances		36,050
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 53,183,660</u>	<u>\$ 1,324,159</u>

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, 2024
(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, 2024.

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(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. Subscription Assets

Intangible right-to-use subscription assets are subscription-based information technology arrangements (SBITAs) with subscription terms of more than one year. The value of subscription assets is determined by the sum of the subscription liability and payments made to the SBITA vendor, including capitalizable initial implementation costs, before the commencement date of the subscription term.

N. 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.

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

O. 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, 2024.

P. 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.

Q. Unearned Revenue:

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

R. Subscription Payable

In the district-wide financial statements, subscription payables are reported as liabilities in the Statement of Net Position. In the governmental Fund financial statements, the present value of subscription payments at the District's incremental borrowing rate over the subscription term is reported as other financing sources.

S. 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.

T. Fund Balance Appropriated:

General Fund: Of the \$23,794,719 General Fund fund balance at June 30, 2024, \$3,911,486 is assigned for encumbrances; \$15,387,282 is restricted in the capital reserve account; \$904,074 is restricted in the maintenance reserve account; \$750,000 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, 2026; \$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, 2025; \$478,105 is restricted for unemployment compensation; and \$1,524,120 is unassigned on the GAAP basis, which is \$257,293 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, 2025.

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

T. Fund Balance Appropriated: (Cont'd)

Special Revenue Fund: Of the \$1,016,033 Special Revenue Fund fund balance at June 30, 2024, \$525,872 is restricted for student activities and \$490,161 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, 2024 as detailed above.

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

U. Deficit Net Position:

The District has a deficit in unrestricted net position of \$2,079,758 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.

V. 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, 2024 for the deferred amount on the refunding of debt related to the District's 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, 2024 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, and subscription 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.

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

V. Net Position: (Cont'd)

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.

W. 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, 2024.

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 encumbrances and funds designated for subsequent year's expenditures in the General Fund at June 30, 2024.

X. 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.

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

X. Revenue - Exchange and Nonexchange Transactions: (Cont'd)

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.

Y. 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.

Z. 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.

AA. 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.

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

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 in the section of this note on investments.

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;

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

Investments: (Cont'd)

- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
 - (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

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

Investments: (Cont'd)

- (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2024, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents		Total
	Restricted	Unrestricted	
Checking Accounts	\$ 17,833,434	\$ 4,753,340	\$ 22,586,774
	<u>\$ 17,833,434</u>	<u>\$ 4,753,340</u>	<u>\$ 22,586,774</u>

During the period ended June 30, 2024, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2024, was \$22,586,774 and the bank balance was \$23,773,460.

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, 2023	\$ 17,590,449
Add: Deposit as per Board Resolution - June 2024	951,961
Interest Earned	595,492
Unexpended Funds Returned from Capital Outlay	27,486
Less: Withdrawal per Board Resolution	<u>(3,778,106)</u>
Ending Balance, June 30, 2024	<u>\$ 15,387,282</u>

The balance in the capital reserve account at June 30, 2024 does not exceed the LRFP balance of local support costs of uncompleted capital projects. The withdrawal from the Capital Reserve Account was for use in DOE approved facilities projects, consistent with the District's LRFP.

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

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

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

The activity of the maintenance reserve for the July 1, 2023 to June 30, 2024 fiscal year is as follows:

Beginning Balance, July 1, 2023	\$ 981,826
Add: Interest Earned	33,170
Deposit as per Board Resolution - June 2024	100,000
Less: Budgeted Withdrawal	(150,000)
Withdrawal from Maintenance Reserve by Board Resolution	<u>(60,922)</u>
Ending Balance, June 30, 2024	<u><u>\$ 904,074</u></u>

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2024 were as follows

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 288,849			\$ 288,849
Construction in Progress	91,687	\$ 270,843	\$ (99,514)	263,016
Total Capital Assets Not Being Depreciated	380,536	270,843	(99,514)	551,865
Capital Assets Being Depreciated:				
Site Improvements	3,690,002			3,690,002
Buildings and Building Improvements	59,599,169	34,160	99,514	59,732,843
Machinery and Equipment	3,526,233			3,526,233
Total Capital Assets Being Depreciated	66,815,404	34,160	99,514	66,949,078
Governmental Activities Capital Assets	67,195,940	305,003		67,500,943
Less Accumulated Depreciation for:				
Site Improvements	(2,481,430)	(150,972)		(2,632,402)
Buildings and Building Improvements	(23,710,363)	(1,568,273)		(25,278,636)
Machinery and Equipment	(2,665,742)	(154,179)		(2,819,921)
	(28,857,535)	(1,873,424)		(30,730,959)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 38,338,405	\$ (1,568,421)	\$ -0-	\$ 36,769,984
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 303,202			\$ 303,202
Less: Accumulated Depreciation	(228,290)	\$ (14,005)		(242,295)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 74,912	\$ (14,005)	\$ -0-	\$ 60,907

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 797,014
Special Education	164,764
Other Instruction	96,060
Student and Instruction Related Services	221,789
General Administrative Services	47,200
School Administrative Services	119,822
Central Services/Adminstrative Technology	39,685
Transportation	122,622
Operation and Maintenance of Plant	264,468
	<u>\$ 1,873,424</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2024, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2023	Accrued	Retired	Balance 6/30/2024	Due Within One Year
Serial Bonds Payable	\$ 2,855,000		\$ 375,000	\$ 2,480,000	\$ 390,000
Unamortized Bond Issuance Premium	277,841		39,692	238,149	39,692
Net Pension Liability	7,172,032		409,978	6,762,054	
Financed Purchases Payable	34,619		10,928	23,691	11,528
Compensated Absences Payable	388,375	\$ 522,139	88,178	822,336	
	<u>\$ 10,727,867</u>	<u>\$ 522,139</u>	<u>\$ 923,776</u>	<u>\$ 10,326,230</u>	<u>\$ 441,220</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 11, 2016, the District issued refunding bonds in the amount of \$3,965,000. The bonds were issued with interest rates ranging from 2.00% to 4.00%. The bonds mature on August 15, 2016 through 2029.

The District had bonds outstanding as of June 30, 2024 as follows:

<u>Serial Bonds</u>			
<u>Purpose</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Refunding Bonds	8/15/29	3.25-4.00%	<u>\$ 2,480,000</u>

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

<u>Year Ending June 30,</u>	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 390,000	\$ 85,063	\$ 475,063
2026	400,000	69,262	469,262
2027	415,000	52,963	467,963
2028	430,000	36,063	466,063
2029	425,000	20,556	445,556
Thereafter 1 Year (2030)	420,000	6,825	426,825
	<u>\$ 2,480,000</u>	<u>\$ 270,732</u>	<u>\$ 2,750,732</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, 2024
(Continued)

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

B. Bonds Authorized But Not Issued:

As of June 30, 2024, 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 long-term liabilities. The long-term portion of the compensated absences balance of the governmental funds is \$822,336. 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 long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2024 is \$-0- and the long-term portion is \$6,762,054. See Note 8 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 \$39,692 and is separated from the long-term portion of \$198,457.

F. Financed Purchases Payable:

The District entered into a financed purchases agreement in 2023 to fund the purchase of Apple computer equipment for \$47,450. As of June 30, 2024, \$23,759 has been liquidated. The following is a schedule of the future minimum financed purchases payments, and the present value of the net minimum financed purchases payments at June 30, 2024.

<u>Year Ending</u>	<u>Amount</u>
2025	\$ 12,831
2026	12,831
Total Minimum Financed Purchases Payments	25,662
Less: Amount Representing Interest	(1,971)
Present Value of Net Minimum Financed Purchases Payments	<u>\$ 23,691</u>

The current portion of the financed purchases payable at June 30, 2024 is \$11,528 and the long-term portion is \$12,163. The financed purchases payable will be liquidated by the General Fund.

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).

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. 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 includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

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.

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

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 \$623,961 for 2024. During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$21,088 to the PERS for normal pension benefits on behalf of the District.

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

Special Funding Situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be 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 under the legislation 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 statement of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entity's total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must disclose pension expense as well as revenue associated with the employers in an amount equal to the nonemployer contributing entity's total proportionate share of the collective pension expense associated with the local participating employer.

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

At June 30, 2024, the District reported a liability of \$6,762,054 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. 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, 2023, the District's proportion was 0.0467%, which was a decrease of 0.008% from its proportion measured as of June 30, 2022.

For the fiscal year ended June 30, 2024, the District recognized pension expense of \$112,048. Additionally, for the fiscal year ended June 30, 2023, the State recognized pension expense on behalf of the District in the amount of \$21,088 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2024 financial statements.

There was no state proportionate share of net pension liability attributable to the District as of June 30, 2023.

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(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)

At June 30, 2024, the District reported 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	2019	5.21		\$ 36,731
	2020	5.16		334,219
	2021	5.13	\$ 14,855	
	2022	5.04		38,859
			<u>14,855</u>	<u>409,809</u>
Difference Between Expected and Actual Experience	2019	5.21	2,807	
	2020	5.16	18,621	
	2021	5.13		11,813
	2022	5.04		15,828
	2023	5.08	43,226	
			<u>64,654</u>	<u>27,641</u>
Net Difference Between Projected and Actual	2020	5.00	104,719	
Investment Earnings on Pension Plan Investments	2021	5.00	(870,895)	
	2022	5.00	1,036,154	
	2023	5.00	(238,838)	
			<u>31,140</u>	
Changes in Proportion	2019	5.21	29,669	
	2020	5.16	28,872	
	2021	5.13		78,342
	2022	5.04	223,091	
	2023	5.08		112,292
			<u>281,632</u>	<u>190,634</u>
District Contribution Subsequent to the Measurement Date	2023	1.00	620,000	
			<u>\$ 1,012,281</u>	<u>\$ 628,084</u>

Amounts reported as deferred outflows and inflows of resources (excluding the District contribution subsequent to the measurement date) related to pensions will be recognized in the pension benefit as follows:

Fiscal Year Ending June 30,	Total
2024	\$ (293,368)
2025	(186,203)
2026	319,551
2027	(74,427)
2028	(1,356)
	<u>\$ (235,803)</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 6.55% 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, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2023) 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, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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.

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, 2023 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, 2023		
	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	\$ 8,802,756	\$ 6,762,054	\$ 5,025,147

Pension Plan Fiduciary Net Position

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

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 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 2023, the State's pension contribution was more than the actuarial determined amount.

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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 2024, the State of New Jersey contributed \$6,208,079 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$1,827,006.

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, 2024, the State's proportionate share of the net pension liability associated with the District was \$74,368,042. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. 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, 2023, the District's proportion was 0.1457%, which was an increase of 0.0026% from its proportion measured as of June 30, 2022.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>74,368,042</u>
Total	<u><u>\$ 74,368,042</u></u>

For the fiscal year ended June 30, 2023, the State recognized pension expense on behalf of the District in the amount of \$1,827,006 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2024 financial statements.

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(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)

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	2016	8.30	\$ 391,340,712	
	2017	8.30		\$ 2,080,865,206
	2018	8.29		1,883,063,885
	2019	8.04		1,514,535,609
	2020	7.99	805,517,879	
	2021	7.93		9,179,534,541
	2022	7.83	82,066,487	
			<u>1,278,925,078</u>	<u>14,657,999,241</u>
Difference Between Expected and Actual Experience	2016	8.30		4,866,656
	2017	8.30	37,022,988	
	2018	8.29	330,339,649	
	2019	8.04		58,842,090
	2020	7.99		4,293,040
	2021	7.93	121,815,868	
	2022	7.83		15,372,285
	2023	7.93	169,161,907	
			<u>658,340,412</u>	<u>83,374,071</u>
Net Difference Between Projected and Actual Actual Investment Earnings on Pension Plan Investments	2020	5.00	241,395,539	
	2021	5.00	(1,777,316,905)	
	2022	5.00	2,489,500,994	
	2023	6.00	(477,296,442)	
			<u>476,283,186</u>	
			<u>\$ 2,413,548,676</u>	<u>\$ 14,741,373,312</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(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 and inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2024	\$ (3,918,676,894)
2025	(3,446,016,070)
2026	(1,604,289,401)
2027	(1,742,641,843)
2028	(1,672,806,952)
Thereafter	56,606,524
	<u><u>\$ (12,327,824,636)</u></u>

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. 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	2.75 – 4.25% 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, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(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, 2023) 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, 2023 are summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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, 2024
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (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, 2023 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, 2023		
	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	\$ 87,693,417	\$ 74,368,042	\$ 63,144,910

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 \$2,623 for the fiscal year ended June 30, 2024. Employee contributions to DCRP amounted to \$3,443 for the fiscal year ended June 30, 2024.

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

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 Employees 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 paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pensions*. 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-oheb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2022, the plan membership consisted of the following:

Retirees Plan Members and Spouses of Retirees Currently Receiving Benefit Payments	152,383
Active Plan Members	<u>217,212</u>
Total	<u><u>369,595</u></u>

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023.

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.

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:	2.75 - 4.25%	2.75 - 6.55%	3.25 - 16.25%
	based on years of service	based on years of service	based on years of service

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of the TPAF and PERS experience studies prepared for July 1, 2018 – June 30, 2021.

100% of active employees are considered to participate in the Plan upon retirement.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. 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-2021. 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-2021 for current disabled retirees. Future disabled retirees were based on the Pub-2010 “Safety” (PFRS), “General” (PERS) and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Discount Rate

The discount rate used to measure the total OPEB liability was 3.65%. 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

	<u>Total OPEB Liability</u>
Balance at June 30, 2022	\$ 58,348,552
Changes for Year:	
Service Cost	2,599,912
Interest on the Total OPEB Liability	2,133,668
Changes of Assumptions	122,111
Differences between Expected and Actual Experiences	(1,012,441)
Gross Benefit Payments by the State	(1,663,229)
Contributions from Members	54,678
Net Changes	<u>2,234,699</u>
Balance at June 30, 2023	<u>\$ 60,583,251</u>

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, 2023, 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:

	<u>June 30, 2023</u>		
	<u>At 1% Decrease (2.65%)</u>	<u>At Discount Rate (3.65%)</u>	<u>At 1% Increase (4.65%)</u>
Total OPEB Liability Attributable to the District	\$ 71,023,461	\$ 60,583,251	\$ 52,200,974

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

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, 2023, 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, 2023		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 50,293,439	\$ 60,583,251	\$ 74,047,497

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

For the fiscal year ended June 30, 2024 the District recognized OPEB expense of \$1,902,703 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.

At June 30, 2023 the State had deferred outflows and inflows of resources related to OPEB associated with the District from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 2,183,043
	2018	9.51		2,259,645
	2019	9.29	\$ 332,430	
	2020	9.24	8,127,346	
	2021	9.24	46,258	
	2022	9.13		12,276,123
	2023	9.30	108,981	
			<u>8,615,015</u>	<u>16,718,811</u>
Differences Between Expected and Actual Experience	2018	9.51		2,136,067
	2019	9.29		3,912,714
	2020	9.24	7,575,006	
	2021	9.24		8,895,851
	2022	9.13	1,264,264	
	2023	9.30		1,012,392
			<u>8,839,270</u>	<u>15,957,024</u>
Changes in Proportion	N/A	N/A	1,979,612	427,650
			<u>\$ 19,433,897</u>	<u>\$ 33,103,485</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB (Cont'd)

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

Fiscal Year Ending June 30,	Total
2024	\$ (3,021,228)
2025	(3,021,228)
2026	(2,625,873)
2027	(1,548,115)
2028	(316,881)
Thereafter	(4,688,225)
	<u>\$ (15,221,550)</u>

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.

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

Selected, summarized financial information for the Fund as of June 30, 2024 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	\$ 58,120,778
Net Position	\$ 19,408,763
Total Revenue	\$ 60,984,350
Total Expenses	\$ 61,472,363
Change in Net Position	\$ (488,013)
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

The June 30, 2024 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, 2023 is as follows:

	<u>Morris Essex Insurance Group</u>
Total Assets	\$ 11,649,761
Net Position	\$ 7,344,918
Total Revenue	\$ 4,363,092
Total Expenses	\$ 3,537,129
Change in Net Position	\$ (149,624)
Members Dividends	\$ 975,587

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

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

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>
2024	\$ -0-	\$ 17,332	\$ 89,862	\$ 66,035	\$ 478,105
2023	-0-	7,592	72,535	87,705	436,946
2022	-0-	819	94,820	48,570	444,524

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.

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 388,464	\$ 28,023
Special Revenue Fund		388,464
Food Service Fund	28,023	
	<u>\$ 416,487</u>	<u>\$ 416,487</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 Food Service Fund is due to a prior year receivable collected in the General Fund and prior and current year's board contributions 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 in this note, 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.

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 13. DEFERRED COMPENSATION (Cont'd)

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.

NOTE 15. ACCOUNTS PAYABLE

The following accounts payable existed as of June 30, 2024:

	Governmental Funds			District Contri- bution Susequent to the Measure- ment Date	Total Governmental Activities	Business-Type
	General Fund	Special Revenue Fund	Total			Activities
						Proprietary Funds
Vendors	\$ 860,573	\$ 12,251	\$ 872,824		\$ 872,824	\$ 25,896
Payroll Deductions and Withholdings	274,526		274,526		274,526	
State of New Jersey				\$ 620,000	620,000	
	<u>\$ 1,135,099</u>	<u>\$ 12,251</u>	<u>\$ 1,147,350</u>	<u>\$ 620,000</u>	<u>\$ 1,767,350</u>	<u>\$ 25,896</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.

WEST ESSEX REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 16. COMMITMENTS AND CONTINGENCIES (Cont'd)

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 still in the discovery phase of litigation and it cannot be determined at this point what the ultimate outcome of these lawsuits may be. After the District's investigation of whether insurance coverage is available to offset possible exposure, it was concluded that three of the cases have fallen outside the insurance policy periods.

Encumbrances

At June 30, 2024, there were encumbrances as detailed below in the governmental funds.

General Fund	Special Revenue Fund	Total Governmental Funds
<u>\$ 3,911,486</u>	<u>\$ 1,015</u>	<u>\$ 3,912,501</u>

On the District's Governmental Funds Balance Sheet as of June 30, 2024, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$1,015 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.

NOTE 17. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2024, the District transferred \$3,778,106 to the capital outlay accounts, which was a board approved transfer from capital reserve 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 TEN FISCAL YEARS

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
District's proportion of the net pension liability	0.0422792453%	0.0425589699%	0.0415399521%	0.0424283127%	0.0426248957%	0.0458742167%	0.0464446458%	0.0455795069%	0.0475240427%	0.0466851683%
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	\$ 7,172,032	\$ 6,762,054
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	\$ 3,543,058	\$ 3,656,434
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%	202.42%	184.94%
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%	62.91%	65.23%

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution	\$ 348,544	\$ 365,893	\$ 375,724	\$ 428,245	\$ 439,081	\$ 449,144	\$ 508,081	\$ 533,789	\$ 599,301	\$ 623,961
Contributions in relation to the contractually required contribution	(348,544)	(365,893)	(375,724)	(428,245)	(439,081)	(449,144)	(508,081)	(533,789)	(599,301)	(623,961)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -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	\$ 3,656,434	\$ 3,742,695
Contributions as a percentage of covered employee payroll	12.57%	12.60%	12.87%	13.82%	13.47%	13.52%	14.58%	15.07%	16.39%	16.67%

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 TEN FISCAL YEARS

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
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%	0.1431368687%	0.1457263413%
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	\$ 73,850,631	\$ 74,368,042
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	\$ 16,854,585	\$ 17,269,431
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%	438.16%	430.63%
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%	32.29%	34.68%

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
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	\$ 1,987,527	\$ 1,827,006
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)	(5,957,381)	(6,208,079)
Contribution deficiency/(excess)	\$ 2,942,078	\$ 4,102,821	\$ 6,995,666	\$ 4,167,209	\$ 2,438,137	\$ 2,052,979	\$ 1,593,447	\$ (4,269,194)	\$ (3,969,854)	\$ (4,381,073)
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	\$ 17,269,431	\$ 17,879,510
Contributions as a percentage of covered employee payroll	5.25%	7.83%	9.88%	13.73%	18.00%	19.53%	25.76%	34.96%	34.50%	34.72%

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 SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,					
	2017	2018	2019	2020	2021	2022
Service Cost	\$ 2,679,518	\$ 2,217,562	\$ 2,015,133	\$ 2,072,594	\$ 3,781,038	\$ 3,285,236
Interest Cost	1,920,885	2,222,332	2,050,164	1,675,179	1,786,744	1,546,301
Changes of Benefit Terms	(8,121,040)	(5,926,581)	692,169	13,822,133	(73,311)	(15,652,523)
Changes in Assumptions		(6,054,068)	(8,597,296)	12,953,660	67,952	1,774,975
Differences between Expected and Actual Experience		47,729	42,242	39,928	(10,992,599)	49,136
Member Contributions	51,616				45,678	
Gross Benefit Payments	(1,401,760)	(1,380,983)	(1,425,044)	(1,317,336)	(1,407,454)	(1,531,657)
Net Change in Total OPEB Liability	(4,870,781)	(8,874,009)	(5,222,632)	29,246,158	(6,791,952)	(10,528,532)
Total OPEB Liability - Beginning	65,390,300	60,519,519	51,645,510	46,422,878	75,669,036	68,877,084
Total OPEB Liability - Ending	\$ 60,519,519	\$ 51,645,510	\$ 46,422,878	\$ 75,669,036	\$ 68,877,084	\$ 58,348,552
District's Covered Employee Payroll *	\$ 14,687,078	\$ 15,127,956	\$ 15,516,262	\$ 15,807,716	\$ 16,192,162	\$ 16,854,585
Total OPEB Liability as a Percentage of Covered Employee Payroll	412%	341%	299%	479%	425%	346%
						351%

* - Covered payroll for the fiscal years ending June 30, 2017 through 2023 are based on the payroll on the June 30, 2016 through 2022 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, 2024

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

There were none.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2022 actuarial valuation the salary increases were 2.75 – 4.25% based on years of service while in the July 1, 2021 actuarial valuation the salary increases were 2.75% – 5.65% based on years of service.

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, 2023 was 3.65%. The discount rate for June 30, 2022 was 3.54%, a change of .11%.

The health care trend rates in the valuation as of June 30, 2023 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

The health care trend rates in the valuation as of June 30, 2022 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years.

BUDGETARY COMPARISON SCHEDULES

WEST ESSEX REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 40,809,907		\$ 40,809,907	\$ 40,809,907	
Tuition From Other LEAs Within the State	130,000		130,000	104,410	\$ (25,590)
Unrestricted Miscellaneous Revenues	675,000		675,000	742,610	67,610
Interest Earned on Maintenance Reserve				33,170	33,170
Interest Earned on Capital Reserve Funds				595,492	595,492
Other Restricted Miscellaneous Revenues				41,159	41,159
Total Revenues from Local Sources	41,614,907		41,614,907	42,326,748	711,841
Revenues from State Sources:					
Categorical Transportation Aid	667,435		667,435	667,435	
Extraordinary Aid				827,472	827,472
Categorical Special Education Aid	1,847,784		1,847,784	1,847,784	
Categorical Security Aid	154,621		154,621	154,621	
Nonpublic Transportation Aid				75,075	75,075
TPAF Post Retirement Contributions (Non-Budgeted)				1,708,881	1,708,881
TPAF Pension Contributions (Non-Budgeted)				6,208,079	6,208,079
TPAF Non-Contributory Insurance (Non-Budgeted)				70,800	70,800
TPAF Long-Term Disability Insurance (Non-Budgeted)				2,553	2,553
Reimbursed TPAF Social Security Contributions				1,250,044	1,250,044
Total Revenues from State Sources	2,669,840		2,669,840	12,812,744	10,142,904
TOTAL REVENUE	44,284,747		44,284,747	55,139,492	10,854,745

WEST ESSEX REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Grades 6-8 - Salaries of Teachers	\$ 4,543,871	\$ 236,996	\$ 4,780,867	\$ 4,780,866	\$ 1
Grades 9-12 - Salaries of Teachers	8,454,145	(207,563)	8,246,582	8,235,736	10,846
Regular Programs - Home Instruction:					
Salaries of Teachers	35,000	(1,875)	33,125	33,124	1
Purchased Professional-Educational Services	20,240	(20,240)			
Regular Programs - Undistributed Instruction:					
Purchased Professional-Educational Services	41,913	(34,333)	7,580	5,920	1,660
Other Purchased Services (400-500 series)	639,997	239,321	879,318	855,300	24,018
General Supplies	385,130	(5,626)	379,504	342,564	36,940
Textbooks	120,313	(9,707)	110,606	98,408	12,198
Other Objects	99,774	(5,796)	93,978	92,978	1,000
Total Regular Programs - Instruction	14,340,383	191,177	14,531,560	14,444,896	86,664
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	178,960	(57,530)	121,430	121,421	9
General Supplies	4,500		4,500	1,309	3,191
Total Learning and/or Language Disabilities	183,460	(57,530)	125,930	122,730	3,200
Resource Room/Resource Center:					
Salaries of Teachers	1,889,144	1,164	1,890,308	1,855,490	34,818
Other Salaries for Instruction	447,142	(1,163)	445,979	413,733	32,246
Purchased Technical Services	36,000	(17,614)	18,386		18,386
General Supplies	16,000		16,000	3,761	12,239
Textbooks	2,000	(300)	1,700		1,700
Total Resource Room/Resource Center	2,390,286	(17,913)	2,372,373	2,272,984	99,389

WEST ESSEX REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Home Instruction:					
Salaries of Teachers	\$ 1,000	\$ 1,293	\$ 1,293	\$ 1,293	\$ 1,000
General Supplies	1,000	1,293	2,293	1,293	1,000
Total Home Instruction	2,574,746	(74,150)	2,500,596	2,397,007	103,589
TOTAL SPECIAL EDUCATION - INSTRUCTION					
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	255,000	30,921	285,921	285,921	
Purchased Services (300-500 series)	22,064	2,422	24,486	21,486	3,000
Supplies and Materials	41,920	(1,031)	40,889	29,246	11,643
Other Objects	70,000	(35,499)	34,501	31,352	3,149
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	388,984	(3,187)	385,797	368,005	17,792
School-Sponsored Athletics - Instruction:					
Salaries	908,266	52,509	960,775	960,739	36
Purchased Services (300-500 series)	286,544	34,594	321,138	142,844	178,294
Supplies and Materials	217,130	31,416	248,546	232,273	16,273
Other Objects	3,500	(2,557)	943	943	
Total School-Sponsored Athletics - Instruction	1,415,440	115,962	1,531,402	1,336,799	194,603
TOTAL INSTRUCTION	18,719,553	229,802	18,949,355	18,546,707	402,648
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Special	75,486	46,686	122,172	85,520	36,652
Tuition to County Voc. School Dist.-Regular	19,981	800	20,781	20,689	92
Tuition to County Voc. School Dist.-Special	43,897	2,000	45,897	45,520	377
Tuition to Priv. Sch. for the Handicap. W/I State	3,331,181	(422,522)	2,908,659	2,806,307	102,352
Tuition to Priv Sch Handicap & Oth LEAs-Spl,O/S St		117,500	117,500	117,500	
Total Undistributed Expenditures - Instruction	3,470,545	(255,536)	3,215,009	3,075,536	139,473

WEST ESSEX REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expend. - Attend. & Social Work:					
Salaries	\$ 189,798	\$ (27,234)	\$ 162,564	\$ 147,868	\$ 14,696
Supplies and Materials	5,000		5,000	845	4,155
Total Undist. Expend. - Attendance and Social Work	194,798	(27,234)	167,564	148,713	18,851
Undistributed Expenditures - Health Services:					
Salaries	157,356		157,356	150,980	6,376
Purchased Professional and Technical Services	25,000		25,000	21,037	3,963
Supplies and Materials	15,000		15,000	12,242	2,758
Total Undist. Expenditures - Health Services	197,356		197,356	184,259	13,097
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Purchased Professional - Educational Services		2,707	2,707	2,707	
Total Undist. Expend. - Speech, OT, PT, Related Svcs		2,707	2,707	2,707	
Undist.Expend.- Guidance:					
Salaries of Other Professional Staff	806,100	(31,872)	774,228	769,025	5,203
Salaries of Secretarial and Clerical Assistants	180,308		180,308	166,486	13,822
Other Salaries	27,500	4,779	32,279	32,279	
Other Purchased Prof. and Tech. Services	32,780	(2,732)	30,048	16,881	13,167
Other Purchased Services (400-500 series)	1,000		1,000		1,000
Supplies and Materials	4,007	1,159	5,166	4,316	850
Other Objects	5,158	(9)	5,149	4,975	174
Total Undist Expend. - Guidance	1,056,853	(28,675)	1,028,178	993,962	34,216
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	594,546	7,155	601,701	601,701	
Salaries of Secretarial and Clerical Assistants	126,532	5,782	132,314	132,314	
Purchased Professional - Educational Services	641,050	(292,475)	348,575	340,925	7,650

WEST ESSEX REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Child Study Team: (Cont'd)					
Other Purchased Prof. and Tech. Services	\$ 20,050	\$ (16,080)	\$ 3,970	\$ 3,051	\$ 919
Supplies and Materials	6,530		6,530	5,653	877
Total Undist Expend. - Child Study Team	1,388,708	(295,618)	1,093,090	1,083,644	9,446
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	635,069	10,191	645,260	608,409	36,851
Supplies and Materials	46,632		46,632	40,697	5,935
Total Undist. Expend.-Edu. Media Serv./Sch. Library	681,701	10,191	691,892	649,106	42,786
Undist.Expend.-Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	506,414		506,414	504,952	1,462
Salaries of Other Professional Staff	5,000	7,949	12,949	12,949	
Purchased Professional - Educational Service	45,370	767	46,137	45,758	379
Other Purchased Services (400-500 series)	20,280		20,280	17,825	2,455
Total Undist.Expend.-Instructional Staff Training Services	657,820	(44,966)	612,854	608,403	4,451
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	385,775	61,022	446,797	439,797	7,000
Legal Services	188,297	(15,633)	172,664	112,349	60,315
Audit Fees	40,000	(170)	39,830	37,045	2,785
Architectural/Engineering Services	22,058		22,058		22,058
Other Purchased Professional Services	65,000		65,000	52,950	12,050
Communications / Telephone	117,740	2,537	120,277	90,777	29,500
BOE Other Purchased Services	10,000		10,000	532	9,468
Other Purch. Serv. (400-500 series other than 530 & 585)	25,000	(10,557)	14,443	8,486	5,957
General Supplies	15,000		15,000	9,098	5,902
Miscellaneous Expenditures	10,000		10,000	9,947	53

WEST ESSEX REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-Gen. Admin.: (Cont'd)					
BOE Membership Dues and Fees	\$ 30,000	\$ 167	\$ 30,167	\$ 26,279	\$ 3,888
Total Undist. Expend.-Support Serv.-Gen. Admin.	908,870	37,366	946,236	787,260	158,976
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	828,416	2,532	830,948	830,918	30
Salaries of Other Professional Staff	641,875	7,554	649,429	649,089	340
Salaries of Secretarial and Clerical Assistants	268,797	32,755	301,552	294,674	6,878
Purchased Professional and Technical Services	30,385	(14,685)	15,700	15,700	
Supplies and Materials	43,090	6,000	49,090	48,510	580
Other Objects	45,800	(2,922)	42,878	38,366	4,512
Total Undist. Expend.-Support Serv.-School Adm.	1,858,363	31,234	1,889,597	1,877,257	12,340
Undist. Expend. - Central Services:					
Salaries	442,303	47,601	489,904	485,372	4,532
Purchased Professional Services	10,000		10,000	8,497	1,503
Purchased Technical Services	5,000	(5,000)			
Miscellaneous Purchased Services (400-500 series other than 594)	40,500	(11,000)	29,500	28,820	680
Supplies and Materials	20,037	(11,529)	8,508	8,447	61
Other Objects	7,500	(4,440)	3,060	3,060	
Total Undist. Expend. - Central Services	525,340	15,632	540,972	534,196	6,776
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	794,258	30,826	825,084	770,677	54,407
Cleaning, Repair, and Maintenance Services	296,760		296,760	246,068	50,692
General Supplies	232,671		232,671	163,460	69,211
Other Objects	2,000		2,000	1,791	209
Total Undist. Expend.- Required Maint. for School Facilities	1,325,689	30,826	1,356,515	1,181,996	174,519

WEST ESSEX REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Custodial Services:					
Salaries	\$ 995,427	\$ 33,146	\$ 1,028,573	\$ 932,931	\$ 95,642
Purchased Professional and Technical Services	12,000		12,000		12,000
Cleaning, Repair, and Maintenance Services	70,251		70,251	43,395	26,856
Other Purchased Property Services	65,000		65,000	48,766	16,234
Insurance	756,791	(110,066)	646,725	641,195	5,530
Miscellaneous Purchased Services	65,000		65,000	33,499	31,501
General Supplies	202,500		202,500	162,752	39,748
Energy (Natural Gas)	183,214	(32,000)	151,214	150,303	911
Energy (Electricity)	700,000		700,000	695,087	4,913
Total Undist. Expend.-Custodial Services	3,050,183	(108,920)	2,941,263	2,707,928	233,335
Care and Upkeep of Grounds:					
Salaries	280,328		280,328	253,543	26,785
Purchased Professional and Technical Services	2,500	(1,305)	1,195	1,129	66
Cleaning, Repair, and Maintenance Services	43,464		43,464	35,627	7,837
General Supplies	97,773		97,773	70,728	27,045
Other Objects	15,000		15,000		15,000
Total Care And Upkeep Of Grounds	439,065	(1,305)	437,760	361,027	76,733
Security:					
Salaries	75,303	34	75,337	70,844	4,493
Purchased Professional and Technical Services	179,171	(10,637)	168,534	168,159	375
General Supplies	15,000	(8,170)	6,830	6,564	266
Other Objects	5,000		5,000		5,000
Total Security	274,474	(18,773)	255,701	245,567	10,134
Total Undist. Expend.-Oper. And Maint. Of Plant Serv.	5,089,411	(98,172)	4,991,239	4,496,518	494,721

WEST ESSEX REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Student Transportation Serv.:					
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studts	\$ 161,000	\$ 19,575	\$ 180,575	\$ 180,575	
Contract. Serv.(Bet. Home & Sch.)-Vendors	1,700,000	34,973	1,734,973	1,734,973	
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	410,000	91,167	501,167	498,776	\$ 2,391
Contract. Serv.(Spl. Ed. Students)-Vendors	1,045,200	876,393	1,921,593	1,806,280	115,313
Total Undist. Expend.-Student Trans. Serv.	3,316,200	1,022,108	4,338,308	4,220,604	117,704
UNALLOCATED BENEFITS					
Social Security Contributions	505,000	(10,377.00)	494,623	473,117	21,506
Other Retirement Contributions - PERS	625,000	13,961	638,961	623,961	15,000
Other Retirement Contributions - ERIP	8,000	(8,000)			
Other Retirement Contributions - Regular		8,000	8,000	6,584	1,416
Unemployment Compensation	50,000	(25,057)	24,943		24,943
Workers Compensation	145,000	42,804	187,804	187,804	
Health Benefits	5,605,308	(648,617)	4,956,691	4,953,065	3,626
Tuition Reimbursement	55,000		55,000	52,568	2,432
Other Employee Benefits	177,062	51,989	229,051	83,118	145,933
TOTAL UNALLOCATED BENEFITS	7,170,370	(575,297)	6,595,073	6,380,217	214,856
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				1,708,881	(1,708,881)
TPAF Pension Contributions (Non-Budgeted)				6,208,079	(6,208,079)
TPAF Non-Contributory Insurance (Non-Budgeted)				70,800	(70,800)
TPAF Long-Term Disability Insurance (Non-Budgeted)				2,553	(2,553)
Reimbursed TPAF Social Security Contributions				1,250,044	(1,250,044)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				9,240,357	(9,240,357)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	7,170,370	(575,297)	6,595,073	15,620,574	(9,025,501)

WEST ESSEX REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL UNDISTRIBUTED EXPENDITURES	\$ 26,516,335	\$ (206,260)	\$ 26,310,075	\$ 34,282,739	\$ (7,972,664)
TOTAL GENERAL CURRENT EXPENSE	45,235,888	23,542	45,259,430	52,829,446	(7,570,016)
CAPITAL OUTLAY					
Equipment:					
Undistributed:					
Undist. Expnd. - Care and Upkeep of Grounds	15,000		15,000		15,000
Total Equipment	15,000		15,000		15,000
Facilities Acquisition and Construction Serv.:					
Architectural/Engineering Services	35,313	307,000	342,313	270,844	71,469
Construction Services		3,471,106	3,471,106		3,471,106
Assessment for Debt Service on SDA Funding	83,370		83,370	83,370	
Total Facilities Acquisition and Const. Serv.	118,683	3,778,106	3,896,789	354,214	3,542,575
TOTAL CAPITAL OUTLAY	133,683	3,778,106	3,911,789	354,214	3,557,575
TOTAL EXPENDITURES	45,369,571	3,801,648	49,171,219	53,183,660	(4,012,441)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(1,084,824)	(3,801,648)	(4,886,472)	1,955,832	6,842,304
Other Financing Sources/(Uses):					
Transfer to Food Service Fund		(37,380)	(37,380)	(37,380)	
Other Financing Sources/(Uses)		(37,380)	(37,380)	(37,380)	

WEST ESSEX REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess/(Deficit) of Revenues and Other Financing Sources					
Over/(Under) Expenditures and Other Financing Uses	\$ (1,084,824)	\$ (3,839,028)	\$ (4,923,852)	\$ 1,918,452	\$ 6,842,304
Fund Balance, July 1	22,133,560		22,133,560	22,133,560	
Fund Balance, June 30	<u>\$ 21,048,736</u>	<u>\$ (3,839,028)</u>	<u>\$ 17,209,708</u>	<u>\$ 24,052,012</u>	<u>\$ 6,842,304</u>
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Excess Surplus - Restricted For 2025-2026				\$ 750,000	
Excess Surplus - Restricted For 2024-2025				500,000	
Capital Reserve				15,387,282	
Maintenance Reserve				904,074	
Unemployment Compensation				478,105	
Assigned Fund Balance:					
Year End Encumbrances				3,911,486	
Designated for Subsequent Year's Expenditures				339,652	
Unassigned Fund Balance				<u>1,781,413</u>	
				<u>24,052,012</u>	
Reconciliation to Governmental Funds Statement (GAAP):				<u>(257,293)</u>	
Last State Aid Payments not Recognized on GAAP basis					
Fund Balance per Governmental Funds (GAAP)				<u>\$ 23,794,719</u>	

WEST ESSEX REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 1,152,914	\$ 1,152,914	\$ 1,126,847	\$ (26,067)
State Sources		129,539	129,539		(129,539)
Federal Sources	\$ 302,000	426,428	728,428	620,356	(108,072)
Total Revenues	302,000	1,708,881	2,010,881	1,747,203	(263,678)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	30,000	121,230	151,230	98,158	53,072
Other Purchased Services	12,000	(8,199)	3,801	3,728	73
Tuition	260,000	90,060	350,060	350,060	
General Supplies		13,181	13,181	11,290	1,891
Total Instruction	302,000	216,272	518,272	463,236	55,036
Support Services:					
Salaries of Supervisors of Instruction		5,333	5,333	5,288	45
Personal Services - Employee Benefits		10,750	10,750	10,750	
Purchased Professional and Technical Services		125,516	125,516	125,516	
Other Purchased Professional Services		7,107	7,107	7,107	
Other Purchased Services		21,637	21,637		21,637
Supplies and Materials		40,819	40,819	10,000	30,819
Student Activities		662,075	662,075	650,607	11,468
Scholarships Awarded		462,111	462,111	15,500	446,611
Total Support Services		1,335,348	1,335,348	824,768	510,580
Facilities Acquisition & Construction Services:					
Construction Services		130,659	130,659	1,120	129,539
Non-Instructional Equipment		26,602	26,602		26,602
Total Facilities Acquisition & Construction Services		157,261	157,261	1,120	156,141
Total Expenditures	\$ 302,000	\$ 1,708,881	\$ 2,010,881	\$ 1,289,124	\$ 721,757
Excess of Revenue over Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ 458,079	\$ 458,079

WEST ESSEX REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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	\$ 55,139,492	\$ 1,747,203
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		(1,015)
Prior Year Encumbrances		36,050
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	219,285	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(257,293)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 55,101,484</u>	<u>\$ 1,782,238</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 53,183,660	\$ 1,289,124
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		(1,015)
Prior Year Encumbrances		36,050
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 53,183,660</u>	<u>\$ 1,324,159</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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, 2024 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.

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, 2024

	Local Grants	Scholarship	Elementary and Secondary Education Act		CRRSA		IDEA Part B Basic
			Title I	Title IIA	ESSER II	Accelerated Learning	
REVENUE:							
Local Sources	\$ 2,661	\$ 462,111					
Federal Sources			\$ 35,334	\$ 9,732	\$ 1,120	\$ 1,250	\$ 350,060
Total Revenue	2,661	462,111	35,334	9,732	1,120	1,250	350,060
EXPENDITURES:							
Instruction:							
Salaries of Teachers			25,301				350,060
Tuition							
Other Purchased Services				3,728			
General Supplies	2,661						
Total Instruction	2,661		25,301	3,728			350,060
Support Services:							
Salaries of Supervisors of Instruction			4,038			1,250	
Personal Services - Employee Benefits			5,995				
Purchased Professional & Technical Services				6,004			
Other Purchased Services							
Supplies and Materials							
Student Activities		15,500					
Scholarships Awarded							
Total Support Services		15,500	10,033	6,004		1,250	
Facilities Acquisition:							
Construction Services					1,120		
Total Facilities Acquisition					1,120		
Total Expenditures	\$ 2,661	\$ 15,500	\$ 35,334	\$ 9,732	\$ 1,120	\$ 1,250	\$ 350,060

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PROPRIETARY FUNDS

WEST ESSEX REGIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2024

	Business-Type Activities
	Enterprise Fund Food Service
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 694,293
Interfund Receivable - General Fund	28,023
Other Accounts Receivable	5,270
Inventories	18,393
Total Current Assets	745,979
Non-Current Assets:	
Capital Assets	303,202
Less: Accumulated Depreciation	(242,295)
Total Non-Current Assets	60,907
Total Assets	806,886
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable - Vendors	25,896
Unearned Revenue	42,389
Total Current Liabilities	68,285
<u>NET POSITION:</u>	
Investment in Capital Assets	60,907
Unrestricted	677,694
Total Net Position	\$ 738,601

WEST ESSEX REGIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Business-Type</u> <u>Activities</u> <u>Enterprise Fund</u> <u>Food Service</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Program	\$ 1,325,894
Other Income	10,352
	<hr/>
Total Operating Revenue	1,336,246
	<hr/>
Operating Expenses:	
Cost of Sales - Non-Reimbursable Program	553,254
Salaries, Benefits & Payroll Taxes	409,877
Other Purchased Services	48,113
Supplies, Insurance and Other Costs	36,647
Management Fee	90,124
Depreciation Expense	14,005
	<hr/>
Total Operating Expenses	1,152,020
	<hr/>
Operating Income	184,226
Transfers:	
Board Contribution - General Fund	37,380
	<hr/>
Change in Net Position	221,606
Net Position - Beginning of Year	516,995
	<hr/>
Net Position - End of Year	\$ 738,601
	<hr/> <hr/>

WEST ESSEX REGIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Business-Type Activities
	<u>Enterprise Fund Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 1,335,347
Payments to Food Service Vendor	(1,101,744)
Payments to Suppliers	<u>(7,417)</u>
Net Cash Provided by Operating Activities	<u>226,186</u>
Cash Flows from Noncapital Financing Activities:	
Board Contribution - General Fund	<u>20,807</u>
Net Cash Provided by Noncapital Financing Activities	<u>20,807</u>
Net Change in Cash and Cash Equivalents	246,993
Cash and Cash Equivalents, July 1	<u>447,300</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 694,293</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 184,226
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	14,005
Changes in Assets and Liabilities:	
(Decrease) in Unearned Revenue	(899)
Increase in Accounts Payable	25,896
Decrease in Inventory	<u>2,958</u>
Net Cash Provided by Operating Activities	<u><u>\$ 226,186</u></u>

LONG-TERM LIABILITIES

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance July 1, 2023	Matured	Balance June 30, 2024
			Date	June 30, 2024	Amount				
Refunding Bonds 2016	7/13/2016	\$ 3,965,000	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%	\$ 2,855,000	\$ 375,000	\$ 2,480,000
							<u>\$ 2,855,000</u>	<u>\$ 375,000</u>	<u>\$ 2,480,000</u>

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

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance June 30, 2023</u>	<u>Matured</u>	<u>Balance June 30, 2024</u>
Apple Computer Equipment	5.5%	\$ 47,450	<u>\$ 34,619</u>	<u>\$ 10,928</u>	<u>\$ 23,691</u>
			<u>\$ 34,619</u>	<u>\$ 10,928</u>	<u>\$ 23,691</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 475,363		\$ 475,363	\$ 475,363	
Total Revenues	475,363		475,363	475,363	
EXPENDITURES:					
Regular Debt Service:					
Interest	100,363		100,363	100,363	
Redemption of Principal	375,000		375,000	375,000	
Total Regular Debt Service	475,363		475,363	475,363	
Total Expenditures	475,363		475,363	475,363	
Excess/(Deficit) of Revenues Over/ (Under) Expenditures	-0-		-0-	-0-	
Fund Balance, July 1	-0-		-0-	-0-	
Fund Balance, June 30	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

STATISTICAL SECTION

(UNAUDITED)

This part of the District's annual comprehensive 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

Exhibit

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the 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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities										
Net Investment in Capital Assets	\$ 31,043,671	\$ 32,250,682	\$ 33,277,705	\$ 33,668,032	\$ 32,982,781	\$ 33,826,568	\$ 33,975,352	\$ 35,182,836	\$ 35,382,934	\$ 34,209,849
Restricted	4,195,942	5,717,488	7,652,587	9,252,912	9,949,046	11,684,412	13,913,441	16,894,785	20,567,175	19,035,494
Unrestricted/ (Deficit)	(7,743,176)	(8,159,741)	(9,300,854)	(9,521,143)	(8,990,483)	(8,880,586)	(6,076,321)	(6,028,384)	(6,033,540)	(2,079,758)
Total Governmental Activities Net Position	\$ 27,496,437	\$ 29,808,429	\$ 31,629,438	\$ 33,399,801	\$ 33,941,344	\$ 36,630,394	\$ 41,812,472	\$ 46,049,237	\$ 49,916,569	\$ 51,165,585
Business-type Activities										
Investment in Capital Assets	\$ 57,527	\$ 50,810	\$ 104,833	\$ 95,168	\$ 105,247	\$ 117,559	\$ 102,235	\$ 87,543	\$ 74,912	\$ 60,907
Unrestricted	49,963	80,957	62,839	133,117	193,303	195,877	164,180	264,671	442,083	677,694
Total Business-type Activities Net Position	\$ 107,490	\$ 131,767	\$ 167,672	\$ 228,285	\$ 298,550	\$ 313,436	\$ 266,415	\$ 352,214	\$ 516,995	\$ 738,601
District-wide										
Net Investment in Capital Assets	\$ 31,101,198	\$ 32,301,492	\$ 33,382,538	\$ 33,763,200	\$ 33,088,028	\$ 33,944,127	\$ 34,077,587	\$ 35,270,379	\$ 35,457,846	\$ 34,270,756
Restricted	4,195,942	5,717,488	7,652,587	9,252,912	9,949,046	11,684,412	13,913,441	16,894,785	20,567,175	19,035,494
Unrestricted/(Deficit)	(7,693,213)	(8,078,784)	(9,238,015)	(9,388,026)	(8,797,180)	(8,684,709)	(5,912,141)	(5,763,713)	(5,591,457)	(1,402,064)
Total District Net Position	\$ 27,603,927	\$ 29,940,196	\$ 31,797,110	\$ 33,628,086	\$ 34,239,894	\$ 36,943,830	\$ 42,078,887	\$ 46,401,451	\$ 50,433,564	\$ 51,904,186

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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 15,756,950	\$ 17,669,411	\$ 20,146,613	\$ 20,654,120	\$ 21,450,110	\$ 21,415,691	\$ 20,721,177	\$ 20,661,183	\$ 20,035,954	\$ 21,476,951
Special Education	3,777,063	3,965,786	4,465,866	4,416,798	4,317,588	4,406,196	3,939,598	3,686,697	3,727,806	3,984,823
School Sponsored Activities And Athletics	1,834,509	1,969,352	2,274,214	2,303,664	2,300,105	2,369,919	2,104,196	2,255,111	2,270,699	2,358,621
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	3,082,057	3,075,536
Student & Instruction Related Services	4,321,389	4,655,957	5,144,395	5,332,282	4,751,865	5,189,166	5,499,734	5,856,308	5,775,252	6,134,267
General Administrative Services	865,242	837,366	835,943	841,692	1,047,544	946,614	993,575	952,345	1,092,539	1,038,597
School Administrative Services	2,455,661	2,593,985	3,016,987	3,008,672	2,782,247	3,022,205	2,904,345	2,735,102	2,645,515	2,847,670
Central and Other Support Services	649,021	696,651	678,504	734,230	734,179	772,093	738,750	754,266	782,962	817,351
Administrative Information Technology	189,067	207,484	225,852	221,011	259,571	221,364	129,711			
Plant Operations and Maintenance	4,022,505	4,378,673	4,687,057	4,903,628	4,816,405	5,579,009	4,901,279	5,183,239	5,561,351	5,639,696
Pupil Transportation	2,140,161	1,807,491	1,979,890	2,044,430	2,538,588	2,051,855	2,177,029	3,093,472	3,340,581	4,343,226
Transfer of Funds to Charter School	35,284									
Interest on Long-term Debt	663,512	597,552	616,401	465,758	390,027	312,346	231,347	163,184	85,681	85,330
Capital Outlay					83,370	83,370	83,370	83,370	83,370	83,370
Unallocated Depreciation	1,588,396	1,600,560	1,609,620	1,840,936	1,521,971					
Total Governmental Activities Expenses	40,819,272	43,440,483	48,321,763	49,294,483	49,838,841	48,973,131	46,938,939	48,276,955	48,483,767	51,885,438
Business-type Activities:										
Food Service	765,978	816,748	829,098	914,170	981,349	712,079	53,118	935,813	1,069,684	1,152,020
Total Business-type Activities Expense	765,978	816,748	829,098	914,170	981,349	712,079	53,118	935,813	1,069,684	1,152,020
Total District Expenses	\$ 41,585,250	\$ 44,257,231	\$ 49,150,861	\$ 50,208,653	\$ 50,820,190	\$ 49,685,210	\$ 46,992,057	\$ 49,212,768	\$ 49,553,451	\$ 53,037,458
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 52,289	\$ 79,974	\$ 219,426	\$ 201,745	\$ 205,107	\$ 149,964	\$ 168,569	\$ 154,273	\$ 137,247	\$ 104,410
Student and Related Services							334,952	691,471	672,311	662,075
Operating Grants and Contributions	8,139,878	9,525,846	12,703,372	13,027,463	11,126,288	10,979,365	11,128,181	10,274,768	9,016,500	9,557,088
Capital Grants and Contributions	72,520		360,204							
Total Governmental Activities Program Revenues	8,264,687	9,605,820	13,283,002	13,229,208	11,331,395	11,129,329	11,631,702	11,120,512	9,826,058	10,323,573
Business-type Activities:										
Charges for Services:										
Food Service	760,774	841,025	865,003	974,783	1,031,870	726,965	6,097	1,021,612	1,207,675	1,336,246
Total Business-type Activities Program Revenues	760,774	841,025	865,003	974,783	1,031,870	726,965	6,097	1,021,612	1,207,675	1,336,246
Total District Program Revenues	\$ 9,025,461	\$ 10,446,845	\$ 14,148,005	\$ 14,203,991	\$ 12,363,265	\$ 11,856,294	\$ 11,637,799	\$ 12,142,124	\$ 11,033,733	\$ 11,659,819

WEST ESSEX REGIONAL SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS

ACCURAL BASIS OF ACCOUNTING

UNAUDITED
(Continued)

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net (Expense)/Revenue:										
Governmental Activities	\$ (32,554,585)	\$ (33,834,663)	\$ (35,038,761)	\$ (36,065,275)	\$ (38,507,446)	\$ (37,843,802)	\$ (35,307,237)	\$ (37,156,443)	\$ (38,657,709)	\$ (41,561,865)
Business-type Activities	(5,204)	24,277	35,905	60,613	50,521	14,886	(47,021)	85,799	137,991	184,226
Total District-wide Net Expense	\$ (32,559,789)	\$ (33,810,386)	\$ (35,002,856)	\$ (36,004,662)	\$ (38,456,925)	\$ (37,828,916)	\$ (35,354,258)	\$ (37,070,644)	\$ (38,519,718)	\$ (41,377,639)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 32,390,184	\$ 33,383,315	\$ 34,244,997	\$ 35,227,991	\$ 36,277,785	\$ 37,349,282	\$ 38,096,268	\$ 38,858,193	\$ 39,635,357	\$ 40,809,907
Property Taxes Levied for Debt Service	2,425,105	2,369,280	2,190,149	2,122,470	2,059,950	2,000,300	1,932,160	2,033,975	2,000,513	475,363
State Aid - Unrestricted	56,617	58,853	78,957	80,560	34,218	29,465	29,635	29,738	105,435	150,560
Investment Earnings	13,506	11,594	17,319	20,174	24,369	25,388	12,758	24,723	263,396	909,598
Miscellaneous Income	245,063	323,613	328,348	384,443	652,667	238,454	418,494	446,579	547,130	502,833
Transfers									(26,790)	(37,380)
Total Governmental Activities	\$ 35,130,475	\$ 36,146,655	\$ 36,859,770	\$ 37,835,638	\$ 39,048,989	\$ 39,642,889	\$ 40,489,315	\$ 41,393,208	\$ 42,525,041	\$ 42,810,881
Business-type Activities:										
Transfers					19,744				26,790	37,380
Purchase of Capital Assets										
Total Business-type Activities										
Total District-wide	\$ 35,130,475	\$ 36,146,655	\$ 36,859,770	\$ 37,835,638	\$ 39,068,733	\$ 39,642,889	\$ 40,489,315	\$ 41,393,208	\$ 42,551,831	\$ 42,848,261
Change in Net Position										
Governmental Activities	\$ 2,575,890	\$ 2,311,992	\$ 1,821,009	\$ 1,770,363	\$ 541,543	\$ 1,799,087	\$ 5,182,078	\$ 4,236,765	\$ 3,867,332	\$ 1,249,016
Business-type Activities	(5,204)	24,277	35,905	60,613	70,265	14,886	(47,021)	85,799	164,781	221,606
Total District	\$ 2,570,686	\$ 2,336,269	\$ 1,856,914	\$ 1,830,976	\$ 611,808	\$ 1,813,973	\$ 5,135,057	\$ 4,322,564	\$ 4,032,113	\$ 1,470,622

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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Restricted	\$ 3,281,916	\$ 4,803,462	\$ 6,493,718	\$ 8,387,826	\$ 9,714,293	\$ 11,037,110	\$ 13,445,031	\$ 16,386,320	\$ 20,009,221	\$ 18,019,461
Assigned	841,259	623,715	524,864	485,699	768,452	1,022,996	2,354,339	511,500	434,824	4,251,138
Unassigned	1,152,698	1,099,343	1,159,735	1,113,742	1,280,946	1,085,628	2,171,867	2,352,037	1,470,230	1,524,120
Total General Fund	\$ 5,275,873	\$ 6,526,520	\$ 8,178,317	\$ 9,987,267	\$ 11,763,691	\$ 13,145,734	\$ 17,971,237	\$ 19,249,857	\$ 21,914,275	\$ 23,794,719
All Other Governmental Funds										
Restricted	\$ 914,026	\$ 914,026	\$ 1,158,869	\$ 865,086	\$ 234,753	\$ 647,302	\$ 468,410	\$ 508,465	\$ 557,954	\$ 1,016,033
Total All Other Governmental Funds	\$ 914,026	\$ 914,026	\$ 1,158,869	\$ 865,086	\$ 234,753	\$ 647,302	\$ 468,410	\$ 508,465	\$ 557,954	\$ 1,016,033
Total Governmental Funds	\$ 6,189,899	\$ 7,440,546	\$ 9,337,186	\$ 10,852,353	\$ 11,998,444	\$ 13,793,036	\$ 18,439,647	\$ 19,758,322	\$ 22,472,229	\$ 24,810,752

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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
Property Tax Levy	\$ 34,815,289	\$ 35,752,595	\$ 36,435,146	\$ 37,350,461	\$ 38,337,735	\$ 39,349,582	\$ 40,028,428	\$ 40,892,168	\$ 41,635,870	\$ 41,285,270
Tuition	52,289	79,974	219,426	201,745	205,107	149,964	168,569	154,273	137,247	104,410
Interest Earnings						14,390	12,758	24,723	263,396	628,662
Transportation Fees from LEAs						16,517				
Miscellaneous	278,405	356,350	351,099	411,490	721,167	246,580	774,884	1,175,805	1,236,715	1,910,616
State Sources	4,930,968	5,084,650	5,771,071	6,220,558	7,272,916	7,416,823	9,293,439	11,438,591	12,011,024	12,774,736
Federal Sources	376,133	376,085	370,364	376,564	383,797	376,433	480,462	786,979	563,066	655,391
Total Revenue	40,453,084	41,649,654	43,147,106	44,560,818	46,920,722	47,570,289	50,758,540	54,472,539	55,847,318	57,359,085
Expenditures										
Instruction										
Regular Instruction	11,111,898	11,135,574	11,470,601	11,945,521	12,390,972	12,678,213	13,229,878	13,992,763	13,662,106	14,559,962
Special Education Instruction	2,574,809	2,528,909	2,608,106	2,557,351	2,711,445	2,620,935	2,387,530	2,494,981	2,586,534	2,747,067
School Sponsored Activities and Athletics	1,340,691	1,363,207	1,484,989	1,504,722	1,592,645	1,553,608	1,377,370	1,618,649	1,703,088	1,704,804
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	3,082,057	3,075,536
Student & Instruction Related Services	3,002,260	3,015,578	3,044,095	3,128,512	3,051,040	3,230,736	3,651,776	4,244,673	4,247,015	4,494,547
General Administrative Services	671,493	605,176	546,201	648,836	700,578	687,550	745,269	765,303	842,194	787,260
School Administrative Services	1,633,517	1,600,486	1,704,659	1,671,874	1,701,544	1,745,416	1,765,989	1,770,110	1,795,452	1,877,257
Central and Other Support Services	445,456	442,350	404,043	443,770	455,471	446,886	448,481	509,391	542,216	534,196
Administrative Information Technology	122,000	125,050	123,385	118,450	177,023	131,181	49,321			
Plant Operations and Maintenance	3,126,978	3,264,591	3,234,854	3,429,615	3,546,859	3,864,382	3,522,515	3,969,730	4,439,595	4,496,518
Pupil Transportation	2,128,409	1,797,862	1,970,178	2,032,610	2,526,767	1,898,861	2,059,716	2,972,814	3,221,146	4,220,604
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	14,745,279	15,620,574
Transfer of Funds to Charter School	35,284									
Capital Outlay	3,286,537	1,043,350	684,834	1,043,670	979,438	1,792,285	154,777	1,662,639	286,876	389,494
Debt Service:										
Principal	1,710,000	1,720,000	1,790,000	1,725,000	1,725,000	1,740,000	1,755,000	1,810,000	1,850,000	375,000
Interest and Other Charges	715,105	649,280	515,510	514,069	451,550	376,900	295,313	223,975	150,513	100,363
Total Expenditures	42,090,601	40,399,007	41,250,466	43,353,278	45,774,631	47,086,862	46,111,929	53,153,864	53,154,071	54,983,182
Excess/(Deficit) of Revenues										
Over/(Under) Expenditures	(1,637,517)	1,250,647	1,896,640	1,207,540	1,146,091	483,427	4,646,611	1,318,675	2,693,247	2,375,903

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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
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										
Financed Purchases (Non-budgeted)	\$ 780,000			\$ 307,627					\$ (26,790)	\$ (37,380)
Total Other Financing Sources/(Uses)	780,000			307,627					47,450	(37,380)
Net Change in Fund Balances	\$ (857,517)	\$ 1,250,647	\$ 1,896,640	\$ 1,515,167	\$ 1,146,091	\$ 483,427	\$ 4,646,611	\$ 1,318,675	\$ 2,713,907	\$ 2,338,523
Debt Service as a Percentage of										
Nonecapital Expenditures	6.25%	6.01%	5.67%	5.28%	4.86%	4.67%	4.46%	3.95%	3.78%	0.87%

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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund:										
Tuition	\$ 1,755	\$ 79,974	\$ 219,426	\$ 201,745	\$ 205,107	\$ 149,964	\$ 168,569	\$ 154,273	\$ 137,247	\$ 104,410
Rentals/Facility Use	75,155	54,755	77,615	93,721	99,071	22,776	2,000	49,707	39,293	87,520
Interest	13,506	11,594	17,319	20,174	24,369	25,389	27,116	35,472	384,887	909,598
Athletic Game Receipts	24,035	15,638	14,571	18,856	25,029	29,833	4,302	18,039	22,807	24,128
Prior Year Refunds and Reimbursements	7,990	44,128	9,524		155,158	1,610	3,013		26,732	
Transportation Fees from LEAs						16,517				
E-Rate Reimbursement	21,390	10,499			16,123			44,907		
Workers Compensation Refund		47,585								
Student Activity Fees	105,000	100,635	114,150	95,833	125,428	100,275	105,460	122,337	106,480	167,205
Insurance Claims							212,342	10,000		
Miscellaneous	62,027	50,373	112,488	176,033	231,858	67,442	77,019	190,840	230,327	223,980
Total Miscellaneous	\$ 310,858	\$ 415,181	\$ 565,093	\$ 606,362	\$ 882,143	\$ 413,806	\$ 599,821	\$ 625,575	\$ 947,773	\$ 1,516,841

Source: School District Financial Reports

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

ESSEX FELLS BOROUGH

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2014	\$ 6,463,200	\$ 728,166,000	\$ -0-	\$ -0-	\$ 19,793,000	\$ -0-	\$ -0-	\$ 754,422,200	\$ 221,600	\$ 754,643,800	\$ 0.45	\$ 732,622,134
2015	7,175,100	725,853,900	-0-	-0-	19,793,000	-0-	-0-	752,822,000	221,600	753,043,600	0.46	753,878,979
2016	6,455,100	725,508,700	-0-	-0-	19,793,000	-0-	-0-	751,756,800	202,000	751,958,800	0.43	764,401,837
2017	6,636,500	800,905,200	-0-	-0-	19,496,000	-0-	-0-	827,037,700	203,486	827,241,186	0.42	768,555,249
2018	6,351,800	796,248,600	-0-	-0-	19,073,100	-0-	-0-	821,673,500	248,500	821,922,000	0.43	810,710,510
2019	6,945,800	791,430,900	-0-	-0-	19,073,100	-0-	-0-	817,449,800	265,500	817,715,300	0.40	796,292,180
2020	7,686,600	781,404,700	-0-	-0-	18,869,800	-0-	-0-	807,961,100	266,538	808,227,638	0.41	813,484,648
2021	8,392,800	726,443,600	-0-	-0-	17,193,350	-0-	-0-	752,029,750	255,555	752,285,305	0.42	796,856,246
2022	7,809,800	728,009,600	-0-	-0-	17,193,400	-0-	-0-	753,012,800	251,451	753,264,251	0.41	809,798,124
2023	5,961,300	733,491,300	-0-	-0-	14,330,400	-0-	-0-	753,783,000	251,300	754,034,300	0.38	815,535,511

FAIRFIELD TOWNSHIP

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
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
2022	44,784,000	1,371,849,600	-0-	14,300	704,605,500	1,026,436,200	41,631,100	3,189,320,700	7,796,800	3,197,117,500	0.59	3,548,449,259
2023	36,951,000	1,376,417,200	-0-	14,300	694,621,100	1,024,683,000	62,331,100	3,195,017,700	7,609,400	3,202,627,100	0.60	3,833,696,407

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

NORTH CALDWELL BOROUGH

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2014	\$ 24,013,300	\$ 1,511,273,300	\$ 228,500	\$ 5,700	\$ 23,217,700	\$ 2,697,500	\$ -0-	\$ 1,561,436,000	\$ 528,800	\$ 1,561,964,800	\$ 0.50	\$ 1,627,465,417
2015	19,041,700	1,535,025,600	-0-	-0-	24,426,700	2,697,500	-0-	1,581,191,500	517,500	1,581,709,000	0.51	1,676,062,829
2016	20,618,600	1,542,944,100	-0-	-0-	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	-0-	-0-	24,931,500	2,500,000	-0-	1,599,716,100	468,700	1,600,184,800	0.53	1,762,595,194
2018	26,662,700	1,557,840,400	-0-	-0-	24,439,500	2,500,000	-0-	1,611,442,600	461,900	1,611,904,500	0.57	1,817,249,973
2019	23,117,500	1,568,618,800	-0-	-0-	24,439,500	2,500,000	-0-	1,618,675,800	468,300	1,619,144,100	0.56	1,813,766,467
2020	15,186,600	1,596,906,200	-0-	-0-	24,439,500	2,500,000	-0-	1,639,032,300	477,300	1,639,509,600	0.57	1,844,195,238
2021	9,808,300	1,622,310,500	-0-	-0-	24,439,500	2,500,000	-0-	1,659,058,300	497,100	1,659,555,400	0.56	1,851,122,801
2022	6,703,000	1,861,143,800	-0-	-0-	21,996,100	2,825,000	-0-	1,892,667,900	554,300	1,893,222,200	0.53	1,941,409,157
2023	7,567,000	1,873,259,300	-0-	-0-	20,646,100	2,825,000	-0-	1,904,297,400	502,500	1,904,799,900	0.54	2,174,874,278

ROSELAND BOROUGH

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2014	\$ 14,517,100	\$ 951,345,752	\$ -0-	\$ 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	-0-	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	-0-	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	-0-	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	-0-	-0-	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	-0-	-0-	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	-0-	-0-	527,316,800	88,269,400	76,017,700	1,659,730,400	1,636,315	1,661,366,715	0.58	1,778,382,868
2021	12,517,000	963,300,300	-0-	-0-	507,983,500	86,106,800	76,017,700	1,645,925,300	1,630,000	1,647,555,300	0.57	1,788,569,057
2022	11,709,900	968,195,600	-0-	-0-	506,483,500	86,859,100	76,017,700	1,649,265,800	1,552,759	1,650,818,559	0.57	1,859,391,582
2023	11,234,900	972,721,900	-0-	-0-	505,733,500	86,859,100	76,017,700	1,652,567,100	1,573,600	1,654,140,700	0.56	1,877,546,392

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation.
Reassessment occurs when ordered by the County Board of Taxation.

*A Revaluation of Real Property was effective in this year.
a - Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.
b - Tax rates are per \$100 of assessed value.

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 FELS BOROUGH

Year Ended December 31,	School District of West Essex Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	General			Borough of Essex Fells	Local School District	Essex County	
	Obligation						
	Basic Rate ^a	Debt Service ^b	Total Direct				
2014	\$ 0.415	\$ 0.031	\$ 0.446	\$ 0.465	\$ 0.561	\$ 0.505	\$ 1.977
2015	0.429	0.030	0.459	0.480	0.564	0.520	2.023
2016	0.404	0.026	0.430	0.490	0.579	0.530	2.029
2017	0.398	0.024	0.422	0.460	0.545	0.480	1.907
2018	0.409	0.023	0.432	0.469	0.575	0.496	1.972
2019	0.376	0.020	0.396	0.485	0.606	0.473	1.960
2020	0.387	0.019	0.406	0.499	0.644	0.489	2.038
2021	0.396	0.021	0.417	0.547	0.716	0.508	2.188
2022	0.386	0.020	0.406	0.557	0.731	0.494	2.188
2023	0.379	0.004	0.383	0.571	0.751	0.463	2.168

FAIRFIELD TOWNSHIP

Year Ended December 31,	School District of West Essex Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	General Obligation			Township of Fairfield	Local School District	Essex County	
	Basic Rate ^a	Debt Service ^b	Total Direct				
2014	\$ 0.500	\$ 0.037	\$ 0.538	\$ 0.526	\$ 0.395	\$ 0.496	\$ 1.955
2015	0.518	0.037	0.554	0.500	0.406	0.520	1.980
2016	0.579	0.037	0.616	0.570	0.419	0.590	2.195
2017	0.575	0.035	0.609	0.560	0.437	0.580	2.186
2018	0.587	0.033	0.620	0.561	0.444	0.560	2.185
2019	0.639	0.034	0.673	0.557	0.449	0.590	2.269
2020	0.535	0.027	0.562	0.496	0.374	0.501	1.933
2021	0.571	0.030	0.601	0.495	0.381	0.550	2.027
2022	0.564	0.028	0.592	0.520	0.387	0.504	2.003
2023	0.594	0.007	0.601	0.539	0.403	0.510	2.053

WEST ESSEX REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED

(Rate per \$100 of Assessed Value)

NORTH CALDWELL BOROUGH

Year Ended December 31,	School District of West Essex Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	General Obligation			Borough of North Caldwell	Local School District	Essex County	
	Basic Rate ^a	Debt Service ^b	Total Direct				
2014	\$ 0.466	\$ 0.035	\$ 0.500	\$ 0.384	\$ 0.779	\$ 0.545	\$ 2.208
2015	0.474	0.034	0.507	0.384	0.785	0.553	2.229
2016	0.478	0.031	0.508	0.380	0.789	0.570	2.247
2017	0.497	0.030	0.527	0.390	0.810	0.570	2.297
2018	0.540	0.031	0.571	0.391	0.827	0.569	2.358
2019	0.533	0.029	0.562	0.398	0.838	0.545	2.343
2020	0.540	0.027	0.567	0.413	0.847	0.548	2.375
2021	0.535	0.028	0.563	0.442	0.851	0.537	2.393
2022	0.506	0.026	0.532	0.409	0.765	0.473	2.179
2023	0.536	0.006	0.542	0.409	0.775	0.490	2.216

ROSELAND BOROUGH

Year Ended December 31,	School District of West Essex Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	General Obligation			Borough of Roseland	Local School District	Essex County	
	Basic Rate ^a	Debt Service ^b	Total Direct				
2014	\$ 0.527	\$ 0.039	\$ 0.566	\$ 0.607	\$ 0.445	\$ 0.543	\$ 2.161
2015	0.540	0.038	0.578	0.564	0.461	0.563	2.166
2016	0.507	0.032	0.539	0.620	0.496	0.560	2.215
2017	0.542	0.033	0.574	0.640	0.480	0.560	2.254
2018	0.541	0.031	0.572	0.647	0.520	0.514	2.253
2019	0.538	0.029	0.567	0.650	0.531	0.526	2.274
2020	0.542	0.033	0.575	0.655	0.550	0.515	2.295
2021	0.538	0.028	0.566	0.661	0.568	0.508	2.303
2022	0.541	0.027	0.568	0.671	0.577	0.519	2.335
2023	0.551	0.006	0.557	0.680	0.591	0.487	2.315

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

Taxpayer	2023		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value

INFORMATION IS NOT AVAILABLE

Taxpayer	2014		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Essex Fells Country Club	\$ 16,075,800	1	2.13%
Individual Taxpayer #1	4,511,100	2	0.60%
Individual Taxpayer #2	3,569,200	3	0.47%
Individual Taxpayer #3	3,441,900	4	0.46%
Individual Taxpayer #4	3,272,200	5	0.43%
Individual Taxpayer #5	3,234,800	6	0.43%
Individual Taxpayer #6	3,198,500	7	0.42%
Individual Taxpayer #7	2,927,500	8	0.39%
Individual Taxpayer #8	2,916,200	9	0.39%
Individual Taxpayer #9	2,909,800	10	0.39%
	<u>\$ 46,057,000</u>		<u>6.10%</u>

Source: Municipal Tax Assessor

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

FAIRFIELD TOWNSHIP

Taxpayer	2023		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Colfin 2019-4 Industrial Owner LLC	\$ 84,041,200	1	2.62%
Breit Industrial Fair Prop LLC	51,381,700	2	1.60%
KSIP I Fairfield LLC	43,544,700	3	1.36%
LMAN LNT LLC	34,417,500	4	1.07%
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%
Skyline Properties LLC	21,554,600	8	0.67%
Fairfield Route 46 LLC	21,468,700	9	0.67%
Kyocerta Mita America, Inc.	20,578,700	10	0.64%
	<u>\$ 351,313,100</u>		<u>10.97%</u>
Taxpayer	2014		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
AMB Partners II L.P.	\$ 31,019,700	1	1.18%
GRE Greenbrook Property LLC	30,895,800	2	1.17%
300 Fairfield Road, LLC	28,175,200	3	1.07%
LMR USA LLC	25,648,300	4	0.98%
True North Fairfield	20,400,000	5	0.78%
Hollywood Associates, LP	20,040,900	6	0.76%
Kyocera	20,023,600	7	0.76%
JHD Associates	19,177,500	8	0.73%
Marshall Field (Target)	18,900,000	9	0.72%
Skyline Properties, LLC	18,052,500	10	0.69%
	<u>\$ 232,333,500</u>		<u>8.84%</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	2023		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Greenbrook Country Club	\$ 8,501,600	1	0.45%
Individual Taxpayer #1	3,041,200	2	0.16%
Individual Taxpayer #2	2,868,500	3	0.15%
Heller Property Partners, LP	2,695,000	4	0.14%
LA Serra Farms LLC	2,620,000	5	0.14%
Individual Taxpayer #3	2,571,400	6	0.13%
Individual Taxpayer #4	2,474,800	7	0.13%
Individual Taxpayer #5	2,422,200	8	0.13%
Individual Taxpayer #6	2,367,300	9	0.12%
Individual Taxpayer #7	2,366,300	10	0.12%
	<u>\$ 31,928,300</u>		<u>1.68%</u>

Taxpayer	2014		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Greenbrook Country Club	\$ 12,000,000	1	0.77%
K. Hovnanian at Hilltop	8,503,100	2	0.54%
Hidden Ridge at North Caldwell	4,025,000	3	0.26%
Individual Taxpayer #1	3,425,800	4	0.22%
Individual Taxpayer #2	2,824,800	5	0.18%
Individual Taxpayer #3	2,573,600	6	0.16%
Individual Taxpayer #4	2,563,000	7	0.16%
Individual Taxpayer #5	2,500,000	8	0.16%
Individual Taxpayer #6	2,470,000	9	0.16%
	<u>\$ 40,885,300</u>		<u>2.62%</u>

Note: Individual taxpayers in 2023 and 2014 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

Taxpayer	2023		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Prudential Financial, Inc. – 80 Livingston Ave	\$ 67,100,400	1	4.06%
ADP Incorporated - 1 ADP Boulevard	61,626,400	2	3.73%
Prudential Financial, Inc. – 55 Livingston Ave	48,850,000	3	2.95%
Roseland Owner LLC - 8 Eisenhower Pkwy	47,000,000	4	2.84%
56 Livingston Owner - 56 Livingston Ave	42,000,000	5	2.54%
Eisenhower 105 FO, LLC - 101 Eisenhower Pkwy	29,429,700	6	1.78%
Avalon Roseland LLC - 55 Locust Ave	29,017,700	7	1.75%
Eisenhower 105 FO, LLC - 105 Eisenhower Pkwy	28,369,400	8	1.72%
Becker Equities - 4 Becker Farm Road	24,300,000	9	1.47%
Eisenhower 103 FO, LLC - 103 Eisenhower Pkwy	19,107,500	10	1.16%
	<u>\$ 396,801,100</u>		<u>23.99%</u>

Taxpayer	2014		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Prudential Financial, Inc. – 80 Livingston Ave	\$ 67,100,400	1	4.00%
ADP Incorporated	61,626,400	2	3.68%
56 Livingston Owner	57,127,200	3	3.41%
Segal Development	53,906,200	4	3.22%
Purdential Financial, Inc. - 55 Livingston	48,850,000	5	2.91%
Mack-Cali Realty Corp - 4 Beckham	38,406,100	6	2.29%
Mack-Cali Realty Corp - 101 Eisenhower	31,189,200	7	1.86%
Mack-Cali Realty Corp - 105 Eisenhower	28,952,000	8	1.73%
Mack-Cali Realty Corp - 103 Eisenhower	20,535,800	9	1.23%
Mack-Cali Realty Corp - 85 Livingston	15,811,100	10	0.94%
Total	<u>\$ 423,504,400</u>		<u>25.27%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
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
2023	41,635,870	40,594,400	97.50%	1,041,470
2024	41,285,270	40,322,469	97.67%	962,801

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

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

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Business-Type Activities</u> <u>Financed Purchases</u>	Total District	Percentage of Personal Income ^a	Per Capita ^a
	<u>General Obligation Bonds</u>	<u>Financed Purchases</u>				
2015	\$ 17,007,000	\$ 780,000	\$ -0-	\$ 17,787,000	1.35%	\$ 805
2016	15,287,000	584,079	-0-	15,871,079	1.18%	718
2017	13,460,000	391,845	-0-	13,851,845	0.90%	627
2018	11,735,000	463,379	-0-	12,198,379	0.87%	552
2019	10,010,000	162,412	-0-	10,172,412	0.70%	460
2020	8,270,000	335,992	-0-	8,605,992	0.56%	391
2021	6,515,000	140,994	-0-	6,655,994	0.39%	292
2022	4,705,000	-0-	-0-	4,705,000	0.27%	208
2023	2,855,000	34,619	-0-	2,889,619	0.17%	127
2024	2,480,000	23,691	-0-	2,503,691	0.14%	172

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

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

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property ^a	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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	0.11%	374
2021	6,515,000	-0-	6,515,000	0.09%	296
2022	4,705,000	-0-	4,705,000	0.12%	206
2023	2,855,000	-0-	2,855,000	0.07%	126
2024	2,480,000	-0-	2,480,000	0.06%	109

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, 2023
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes:			
Borough of Essex Fells	\$ 4,693,233	100.000%	\$ 4,693,233
Township of Fairfield	21,395,732	100.000%	21,395,732
Borough of North Caldwell	15,121,728	100.000%	15,121,728
Borough of Roseland	22,365,381	100.000%	22,365,381
Essex County General Obligation Debt:			
Borough of Essex Fells	671,990,781	0.754%	5,070,029
Township of Fairfield	671,990,781	3.547%	23,833,362
Borough of North Caldwell	671,990,781	2.012%	13,520,780
Borough of Roseland	671,990,781	1.737%	11,672,349
Subtotal, Overlapping Debt			117,672,593
West Essex Regional School District Direct Debt			2,480,000
Total Direct and Overlapping Debt			<u>\$ 120,152,593</u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2024

	Borough of Essex Fells	Township of Fairfield	Borough of North Caldwell	Borough of Roseland	Total
Equalized valuation basis					
2023	\$ 806,530,708	\$4,073,199,516	\$2,330,556,113	\$1,945,111,935	\$ 9,155,398,272
2022	814,155,909	3,791,394,080	2,159,840,123	1,864,419,851	8,629,809,963
2021	808,199,624	3,520,915,648	1,915,329,370	1,846,449,742	8,090,894,384
					<u>\$25,876,102,619</u>
Average Equalized Valuation of Taxable Property					<u>\$ 8,625,367,540</u>
Debt Limit (4% of average equalization value)					\$ 345,014,702
Net Bonded School Debt					<u>2,480,000</u>
Legal Debt Margin					<u>\$ 342,534,702</u>

	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt Limit	\$ 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	\$ 345,014,702
Total Net Debt Applicable to Limit	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	2,480,000
Legal Debt Margin	<u>\$ 225,893,592</u>	<u>\$ 256,217,294</u>	<u>\$ 263,099,714</u>	<u>\$ 271,919,478</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>	<u>\$ 342,534,702</u>
Total Net Debt Applicable to the Limit										
As a Percentage of Debt Limit	7.65%	6.22%	5.49%	4.72%	4.04%	3.38%	2.72%	2.10%	1.48%	0.72%

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

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

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

Year	Population ^a	Borough of <u>Essex Fells</u> Income Personal Income ^b	Essex County Per Capita Personal Income ^c	Unemployment Rate ^d
2015	2,142	\$ 127,224,090	\$ 59,395	3.80%
2016	2,110	128,150,850	60,735	2.90%
2017	2,103	131,771,877	62,659	3.10%
2018	2,095	133,076,495	63,521	2.60%
2019	2,097	138,248,919	65,927	2.30%
2020	2,071	145,999,287	70,497	6.40%
2021	2,182	162,144,420	74,310	3.60%
2022	2,168	164,624,912	75,934	2.50%
2023	2,138	162,346,892 ***	75,934 *	3.10%
2024	2,138 **	162,346,892 ***	75,934 *	N/A

Year	Population ^a	Township of <u>Fairfield</u> Income Personal Income ^b	Essex County Per Capita Personal Income ^c	Unemployment Rate ^d
2015	7,495	\$ 445,165,525	\$ 59,395	5.70%
2016	7,503	455,694,705	60,735	4.30%
2017	7,502	470,067,818	62,659	4.40%
2018	7,504	476,661,584	63,521	4.20%
2019	7,502	494,584,354	65,927	3.30%
2020	7,459	525,837,123	70,497	11.00%
2021	7,818	580,955,580	74,310	6.20%
2022	7,761	589,323,774	75,934	3.5%
2023	7,941	602,991,894 ***	75,934 *	4.8%
2024	7,941 **	598,703,754 ***	75,394 *	N/A

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

<u>Year</u>	<u>Population ^a</u>	<u>Borough of North Caldwell Income Personal Income ^b</u>	<u>Essex County Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2015	6,621	\$ 393,254,295	\$ 59,395	3.10%
2016	6,632	402,794,520	60,735	2.70%
2017	6,634	415,679,806	62,659	2.70%
2018	6,625	420,826,625	63,521	2.20%
2019	6,649	438,348,623	65,927	2.00%
2020	6,641	468,170,577	70,497	6.00%
2021	6,625	492,303,750	74,310	3.70%
2022	6,581	499,721,654	75,934	2.60%
2023	6,574	499,190,116 ***	75,934 *	3.00%
2024	6,574 **	499,190,116 ***	75,934 *	N/A

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

<u>Year</u>	<u>Population ^a</u>	<u>Borough of Roseland Income Personal Income ^b</u>	<u>Essex County Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2015	5,844	\$ 347,104,380	\$ 59,395	4.10%
2016	5,853	355,481,955	60,735	4.00%
2017	5,855	366,868,445	62,659	3.70%
2018	5,857	372,042,497	63,521	3.10%
2019	5,860	386,332,220	65,927	2.80%
2020	5,822	410,433,534	70,497	8.90%
2021	6,219	462,133,890	74,310	5.00%
2022	6,173	468,740,582	75,934	2.70%
2023	6,168	468,360,912	75,934 *	3.60%
2024	6,168 **	468,360,912 ***	75,934 *	N/A

* - Latest Essex County per capita personal income available (2022) was used for calculation purposes.

** - Latest population data available (2023) was used for calculation purposes.

*** - Latest available population data (2023) and latest available Essex County per capita personal income (2022) was used for calculation purposes.

N/A - Information not available

Sources:

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

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

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

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

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

Employer	2023		
	Employees	Rank	Percentage of Total Employment
Prudential Ins. Co. of America	49,705	1	13.24%
St. Barnabas Health Care System	24,600	2	6.55%
Rutgers University - Newark Campus	23,980	3	6.39%
Verizon	15,000	4	4.00%
PSE&G	12,945	5	3.45%
New Jersey Transit	11,500	6	3.06%
City of Newark	10,001	7	2.66%
Montclair State University	7,900	8	2.10%
Gateway Group One	6,250	9	1.66%
Newark Board of Education	5,877	10	1.57%
	<u>167,758</u>		<u>44.69%</u>
Total Employment	<u>375,401</u>		

Employer	2014		
	Employees	Rank	Percentage of Total Employment
St. Barnabas Health Care System	23,000	1	6.92%
Verizon	17,100	2	5.14%
Prudential Ins. Co. of America	16,850	3	5.07%
Rutgers University-Newark Campus	15,500	4	4.66%
Continental Airlines	11,000	5	3.31%
Newark Board of Education	7,050	6	2.12%
Automatic Data Processing	5,649	7	1.70%
New Jersey Transit	4,000	8	1.20%
City of Newark	4,000	9	1.20%
Essex County	3,500	10	1.05%
Total	<u>107,649</u>		<u>32.37%</u>
Total Employment	<u>346,237</u>		

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>	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Instruction	147	146	147	155	159	157	155	157	162	162
Support Services:										
Student & Instruction related services	26	36	36	40	45	52	57	56	57	57
General Administrative	2	2	2	2	2	2	2	2	2	2
School Administrative Services	9	9	9	9	13	15	15	15	15	15
Central and Other Support Services	8	8	8	8	8	7	6	7	7	7
Plant Operations and Maintenance	28	27	28	28	30	29	28	28	28	28
Total	220	228	230	242	257	262	263	265	271	271

Source: School District Personnel Records

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

Fiscal Year End June 30,	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Junior High School	Senior High School				
2015	1,651	\$ 36,378,959	\$ 22,034	7.19%	147	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%
2023	1,638	50,866,682	31,054	1.28%	162	1:10	1:11	1,635	1,579	2.32%	96.57%
2024	1,672	54,118,325	32,367	4.23%	162	1:12	1:10	1,667	1,592	1.96%	95.50%

Note: Enrollment based on annual October district count.

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

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

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

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

Source: School District records

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

<u>District Building</u>	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
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	578	497	571	555	562	567	564	551	599	622
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	1,059	1,190	1,128	1,107	1,129	1,079	1,080	1,062	1,039	1,050

Number of Schools at June 30, 2024

Middle School = 1

High School = 1

* The first student capacity number reflects the FES (Facility Efficiency Standards) capacity while the the second student capacity number reflects the District Practices as per the 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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<u>School Facilities</u>										
Senior High School	\$ 493,587	\$ 597,034	\$ 561,488	\$ 552,773	\$ 594,946	\$ 616,193	\$ 482,161	\$ 839,499	\$ 666,738	\$ 825,638
Junior High School	371,889	298,423	412,962	421,853	487,988	507,122	635,571	411,954	592,292	356,358
Total	<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>	<u>\$ 1,259,030</u>	<u>\$ 1,181,996</u>

Source: School District's Financial Statements

WEST ESSEX REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2024
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, 2024
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	
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	
Student Accident Insurance	5,000,000	
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	

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, and each major fund 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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 22, 2024.

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.

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.

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

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.

November 22, 2024
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

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

Report on Compliance For Each Major State Program;
Report on Internal Control Over Compliance Required by 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 State Program

Opinion on Each Major State Program

We have audited the West Essex Regional School District's (the "District's") compliance with the types of compliance requirements identified as subject to audit in the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2024. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Extraordinary Special Education Costs Aid Major State Program

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Extraordinary Special Education Costs Aid major state program for the fiscal year ended June 30, 2024.

Unmodified Opinion on Each of the Other Major State Programs

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 state programs for the fiscal year ended June 30, 2024.

Basis for Qualified and Unmodified Opinions on Each Major 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 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
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Matter Giving Rise to Qualified Opinion on Extraordinary Special Education Costs Aid Major State Program

As described in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding eligibility and types of services allowed or unallowed for its Extraordinary Special Education Costs Aid major state program as described in Finding 2024-001.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

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 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.

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

Governmental Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance finding identified in our compliance audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Finding 2024-001 to be a significant deficiency.

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. *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 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.

Governmental Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance finding identified in our compliance audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

November 22, 2024
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCIA LLP

Man C Lee

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

WEST ESSEX REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Assistance Listing Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2023		Cash Received	Budgetary Expendi- tures	Adjust- ments	Balance at June 30, 2024		Amounts Paid to Subre- cipients
					Budgetary Accounts Receivable	Due to Grantor				Budgetary Accounts Receivable	Due to Grantor	
U.S. Department of Education:												
Passed-through State Department of Education:												
Special Revenue Fund:												
Elementary and Secondary Education Act:												
Title I	84.010	ESEA563024	7/1/23-9/30/24	\$ 88,451				\$ (35,334)		\$ (35,334)		
Title I	84.010	ESEA563023	7/1/22-9/30/23	83,985	\$ (17,321)		\$ 17,321					
Total Title I					(17,321)		17,321	(35,334)		(35,334)		
Title IIA	84.367	ESEA563024	7/1/23-9/30/24	24,335				(9,732)		(9,732)		
Title IIA	84.367	ESEA563023	7/1/22-9/30/23	29,430	(2,037)		1,174		\$ 863			
Total Title II					(2,037)		1,174	(9,732)	863	(9,732)		
Special Education Cluster:												
I.D.E.A. Part B, Basic	84.027	IDEA563024	7/1/23-9/30/24	350,060			277,382	(350,060)		(72,678)		
I.D.E.A. Part B, Basic	84.027	IDEA563023	7/1/22-9/30/23	322,447	(37,413)		37,413					
Total Special Education Cluster					(37,413)		314,795	(350,060)		(72,678)		
Education Stabilization Fund:												
COVID 19 - CRRSA:												
ESSER II	84.425D	S425D210027	3/13/20-9/30/23	142,161	(141,041)		142,161	(1,120)				
Learning Acceleration	84.425D	S425D210027	3/13/20-9/30/23	25,000	(6,230)		7,480	(1,250)				
Mental Health	84.425D	S425D210027	3/13/20-9/30/23	45,000								
COVID 19 - ARP:												
ESSER III	84.425U	S425U210027	3/13/20-9/30/24	319,497	(34,165)			(45,049)		(79,214)		
Accelerated Learning	84.425U	S425U210027	3/13/20-9/30/24	126,308	(26,418)			(78,811)		(105,229)		
Summer Learning	84.425U	S425U210027	3/13/20-9/30/24	40,000	(26,000)			(14,000)		(40,000)		
Beyond School Day	84.425U	S425D210027	3/13/20-9/30/24	40,000				(40,000)		(40,000)		
Mental Health	84.425U	S425D210027	3/13/20-9/30/24	45,000				(45,000)		(45,000)		
Total Education Stabilization Fund					(233,854)		149,641	(225,230)		(309,443)		
Total U.S. Department of Education												
					(290,625)		482,931	(620,356)	863	(427,187)		
Total Federal Awards					\$ (290,625)	\$ -0-	\$ 482,931	\$ (620,356)	\$ 863	\$ (427,187)	\$ -0-	\$ -0-

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

WEST ESSEX REGIONAL SCHOOL DISTRICT
SCHEDULE OF OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2023		Cash Received	Budgetary Expendi- tures	Balance at June 30, 2024		MEMO	
				Budgetary Accounts Receivable	GAAP Accounts Receivable			Budgetary Receivable	Cumulative Total Expenditures		
<u>State Department of Education:</u>											
General Fund State Aid:											
Transportation Aid	24-495-034-5120-014	7/1/23-6/30/24	\$ 667,435		\$ 603,114	\$ (667,435)		\$ (64,321)	\$ 667,435		
Special Education Aid	24-495-034-5120-089	7/1/23-6/30/24	1,847,784		1,669,713	(1,847,784)		(178,071)	1,847,784		
Security Aid	24-495-034-5120-084	7/1/23-6/30/24	154,621		139,720	(154,621)		(14,901)	154,621		
Extraordinary Special Education Costs Aid	24-495-034-5120-044	7/1/23-6/30/24	827,472			(827,472)	\$ (827,472)	(827,472)	827,472		
Excess Nonpublic Transportation Costs	24-495-034-5120-014	7/1/23-6/30/24	75,075			(75,075)		(75,075)	75,075		
Reimbursed TPAF Social Security Contributions	24-495-034-5094-003	7/1/23-6/30/24	1,250,044		1,189,790	(1,250,044)		(60,254)	1,250,044		
On-Behalf TPAF Post Retirement Contributions	24-495-034-5094-001	7/1/23-6/30/24	1,708,881		1,708,881	(1,708,881)		(60,254)	1,708,881		
On-Behalf TPAF Pension Contributions	24-495-034-5094-002	7/1/23-6/30/24	6,208,079		6,208,079	(6,208,079)		(60,254)	6,208,079		
On-Behalf TPAF Non-Contributory Insurance	24-495-034-5094-004	7/1/23-6/30/24	70,800		70,800	(70,800)		(60,254)	70,800		
On-Behalf TPAF Long-Term Disability Insurance	24-495-034-5094-004	7/1/23-6/30/24	2,553		2,553	(2,553)		(60,254)	2,553		
Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	479,086	\$ (45,712)	45,712			(12,812,744)	479,086		
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	1,705,533		162,733			(12,812,744)	1,705,533		
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	113,605		(10,840)			(12,812,744)	113,605		
Extraordinary Special Education Costs Aid	23-495-034-5120-044	7/1/22-6/30/23	813,300		(813,300)			(12,812,744)	813,300		
Excess Nonpublic Transportation Costs	23-495-034-5120-014	7/1/22-6/30/23	55,848		(55,848)			(12,812,744)	55,848		
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	7/1/22-6/30/23	1,255,584		(62,494)			(12,812,744)	1,255,584		
Subtotal - General Fund				(1,150,927)	12,743,577			(962,801)	17,235,700		
Total State Department of Education				(1,150,927)	12,743,577			(962,801)	17,235,700		
Total State Awards Subject to Single Audit Determination				\$ (1,150,927)	\$ 12,743,577			\$ (962,801)	\$ 17,235,700		
Less: State Awards Not Subject to Single Audit Major Program Determination											
On-Behalf TPAF Pension System Contributions:											
On-Behalf TPAF Post Retirement Contributions	24-495-034-5094-001	7/1/23-6/30/24	(1,708,881)			\$ 1,708,881					
On-Behalf TPAF Pension Contributions	24-495-034-5094-002	7/1/23-6/30/24	(6,208,079)			6,208,079					
On-Behalf TPAF Non-Contributory Insurance	24-495-034-5094-004	7/1/23-6/30/24	(70,800)			70,800					
On-Behalf TPAF Long-Term Disability Insurance	24-495-034-5094-004	7/1/23-6/30/24	(2,553)			2,553					
Subtotal - On-Behalf TPAF Pension System Contributions						7,990,313					
Total State Awards Subject to Single Audit Major Program Determination						\$ (4,822,431)					

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, 2024

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, 2024. 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, 2024
(Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$38,008) for the general fund and \$35,035 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		\$ 12,774,736	\$ 12,774,736
Special Revenue Fund	\$ 655,391		655,391
Total Awards	<u>\$ 655,391</u>	<u>\$ 12,774,736</u>	<u>\$ 13,430,127</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, 2024.

WEST ESSEX REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP.

Unmodified

Internal control over financial reporting:

1.) Material weakness identified?	_____	Yes	_____ X _____	No
2.) Significant deficiencies identified?	_____	Yes	_____ X _____	None reported
Noncompliance material to basic financial statements noted?	_____	Yes	_____ X _____	No

Federal Awards

The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2024 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.

State Awards

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

Qualified

Internal control over major programs:

1.) Material weakness identified?	_____	Yes	_____ X _____	No
2.) Significant deficiencies identified?	_____ X _____	Yes	_____	None reported
Noncompliance material to basic financial statements noted?	_____	Yes	_____ X _____	No

Any audit findings disclosed that are required to be reported in accordance with New Jersey's OMB Circular 15-08?

_____ X _____	Yes	_____	No
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Identification of major programs:

Program Name or Cluster	State Grant No.	Grant Period		Award Amount	Budgetary Expenditures
		Start	End		
Reimbursed TPAF Social Security Contributions	24-100-034-5094-003	7/1/23	6/30/24	\$ 1,250,044	\$ 1,250,044
Extraordinary Special Education Costs Aid	24-495-034-5120-044	7/1/23	6/30/24	\$ 827,472	\$ 827,472

Dollar threshold used to distinguish between Type A and B programs	_____	\$ 750,000	
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Auditee qualified as low-risk auditee?	_____	Yes	_____ X _____	No
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WEST ESSEX REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

Findings and Questioned Costs for State Awards:

Finding 2024-001: N.J. Department of Education – Extraordinary Special Education Costs Aid – Eligibility, Types of Services Allowed or Unallowed and Significant Deficiency.

<u>Program Title</u>	<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>	<u>Questioned Costs</u>
Extraordinary Special Education Costs Aid	24-495-034-5120-044	7/1/23-6/30/24	\$ 827,472	\$ 827,472	\$ 143,880

Criteria:

The School Funding Reform Act of 2018 (SFRA) and N.J.S.A.18A:7F-55(c) requests a school district to file an application with the N.J. Department of Education for reimbursement of current year's expenses in which the actual cost of providing an education for an individual pupil, excluding transportation costs, exceeds a predetermined threshold within a single fiscal year. Extraordinary Aid is available for partial reimbursement of allowable/eligible costs incurred for individual classified pupils whose Individualized Education Plan (IEP) requires the provision of at least one intensive service. As per state regulations, (1) the student's IEP must indicate the intensive service(s) which will be provided to the student in order to claim those costs in the Extraordinary Aid application; and (2) the District must maintain work papers and supporting cost documentation.

Condition and Context:

During our review of the District's Extraordinary Aid (ExAid) application, we noted that the IEP for 4 out of 5 students selected for testing did not include the intensive service(s) claimed on the Extraordinary Aid application nor did the student receive any intensive service(s).

Effect:

The qualified and additional costs reported for 4 students who did not receive any intensive services were overstated by \$143,880.

Cause:

The Extraordinary Aid application prepared by one of the Department of Special Services' personnel was not reviewed by another individual for accuracy before submission.

Recommendation:

It is recommended that greater care is taken to ensure that only eligible students are reported on the Extraordinary Aid application.

Management's Response:

District personnel will exercise greater care to ensure that only eligible students are reported on the Extraordinary Aid application.

WEST ESSEX REGIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Status of Prior Year Findings:

The District had no prior year audit findings.