

**WEST ESSEX REGIONAL  
SCHOOL DISTRICT**

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

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2015**

**Comprehensive Annual  
Financial Report**

**of the**

**West Essex Regional  
School District**

**West Essex, New Jersey**

**For the Fiscal Year Ended June 30, 2015**

**Prepared by**

**West Essex Regional  
School District**

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INTRODUCTORY SECTION  
(UNAUDITED)

# WEST ESSEX REGIONAL SCHOOL DISTRICT

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## Board of Education

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

November 20, 2015

The Honorable President and Members of  
 the Board of Education  
 West Essex Regional School District  
 West Greenbrook Road  
 North Caldwell, New Jersey 07006

Dear Board Members:

The comprehensive annual financial report of the West Essex Regional School District (the "District") for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the New Jersey's OMB Circulars 04-04 and 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. The District completed the 2014-2015 fiscal year with an enrollment of 1,651, students, which is 1 student above the previous year's enrollment.

The Honorable President and Members of  
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West Essex Regional School District  
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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.

In 2014-15 we began the capital improvements for the replacement of the field turf and track, roof repair and replacement program, and completion of window replacement project at the middle school.

We have rewritten all the curricula to align with the common core standards and continue to update our network and prepare for PARCC testing changes and updates. We initiated a 1:1 program for staff and students in alignment with our mission to maintain "state of the art" technology.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management. As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

The Honorable President and Members of  
the Board of Education  
West Essex Regional School District  
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November 20, 2015

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, 2015.

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.

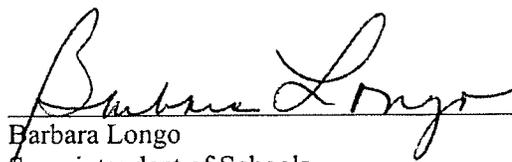
7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under 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.

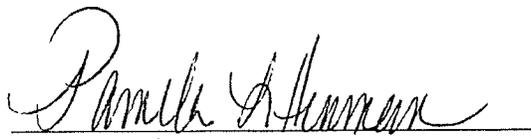
8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board is a member of the School Alliance 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 the Single Audit Act Amendments of 1996 and the related OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey's OMB Circulars 04-04 and 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 are 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,

  
Barbara Longo  
Superintendent of Schools

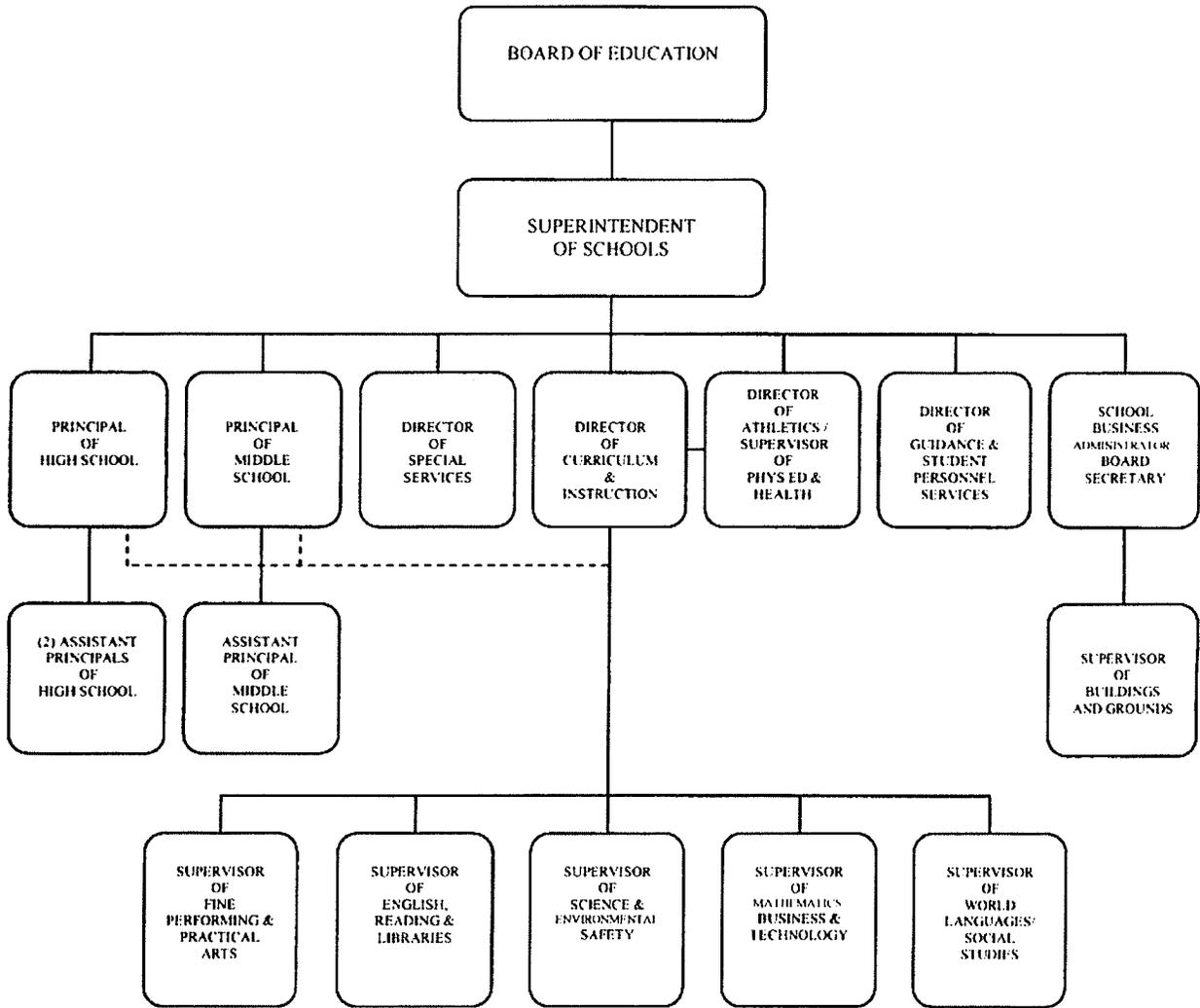
  
Pamela L. Hinman  
Business Administrator/Board Secretary

# POLICY

## WEST ESSEX REGIONAL SCHOOL DISTRICT

ADMINISTRATION  
1110/Page 1 of 1  
Organizational Chart  
M

### 1110 ORGANIZATIONAL CHART



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



**WEST ESSEX REGIONAL SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2015**

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Maryadele Wojtowicz, President		2015
Anthony Rubinich, Vice President		2017
Kristin Bachmann		2015
Judith Amorim Dias		2016
Argiro Doolen		2016
Cynthia Egan		2017
Anne Fahey		2015
Deborah Sacco-Calderone		2016
Dawn Smith		2017
<u>Other Officers</u>	<u>Title</u>	
Barbara Longo	Superintendent of Schools	
Pamela L. Hinman	Business Administrator/Board Secretary	
Kerry Keane	Treasurer of School Monies	

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

**Audit Firm**

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

And

Lawrence Business Park  
11 Lawrence Road  
Newton, NJ 07860

**Attorney**

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

**Architect of Record**

DiCara, Rubino Architects  
30 Galesi Drive  
Wayne, NJ 07470

**Official Depositories**

Lakeland Bank  
250 Oak Ridge Road  
Oak Ridge, NJ 07438

FINANCIAL SECTION



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

## Independent Auditors' Report

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the West Essex Regional School District (the "District") in the County of Essex, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

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

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

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

The Honorable President and Members  
of the Board of Education  
West Essex Regional School District  
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### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the West Essex Regional School District, in the County of Essex, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 19 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the fiscal year ended June 30, 2015. Our opinions are not modified with respect to this matter. The implementation resulted in the restatement of certain balances on the Statement of Net Position and the ending balance for Net Position for the Governmental Activities as of June 30, 2014 as detailed in Note 19 to the basic financial statements.

### ***Other Matters***

The financial statements of the District as of June 30, 2014 were audited by other auditors whose report dated October 22, 2014 expressed an unmodified opinion on those statements.

### ***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 required supplementary information pension schedules and the budgetary comparison information in Exhibits C-1 through C-3 and I-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey’s OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2015 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

November 20, 2015  
Mount Arlington, New Jersey

NISIVOCCIA LLP



William F. Schroeder  
Licensed Public School Accountant #2112  
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
(Unaudited)**

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, 2015. 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.

**Financial Highlights**

- The District's financial status improved on a district-wide basis.
- Overall revenue was \$44.16 million.
- Overall expenses were \$41.59 million.

**Overview of the Financial Statements**

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

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

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

**Figure A-1**

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

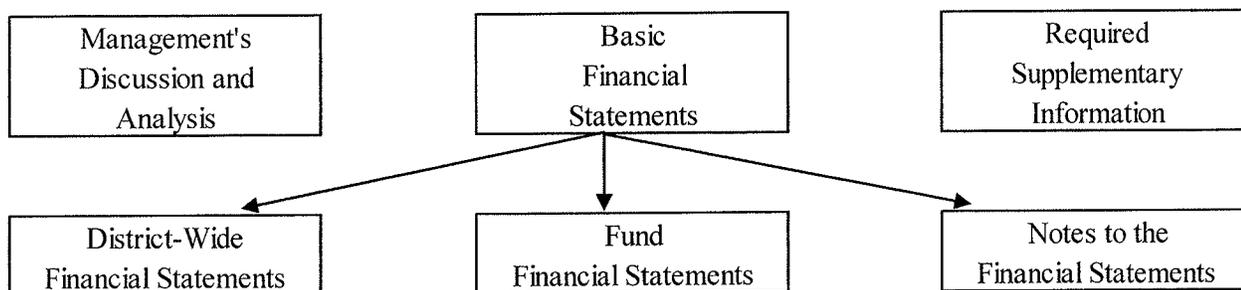


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

**Figure A-2**

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

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

### *District-wide Statements*

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

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

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

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

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

### *Fund Financial Statements*

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

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

The District has three kinds of funds:

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

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

### Financial Analysis of the District as a Whole

*Net Position.* The District's combined net position increased by \$2,570,686. Net position from governmental activities increased by \$2,575,890 and net position from business-type activities decreased by \$5,204. Net investment in capital assets increased by \$3,385,399, restricted net position decreased by \$616,797, and unrestricted net position decreased by \$197,916.

Figure A-3

#### Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Percentage
	2014/15	2013/14*	2014/15	2013/14	2014/15	2013/14*	Change 2014/15
Current and							
Other Assets	\$ 6,370,954	\$ 7,607,905	\$ 69,920	\$ 162,058	\$ 6,440,874	\$ 7,769,963	-17.11%
Capital Assets, Net	48,336,506	45,926,038	57,527	12,596	48,394,033	45,938,634	5.34%
Total Assets	<u>54,707,460</u>	<u>53,533,943</u>	<u>127,447</u>	<u>174,654</u>	<u>54,834,907</u>	<u>53,708,597</u>	2.10%
Deferred Outflows of Resources	<u>743,081</u>	<u>555,936</u>			<u>743,081</u>	<u>555,936</u>	33.66%
Long-Term Debt Outstanding	26,180,901	27,533,830			26,180,901	27,533,830	-4.91%
Other Liabilities	<u>1,142,704</u>	<u>1,635,502</u>	<u>19,957</u>	<u>61,960</u>	<u>1,162,661</u>	<u>1,697,462</u>	-31.51%
Total Liabilities	<u>27,323,605</u>	<u>29,169,332</u>	<u>19,957</u>	<u>61,960</u>	<u>27,343,562</u>	<u>29,231,292</u>	-6.90%
Deferred Inflows of Resources	<u>630,499</u>				<u>630,499</u>		100.00%
Net Position:							
Net Investment in							
Capital Assets	30,549,506	27,209,038	57,527	12,596	30,607,033	27,221,634	12.44%
Restricted	4,195,942	4,812,739			4,195,942	4,812,739	-12.82%
Unrestricted/(Deficit)	<u>(7,249,011)</u>	<u>(7,101,230)</u>	<u>49,963</u>	<u>100,098</u>	<u>(7,199,048)</u>	<u>(7,001,132)</u>	-2.83%
Total Net Position	<u>\$27,496,437</u>	<u>\$24,920,547</u>	<u>\$ 107,490</u>	<u>\$ 112,694</u>	<u>\$27,603,927</u>	<u>\$25,033,241</u>	10.27%

\* Restated

*Changes in Net Position.* The District's combined net position was \$27,603,927 on June 30, 2015, an increase of \$2,570,686 or 10.27% more than the year before. (See Figure A-3). Net Investment in Capital Assets increased due to the current year maturity of serial bonds payable of \$1,710,000 as well as current year capital assets additions of \$4,179,965 (\$4,132,518 from Governmental activities and \$47,447 from Business-type activities); offset by current year depreciation expense of \$1,724,566 (\$1,722,050 from Governmental activities and \$2,516 from Business-type activities) and the issuance of new capital leases of \$780,000. Restricted net position decreased by \$616,797 due to the net decrease in Capital Reserve of \$496,017 as well as a decrease in the Capital Projects Fund of \$704,093 offset by an increase in the Debt Service Fund of \$583,313. The decrease in unrestricted net position was due primarily to a decrease in General Fund fund balance designated for subsequent year's expenditures of \$56,192; a reduction in year-end encumbrances of \$710,384; a decrease in deferred interest on bond refunding of \$61,771; an increase in changes in proportion in pensions of \$161,201; an increase in investment gains in pensions of \$469,298 offset by decreases in unamortized bond premium of \$100,726, accrued interest payable of \$12,638, change in net pension liability of \$406,304, a net decrease in compensated absences of \$16,625 and increases in changes in pension assumptions of \$248,916 and unassigned fund balance of \$525,856.

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	Percentage Change
	2014/15	2014/15	2013/14	2013/14	2014/15	2013/14	2014/15
<b>Revenue:</b>							
<b>Program Revenue:</b>							
Charges for Services	\$ 52,289	\$760,774	\$ 102,010	\$727,484	\$ 813,063	\$ 829,494	-1.98%
Operating Grants and Contributions	8,139,878		4,329,234		8,139,878	4,329,234	88.02%
Capital Grants and Contributions	72,520				72,520		100.00%
<b>General Revenue:</b>							
Property Taxes	34,815,289		33,915,158		34,815,289	33,915,158	2.65%
Unrestricted State and Federal Aid	56,617				56,617		100.00%
Other	258,569		345,949		258,569	345,949	-25.26%
<b>Total Revenue</b>	<u>43,395,162</u>	<u>760,774</u>	<u>38,692,351</u>	<u>727,484</u>	<u>44,155,936</u>	<u>39,419,835</u>	12.01%
<b>Expenses:</b>							
Instruction	21,368,522		22,035,808		21,368,522	22,035,808	-3.03%
Pupil and Instruction Services	6,841,901		3,954,056		6,841,901	3,954,056	73.04%
Administrative and Business	4,158,991		3,599,919		4,158,991	3,599,919	15.53%
Maintenance and Operations	4,022,505		3,979,360		4,022,505	3,979,360	1.08%
Transportation	2,140,161		1,792,279		2,140,161	1,792,279	19.41%
Other	2,287,192	765,978	691,812	794,468	3,053,170	1,486,280	105.42%
<b>Total Expenses</b>	<u>40,819,272</u>	<u>765,978</u>	<u>36,053,234</u>	<u>794,468</u>	<u>41,585,250</u>	<u>36,847,702</u>	12.86%
<b>Increase/(Decrease) in Net Position</b>	<u>\$ 2,575,890</u>	<u>\$ (5,204)</u>	<u>\$ 2,639,117</u>	<u>\$ (66,984)</u>	<u>\$ 2,570,686</u>	<u>\$ 2,572,133</u>	-0.06%

*Revenue Sources.* The District's total revenue for the 2014/15 school year was \$44,155,936. (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$34,815,289 of the total, or 78.85 percent. (See Figure A-5). Another 18.73 percent came from state and federal aid and the remainder from miscellaneous sources and charges for services.

Figure A-5

## Sources of Revenue for Fiscal Year 2015

	Amount	Percentage
<b>Sources of Income:</b>		
Grants and Contributions	\$ 8,212,398	18.60%
Property Taxes	34,815,289	78.85%
Unrestricted Federal and State Aid	56,617	0.13%
Charges for Services	813,063	1.84%
Other	258,569	0.58%
	<u>\$ 44,155,936</u>	<u>100.00%</u>

The total cost of all programs and services was \$41,585,250. The District's expenses are predominantly related to instructing and providing pupil services (67.84 percent). (See Figure A-6). The District's administrative and business activities accounted for 10.00 percent of total costs. The District's maintenance and operations costs accounted for 9.67 percent of total costs.

**Figure A-6****Expenses for Fiscal Year 2015**

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 21,368,522	51.39%
Pupil and Instruction Services	6,841,901	16.45%
Administrative and Business	4,158,991	10.00%
Maintenance and Operations	4,022,505	9.67%
Transportation	2,140,161	5.15%
Other	3,053,170	7.34%
	<u>\$ 41,585,250</u>	<u>100.00%</u>

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Figure A-7 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

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

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation 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-7****Net Cost of Governmental Activities**

	<u>Total Cost of Services 2014/15</u>	<u>Net Cost of Services 2014/15</u>	<u>Total Cost of Services 2013/14</u>	<u>Net Cost of Services 2013/14</u>
Instruction	\$ 21,368,522	\$ 15,290,997	\$ 22,035,808	\$ 18,179,780
Pupil and Instruction Services	6,841,901	6,102,151	3,954,056	3,666,383
Administrative and Business	4,158,991	3,457,076	3,599,919	3,405,193
Maintenance and Operations	4,022,505	3,498,745	3,979,360	3,953,815
Transportation	2,140,161	1,918,424	1,792,279	1,725,007
Other	2,287,192	2,287,192	691,812	691,812
	<u>\$ 40,819,272</u>	<u>\$ 32,554,585</u>	<u>\$ 36,053,234</u>	<u>\$ 31,621,990</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 cost of debt for the school district.

### Business-Type Activities

Net position from the District's business-type activity decreased by \$5,204. (Refer to Figure A-4)

### Financial Analysis of the District's Funds

The District's financial position remained relatively stable on a fund basis 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 Asset and Debt Administration

Figure A-8

#### Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Percentage
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	Change 2014/15
Sites	\$ 288,849	\$ 288,849			\$ 288,849	\$ 288,849	0.00%
Construction in Progress	1,077,330	534,105			1,077,330	534,105	101.71%
Site Improvements	1,880,071	1,053,839			1,880,071	1,053,839	78.40%
Buildings and Building Improvements	43,902,246	43,628,179			43,902,246	43,628,179	0.63%
Machinery and Equipment	1,188,010	421,066	\$ 57,527	\$ 12,596	1,245,537	433,662	187.21%
Total	<u>\$ 48,336,506</u>	<u>\$ 45,926,038</u>	<u>\$ 57,527</u>	<u>\$ 12,596</u>	<u>\$ 48,394,033</u>	<u>\$ 45,938,634</u>	5.34%

### ***Long-term Debt***

At year-end, the District had \$17,007,000 in general obligation bonds outstanding – a decrease of \$1,710,000 from last year – as shown in Figure A-9. (More detailed information about the District’s long-term liabilities is presented in Note 8 to the financial statements.)

**Figure A-9**

#### **Outstanding Long-Term Debt**

	Total School District		Percentage
	2014/15	2013/14*	Change 2014/15
Bonds Payable	\$ 17,007,000	\$ 18,717,000	-9.14%
Net Pension Liability	7,993,253	8,399,557	-4.84%
Capital Leases	780,000		100.00%
Compensated Absences	400,648	417,273	-3.98%
	<u>\$ 26,180,901</u>	<u>\$ 27,533,830</u>	-4.91%

\* Restated

- The District continued to pay down its bonded debt, retiring \$1,710,000 of outstanding bonds.
- The District’s liability for net pension liability decreased \$406,304.
- The District entered into a new capital lease during the year totaling \$780,000.
- The District’s liability for accumulated sick and vacation time decreased by \$16,625.

### **Factors Bearing on the District’s Future**

While many factors influence the School District's future, the availability of funding for special education needs, changes in student population and the economy will have the most impact on educational and fiscal decisions in the future.

Many factors were considered by the School District's administration during the process of developing the fiscal year 2015-2016 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were considered when adopting the budget for fiscal year 2015-2016. Budgeted expenditures in the General Fund increased approximately 1.85 percent to \$36,569,231 for fiscal year 2015-2016.

### **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, 2015

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,220,069	\$ 49,118	\$ 1,269,187
Receivables from State Government	1,603,161		1,603,161
Receivables from Federal Government	108,321		108,321
Other Receivables	10,458		10,458
Interfund Receivable	159,709		159,709
Internal Balances	(12,680)	12,680	
Inventories		8,122	8,122
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	3,151,916		3,151,916
Maintenance Reserve Account - Cash and Cash Equivalents	130,000		130,000
Capital Assets, Net:			
Sites (Land)	1,366,179		1,366,179
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	46,970,327	57,527	47,027,854
Total Assets	<u>54,707,460</u>	<u>127,447</u>	<u>54,834,907</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Interest	494,165		494,165
Charges in Assumptions - Pensions	248,916		248,916
Total Deferred Outflows of Resources	<u>743,081</u>		<u>743,081</u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Interfund Payable	13,267		13,267
Accounts Payable - Vendors	140,641	14,229	154,870
Accrued Interest Payable	155,840		155,840
Payable to Other Governments	10,000		10,000
Unearned Revenue	17,147	5,728	22,875
Unamortized Bond Issuance Premium	805,809		805,809
<b>Noncurrent Liabilities:</b>			
Due Within One Year	1,947,592		1,947,592
Due Beyond One Year	24,233,309		24,233,309
Total Liabilities	<u>27,323,605</u>	<u>19,957</u>	<u>27,343,562</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Investment Gains - Pensions	469,298		469,298
Charges in Proportion - Pensions	161,201		161,201
Total Deferred Inflows of Resources	<u>630,499</u>		<u>630,499</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	30,549,506	57,527	30,607,033
Restricted for:			
Capital Projects	3,482,629		3,482,629
Debt Service	583,313		583,313
Other Purposes	130,000		130,000
Unrestricted/(Deficit)	(7,249,011)	49,963	(7,199,048)
Total Net Position	<u>\$ 27,496,437</u>	<u>\$ 107,490</u>	<u>\$ 27,603,927</u>

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

WEST ESSEX REGIONAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 15,756,950		\$ 3,096,420		\$ (12,660,530)		\$ (12,660,530)
Special Education	3,777,063	\$ 52,289	2,655,807		(1,068,967)		(1,068,967)
School Sponsored/Other Instruction	1,834,509		273,009		(1,561,500)		(1,561,500)
Support Services:							
Tuition	2,520,512				(2,520,512)		(2,520,512)
Student and Instruction Related Services	4,321,389		739,750		(3,581,639)		(3,581,639)
General Administrative Services	865,242		97,772		(767,470)		(767,470)
School Administrative Services	2,455,661		454,524		(2,001,137)		(2,001,137)
Central Services	649,021		112,541		(536,480)		(536,480)
Administrative Information Technology	189,067		37,078		(151,989)		(151,989)
Plant Operations and Maintenance	4,022,505		451,240	\$ 72,520	(3,498,745)		(3,498,745)
Pupil Transportation	2,140,161		221,737		(1,918,424)		(1,918,424)
Transfer of Funds to Charter School	35,284				(35,284)		(35,284)
Interest on Long-Term Debt	663,512				(663,512)		(663,512)
Unallocated Depreciation	1,588,396				(1,588,396)		(1,588,396)
Total Governmental Activities	40,819,272	52,289	8,139,878	72,520	(32,554,585)		(32,554,585)
Business-Type Activities:							
Food Service	765,978	760,774				\$ (5,204)	(5,204)
Total Primary Government	\$ 41,585,250	\$ 760,774	\$ 8,139,878	\$ 72,520	(32,554,585)	(5,204)	(32,559,789)

WEST ESSEX REGIONAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 32,390,184		\$ 32,390,184
Taxes Levied for Debt Service	2,425,105		2,425,105
Federal, State and Local Aid not Restricted	56,617		56,617
Interest Earnings	13,506		13,506
Miscellaneous Income	245,063		245,063
	35,130,475		35,130,475
Total General Revenues			
Change in Net Position	2,575,890	\$ (5,204)	2,570,686
Net Position - Beginning (Restated)	24,920,547	112,694	25,033,241
Net Position - Ending	\$ 27,496,437	\$ 107,490	\$ 27,603,927

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, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,210,069			\$ 10,000	\$ 1,220,069
Interfund Receivable	330,805			583,313	914,118
Receivables From State Government	579,033		\$ 1,024,128		1,603,161
Receivables From Federal Government		\$ 108,321			108,321
Other Accounts Receivables	10,458				10,458
Restricted Cash and Cash Equivalents	3,281,916				3,281,916
<b>Total Assets</b>	<b>\$ 5,412,281</b>	<b>\$ 108,321</b>	<b>\$ 1,024,128</b>	<b>\$ 593,313</b>	<b>\$ 7,138,043</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Interfund Payable	\$ 25,947	\$ 60,994	\$ 693,415		\$ 780,356
Accounts Payable	110,461	30,180			140,641
Payable to Other Governments				\$ 10,000	10,000
Unearned Revenue		17,147			17,147
<b>Total Liabilities</b>	<b>136,408</b>	<b>108,321</b>	<b>693,415</b>	<b>10,000</b>	<b>948,144</b>
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Capital Reserve Account	3,151,916				3,151,916
Maintenance Reserve Account	130,000				130,000
Capital Projects Fund			330,713		330,713
Debt Service				583,313	583,313
<b>Assigned:</b>					
Designated for Subsequent Year's Expenditures	383,637				383,637
Year End Encumbrances	457,622				457,622
Unassigned	1,152,698				1,152,698
<b>Total Fund Balances</b>	<b>5,275,873</b>		<b>330,713</b>	<b>583,313</b>	<b>6,189,899</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,412,281</b>	<b>\$ 108,321</b>	<b>\$ 1,024,128</b>	<b>\$ 593,313</b>	

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

Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds. The Cost of the Assets is \$63,065,721 and the Accumulated Depreciation is \$14,729,215.	48,336,506
Bond Issuance Premiums are Reported as Revenue in the Governmental Funds in the Year the Bonds are Sold. The Amount is \$1,458,392 and the Accumulated Amortization is \$652,583.	(805,809)
Deferred Interest Costs are not Reported as Expenditures in the Governmental Funds in the Year of the Expenditure.	494,165

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	<u>Total Governmental Funds</u>
Amounts Reported for <i>Governmental Activities</i> in the Statement of Net Position (A-1) are Different Because:	
Interest on Long-Term Debt is not Accrued in Governmental Funds, but Rather is Recognized as an Expenditure When Due.	\$ (155,840)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(7,993,253)
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:	
Change in Assumptions - Pensions	248,916
Investment Gains - Pensions	(469,298)
Change in Proportions - Pensions	(161,201)
Long-Term Liabilities, Including Bonds Payable, are not Due and Payable in the Current Period and Therefore are not Reported as Liabilities in the Funds.	<u>(18,187,648)</u>
Net Position of Governmental Activities	<u>\$ 27,496,437</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 32,390,184			\$ 2,425,105	\$ 34,815,289
Tuition from Other LEAs	52,289				52,289
Miscellaneous	258,569	\$ 19,836			278,405
Total - Local Sources	32,701,042	19,836		2,425,105	35,145,983
State Sources	4,858,448		\$ 72,520		4,930,968
Federal Sources		376,133			376,133
Total Revenues	37,559,490	395,969	72,520	2,425,105	40,453,084
EXPENDITURES:					
Current:					
Regular Instruction	11,046,201	65,697			11,111,898
Special Education Instruction	2,255,004	319,805			2,574,809
School-Sponsored/Other Instruction	1,340,691				1,340,691
Support Services and Undistributed Costs:					
Tuition	2,520,512				2,520,512
Student and Other Instruction Related Services	2,991,793	10,467			3,002,260
General Administrative Services	671,493				671,493
School Administrative Services	1,633,517				1,633,517
Central Services	445,456				445,456
Administrative Information Technology	122,000				122,000
Plant Operations and Maintenance	3,126,978				3,126,978
Student Transportation	2,128,409				2,128,409
Unallocated Benefits	7,665,652				7,665,652
Debt Service:					
Principal				1,710,000	1,710,000
Interest and Other Charges				715,105	715,105
Capital Outlay	3,105,237		181,300		3,286,537
Transfer of Funds to Charter School	35,284				35,284
Total Expenditures	39,088,227	395,969	181,300	2,425,105	42,090,601
Excess /(Deficit) of Revenue Over/(Under) Expenditures	(1,528,737)		(108,780)		(1,637,517)
Other Financing Sources/(Uses):					
Transfers In	12,000			583,313	595,313
Transfers Out			(595,313)		(595,313)
Capital Leases (Non-budgeted)	780,000				780,000
Total Other Financing Sources/(Uses)	792,000		(595,313)	583,313	780,000
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(736,737)		(704,093)	583,313	(857,517)
Fund Balance - July 1	6,012,610		1,034,806		7,047,416
Fund Balance - June 30	\$ 5,275,873	\$ -0-	\$ 330,713	\$ 583,313	\$ 6,189,899

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, 2015

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (857,517)

Amounts Reported for Governmental Activities in the Statement  
of Activities (A-2) are Different Because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differs from depreciation during the period.

Depreciation Expense	\$ (1,722,050)	
Capital Outlays	<u>4,132,518</u>	2,410,468

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. When accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+). 12,638

Proceeds from capital lease issues are an other financing source in the governmental funds, they are not revenue in the statement of activities, issuing debt increases long-term liabilities in the statement of net position. (780,000)

Repayment of serial bonds is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities. 1,710,000

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. 100,726

The governmental funds report the effect of deferred interest when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (61,771)

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		406,304
Deferred Outflows:		
Changes in Assumptions		248,916
Deferred Inflows:		
Changes in Proportion		(161,201)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		(469,298)

In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). 16,625

Change in Net Position of Governmental Activities \$ 2,575,890

WEST ESSEX REGIONAL SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015

	Business-Type Activities
	Enterprise Fund Food Service
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 49,118
Interfund Receivable - General Fund	12,680
Inventories	8,122
Total Current Assets	69,920
Non-Current Assets:	
Capital Assets	199,567
Less: Accumulated Depreciation	(142,040)
Total Non-Current Assets	57,527
Total Assets	127,447
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable - Vendors	14,229
Unearned Revenue	5,728
Total Current Liabilities	19,957
<u>NET POSITION:</u>	
Net Investment in Capital Assets	57,527
Unrestricted	49,963
Total Net Position	\$ 107,490

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, 2015

	Busines-Type Activities
	Enterprise Fund Food Service
Operating Revenue:	
Local Sources:	
Daily Sales	\$ 757,323
Special Events	3,451
	760,774
Total Operating Revenue	760,774
Operating Expenses:	
Cost of Sales	343,686
Salaries, Benefits & Payroll Taxes	291,883
Other Purchased Services	40,693
Supplies, Insurance and Other Costs	19,900
Management Fee	48,886
Repairs and Maintenance Services	11,078
Miscellaneous Expenditures	7,336
Depreciation Expense	2,516
	765,978
Total Operating Expenses	765,978
Operating (Loss)	(5,204)
Change in Net Position	(5,204)
Net Position - Beginning of Year	112,694
Net Position - End of Year	\$ 107,490

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

Exhibit B-6

WEST ESSEX REGIONAL SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Busines-Type Activities</u>
	<u>Enterprise Fund Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 766,502
Payments to Employees	(291,883)
Payments to Suppliers	(517,137)
	<hr/>
Net Cash Provided by/(Used for) Operating Activities	(42,518)
	<hr/>
Cash Flows from Capital and Related Financing Activities:	
Purchases of Capital Assets	(47,447)
	<hr/>
Net Cash Used for Capital and Related Financing Activities	(47,447)
	<hr/>
Cash Flows from Noncapital Financing Activities:	
Interfund Advanced - General Fund	(12,680)
	<hr/>
Net Cash Used for Noncapital Financing Activities	(12,680)
	<hr/>
Net Decrease in Cash and Cash Equivalents	(102,645)
	<hr/>
Cash and Cash Equivalents, July 1	151,763
	<hr/>
Cash and Cash Equivalents, June 30	\$ 49,118
	<hr/> <hr/>
Reconciliation of Operating (Loss) to Net Cash Provided by/ (Used for) Operating Activities:	
Operating (Loss)	\$ (5,204)
Adjustment to Reconcile Operating (Loss) to Net Cash Provided by/(Used for) Operating Activities:	
Depreciation	2,516
Changes in Assets and Liabilities:	
Increase in Unearned Revenue	5,728
(Decrease) in Accounts Payable	(47,731)
Decrease in Inventory	2,173
	<hr/>
Net Cash Provided by/(Used for) Operating Activities	\$ (42,518)
	<hr/> <hr/>

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

Exhibit B-7

WEST ESSEX REGIONAL SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2015

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Flexible Spending Trust</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 430,155	\$ 181,428	\$ 141,400	\$ 1,457
Interfund Receivable	13,267			
Total Assets	<u>443,422</u>	<u>181,428</u>	<u>141,400</u>	<u>1,457</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	25,441			
Due to Student Groups	261,739			
Interfund Payable	156,242	3,467		
Accounts Payable		5,334		
Total Liabilities	<u>443,422</u>	<u>8,801</u>		
<u>NET POSITION:</u>				
Restricted For:				
Unemployment Claims		172,627		
Scholarships			141,400	
Flexible Spending Claims				1,457
Total Net Position	<u>\$ -0-</u>	<u>\$ 172,627</u>	<u>\$ 141,400</u>	<u>\$ 1,457</u>

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

WEST ESSEX REGIONAL SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Flexible Spending Trust
ADDITIONS:			
Contributions:			
Employee	\$ 48,321		\$ 35,120
Employer	97,290		
Private Donations		\$ 25,799	
Total Contributions	145,611	25,799	35,120
Investment Earnings:			
Interest	320	310	
Net Investment Earnings	320	310	
Total Additions	145,931	26,109	35,120
DEDUCTIONS:			
Unemployment Compensation Claims	123,264		
Flexible Spending Claims			33,663
Scholarships Awarded		32,004	
Total Deductions	123,264	32,004	33,663
Change in Net Position	22,667	(5,895)	1,457
Net Position - Beginning of the Year	149,960	147,295	
Net Position - End of the Year	<u>\$ 172,627</u>	<u>\$ 141,400</u>	<u>\$ 1,457</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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 publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, “Defining the Financial Reporting Entity” establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include a middle school and a high school serving and located in the Borough of North Caldwell, Borough of Essex Fells, Borough of Roseland and Fairfield Township. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation

District-Wide Financial Statements:

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

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

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

B. Basis of Presentation (Cont'd)

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

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.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

B. Basis of Presentation (Cont'd)

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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, 2015 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).

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants revenue. These grants are recognized on the budgetary basis in full at the time of the award but are recognized on the GAAP basis as they are expended and requested for reimbursement.

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue 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	\$ 37,169,448	\$ 392,268
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.		3,701
Prior Year State Aid Payments Recognized for GAAP Statements	475,236	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(85,194)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 37,559,490</u>	<u>\$ 395,969</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 39,088,227	\$ 392,268
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.		3,701
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 39,088,227	\$ 395,969
		Capital Projects Fund
Amount Per Summary Schedule of Revenue, Expenditures and Changes in Fund Balance (Budgetary Basis) (per Exhibit F-1)		\$ -0-
SDA Grant Revenue/Receivable Recognized for GAAP Statement, not Recognized for Budgetary Purposes		72,250
Amount Per Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds (GAAP Basis) (per Exhibit B-2)		\$ 72,250

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.

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.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

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

E. Cash and Cash Equivalents and Investments (Cont'd)

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.

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.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

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, 2015.

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 their estimated fair market value on the date received. 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	50 years
Site Improvements	20 years
Furniture and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

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

L. Long Term Liabilities:

In the district-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable government 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, 2015  
(Continued)

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

M. Accrued Salaries and Wages

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2015.

N. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. 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.

O. Unearned Revenue

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

P. Fund Balance Appropriated

General Fund: Of the \$5,275,873 General Fund fund balance at June 30, 2015, \$457,622 is assigned for encumbrances; \$3,151,916 is restricted in the capital reserve account; \$130,000 is restricted in the maintenance reserve account; \$383,637 is assigned for subsequent year's expenditures; and \$1,152,698 is unassigned on the GAAP basis, which is \$85,194 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, 2016.

Capital Projects Fund: The \$330,713 Capital Projects Fund balance at June 30, 2015 is restricted.

Debt Service Fund: The restricted Debt Service Fund fund balance at June 30, 2015 is \$583,313.

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 has no excess surplus at June 30, 2015.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

P. Fund Balance Appropriated (Cont'd)

Unassigned fund balance in the General Fund is less on a GAAP basis than budgetary basis in the amount of \$85,194 as of June 30, 2015 as reported in the fund statements (modified accrual basis). 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.

Q. Deficit Net Position

The District has a deficit in unrestricted net position of \$7,249,011 in governmental activities, which is due to accrued interest payable of \$155,840, \$400,648 of compensated absences payable, an unamortized bond premium of \$805,809, investment gains in pensions of \$469,298, changes in proportion in pensions of \$161,201 and net pension liability of \$7,993,253 offset by \$383,637 of fund balance assigned for subsequent year's expenditures, \$494,165 of deferred interest, \$457,622 of assigned for encumbrances, changes in pension assumptions of \$248,916 and Governmental Funds assigned fund balances of \$1,152,698. This deficit does not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2015 for the deferred amount on the refunding of debt related to the District's 2011 refunding bonds and changes in assumptions in 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, 2015 for the changes in proportion in pension and the net difference between projected and actual investment earnings on pension plan investments.

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

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

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

R. 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.

S. Fund Balance Restrictions, Commitments and Assignments

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

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

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, 2015.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for the 2015/2016 budget and encumbrances in the General Fund at June 30, 2015.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

W. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. 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.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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.

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, 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 below and on the following page.

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.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (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 statute; and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2015, cash and cash equivalents of the District consisted of the following:

	Restricted Cash and Cash Equivalents		Cash and Cash Equivalents	Total
	Capital Reserve	Maintenance Reserve		
Checking Accounts	\$ 3,151,916	\$ 130,000	\$ 2,023,627	\$ 5,305,543
	<u>\$ 3,151,916</u>	<u>\$ 130,000</u>	<u>\$ 2,023,627</u>	<u>\$ 5,305,543</u>

During the period ended June 30, 2015, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2015, was \$5,305,543 and the bank balance was \$6,146,565.

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

NOTE 4. CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Beginning Balance, July 1, 2014	\$ 3,647,933
Add:	
Transfer from Unassigned Fund Balance as per Board Resolution - June 2015	1,166,983
Unexpended Funds of Completed Capital Projects	12,000
Less:	
Budgeted Withdrawal from Capital Reserve	<u>(1,675,000)</u>
Ending Balance, June 30, 2015	<u><u>\$ 3,151,916</u></u>

The balance in the capital reserve account at June 30, 2015 does not exceed the LRFP balance of local support costs of uncompleted capital projects. The withdrawals from the capital reserve were for use in DOE approved facilities projects consistent with the District's LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

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

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

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	<u>\$ 130,000</u>
Ending Balance, June 30, 2015	<u><u>\$ 130,000</u></u>

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2015 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 288,849			\$ 288,849
Construction in Progress	534,105	\$ 543,225		1,077,330
Total Capital Assets Not Being Depreciated	<u>822,954</u>	<u>543,225</u>		<u>1,366,179</u>
Capital Assets Being Depreciated:				
Site Improvements	2,227,440	943,955		3,171,395
Buildings and Building Improvements	54,394,925	1,659,343		56,054,268
Machinery and Equipment	1,487,884	985,995		2,473,879
Total Capital Assets Being Depreciated	<u>58,110,249</u>	<u>3,589,293</u>		<u>61,699,542</u>
Governmental Activities Capital Assets	<u>58,933,203</u>	<u>4,132,518</u>		<u>63,065,721</u>
Less Accumulated Depreciation for:				
Site Improvements	(1,173,601)	(117,723)		(1,291,324)
Buildings and Building Improvements	(10,766,746)	(1,385,276)		(12,152,022)
Machinery and Equipment	(1,066,818)	(219,051)		(1,285,869)
	<u>(13,007,165)</u>	<u>(1,722,050)</u>		<u>(14,729,215)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 45,926,038</u>	<u>\$ 2,410,468</u>	<u>\$ -0-</u>	<u>\$ 48,336,506</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 152,120	\$ 47,447		\$ 199,567
Less: Accumulated Depreciation	(139,524)	(2,516)		(142,040)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 12,596</u>	<u>\$ 44,931</u>	<u>\$ -0-</u>	<u>\$ 57,527</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Unallocated	\$ 1,588,396
Regular Instruction	39,064
General Administrative Services	12,413
Transportation	11,752
Maintenance/Custodial	70,425
	<u>\$ 1,722,050</u>

NOTE 7. OPERATING LEASES

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

<u>Year Ending</u>	<u>Amount</u>
2016	\$ 65,280
2017	65,280
2018	48,960
Total future minimum lease payments	<u>\$ 179,520</u>

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2015, the following changes occurred in liabilities reported in the district-wide financial statements:

	(Restated) Balance 6/30/2014	Accrued	Retired	Balance 6/30/2015
Serial Bonds Payable	\$ 18,717,000		\$ 1,710,000	\$ 17,007,000
Net Pension Liability	8,399,557		406,304	7,993,253
Obligations Under Capital Leases		\$ 780,000		780,000
Compensated Absences Payable	417,273	114,317	130,942	400,648
	<u>\$ 27,533,830</u>	<u>\$ 894,317</u>	<u>\$ 2,247,246</u>	<u>\$ 26,180,901</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 August 15, 2009, the District issued serial bonds in the amount of \$6,537,000. The bonds were issued with interest rates ranging from 3.00% to 4.00%. The bonds mature on August 15, 2012 through 2029.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

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

A. Bonds Payable: (Cont'd)

On July 14, 2011, the District issued refunding bonds in the amount of \$14,470,000. The bonds were issued with interest rates ranging from 2.00% to 5.00%. The bonds mature on November 1, 2011 through 2022.

The District had bonds outstanding as of June 30, 2015 as follows:

Final Maturity Date	<u>Serial Bonds</u> Interest Rate	Amount
11/1/22	2.25-5.00%	\$ 11,490,000
8/15/29	3.00-4.00%	5,517,000
		\$ 17,007,000

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

Year Ending June 30,	<u>Bonds</u>		
	Principal	Interest	Total
2016	\$ 1,720,000	\$ 649,280	\$ 2,369,280
2017	1,720,000	586,749	2,306,749
2018	1,725,000	528,261	2,253,261
2019	1,725,000	465,743	2,190,743
2020	1,740,000	391,093	2,131,093
Thereafter 5 Years (2021-2025)	6,225,000	905,213	7,130,213
Thereafter 5 Years (2026-2030)	2,152,000	217,960	2,369,960
	\$ 17,007,000	\$ 3,744,298	\$ 20,751,298

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

B. Bonds Authorized But Not Issued:

As of June 30, 2015, the Board had no bonds authorized but not issued.

C. Capital Leases Payable:

The District has \$780,000 in capital leases payable for district-wide computers. The capital lease is for 4 years in length and will be liquidated by the General Fund. The following is a schedule of the future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2015.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

C. Capital Leases Payable: (Cont'd)

<u>Year Ending</u>	<u>Amount</u>
2016	\$ 199,675
2017	199,675
2018	199,675
2019	<u>199,675</u>
	798,700
Less: Amount representing interest	<u>(18,700)</u>
Present value of net minimum lease payments	<u>\$ 780,000</u>

The current portion of capital leases payable at June 30, 2015 is \$195,920 and the long-term portion is \$584,080.

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$31,672 and is separated from the long-term liability balance of compensated absences of \$368,976. The General Fund will be used to liquidate the governmental funds Compensated Absences Payable.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2015 is \$-0- and the long-term portion is \$7,915,831. See Note 9 for further information on the PERS.

The Board of Education Employees' Pension Fund of Essex County's (the Plan) net pension liability of the governmental fund types are recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2015 is \$-0- and the long-term portion is \$77,422. See Note 8 for further information on the Plan.

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP). A small number of the District's retirees participate in the Board of Education Employees' Pension Fund of Essex County (the "Plan").

A. Public Employees' Retirement System (PERS)

Plan Description

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

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

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. 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 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 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. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$348,544 for fiscal year 2015.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2015, the District reported a liability of \$7,993,253 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. 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, 2014, the District's proportion was 0.042%, which was a decrease of 0.001% from its proportion measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized pension expense of \$377,625. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 248,916	
Changes in Proportion		\$ 161,201
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		469,298
	<u>\$ 248,916</u>	<u>\$ 630,499</u>

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

Fiscal Year Ending June 30,	Total
2015	\$ (72,178)
2016	(72,178)
2017	(72,178)
2018	(72,178)
2019	45,757
Thereafter	20,130
	<u>\$ (222,825)</u>

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

NOTE 9. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

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

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date 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, 2014 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:

	Fiscal Year Ended June 30, 2014		
	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
District's proportionate share of the Net Pension Liability	\$ 9,958,385	\$ 7,915,831	\$ 6,200,606

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. 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

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. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2015, the State of New Jersey contributed \$735,056 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$3,677,134.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2015, the State's proportionate share of the net pension liability associated with the District was \$68,336,281. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. 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, 2014, the District's proportion was 0.128%, which was a decrease of 0.009% from its proportion measured as of June 30, 2013.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		68,336,281
Total	\$	68,336,281

For the fiscal year ended June 30, 2014, the State recognized pension expense on behalf of the District in the amount of \$3,677,134 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2015 financial statements.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 2,306,623,861	
Difference Between Expected and Actual Experience		\$ 21,969,019
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		1,741,236,574
	\$ 2,306,623,861	\$ 1,763,205,593

The \$2,306,623,861 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$21,969,019 reported as deferred outflows of resources related to pensions resulting from differences between expected and actual experience will be amortized over a period of 8.5 years. The \$1,741,236,574 reported as a deferred inflow of resources resulting from the difference between projected and actual investment earnings on pension plan investments will be amortized over 5 years.

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

NOTE 9. PENSION PLANS (Cont'd)

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

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2016	\$ (130,688,498)
2017	(130,688,498)
2018	(130,688,498)
2019	(130,688,496)
2020	304,620,646
Thereafter	761,551,612
	<u>\$ 543,418,268</u>

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 is summarized in the following table:

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(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-U.S. Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad U.S. Equities	25.90%	5.88%
Large CAP U.S. Equities	0.00%	5.62%
Mid CAP U.S. Equities	0.00%	6.39%
Small CAP U.S. Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 9. 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 net pension liability of the State as of June 30, 2014 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:

	Fiscal Year Ended June 30, 2014		
	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
Total Net Pension Liability	\$ 64,722,984,539	\$53,813,067,539	\$44,738,870,539

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 \$23,633 for the fiscal year ended June 30, 2015. Employee contributions to DCRP amounted to \$26,244 for the fiscal year ended June 30, 2015.

D. Board of Education Employees' Pension Fund of Essex County (the Plan)

Plan Description

The Board of Education Employees' Pension Fund of Essex County (the "Plan"), is a multiple-employer contributory defined benefit pension plan that provides pension and life insurance benefits to employees of the Boards of Education within Essex County employed before July 1, 1981, except temporary employees and employees eligible for coverage under any New Jersey State administered pension plan created under prior New Jersey laws. The ECPF became effective April 16, 1929. The Plan provides for retirement, service, and non-service connected death and disability benefits for its members. The Plan is governed by New Jersey Statutes under Title 18A, and is administered by a Board of Trustees for the Plan who is also responsible for the management and investment of Plan assets. The Board of Trustees consists of one active and five retired elected Plan members.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

D. Board of Education Employees' Pension Fund of Essex County (the Plan) (Cont'd)

Plan Description (Cont'd)

Pursuant to New Jersey Public Law enacted in 1980, members were given the option to transfer their membership in the Plan to the PERS. Approximately 2,775 members, 58% of the membership, elected to transfer to PERS effective July 1, 1981. The Plan is closed to new entrants.

Benefits Provided

Regular service retirement benefits are determined as 1/45<sup>th</sup> of the highest 3 year average salary multiplied by the member's years of credited service. A member may elect early retirement benefits if they are under age 60 and have at least 25 years of credited service. The Plan also offers a special veterans benefit, disability and deferred benefits. Group life insurance benefits and death benefits are available to be paid to beneficiaries if elected by the member.

For more complete information about the Plan agreement and vesting and benefit provisions, participants are referred to the pamphlet, *A Summary of Benefits*. Copies of this pamphlet are available from the Pension Fund Administration Office.

Contributions

Contributions are made by the members at 3%, the maximum contribution rate required by statute, of their annual compensation. Contributions made by the Boards are determined annually based upon actuarial valuations. The Boards are required to reimburse the Plan for administrative expenses and cost of living increases associated with its retirees. Plan provisions and contribution requirements are established by New Jersey state statute assets. District contributions to the Plan amounted to \$11,764 for fiscal year 2015.

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

At June 30, 2015, the District reported a liability of \$77,422 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. 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, 2015, the District's proportion was 0.201%, which was a decrease of 0.121% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2015, the District recognized pension expense of \$(41,575). At June 30, 2015, the District reported deferred outflows of resources related to pensions from the following source. There were no deferred inflows of resources.

	Deferred Outflows of Resources
Net Difference Between Projected and Actual	
Investment Earnings on Pension Plan Investments	\$ 2,443
	\$ 2,443

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

NOTE 9. PENSION PLANS (Cont'd)

D. Board of Education Employees' Pension Fund of Essex County (the Plan) (Cont'd)

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

The amounts reported as a deferred outflows of resource related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2016	\$ 489
2017	489
2018	489
2019	488
2020	488
	<u>\$ 2,443</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.30%
Salary Increases	4.50%
Investment Rate of Return, net of Plan investment expense, including inflation	7.00%
Cost of Living Adjustments ("COLA")	3.00%

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 separate annuitant and non-annuitant tables with static projections using Scale AA through the valuation year plus 7 years for annuitants and the valuation year plus 15 years for no annuitants. For disabled retirees, mortality rates are based on the 1994 Group Annuity Mortality Table set forward 10 years.

Long Term Expected Rate of Return

The long-term rate of return on pension plan investments 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 weighing 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 including in the Plan's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target</u> <u>Allocation</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of</u> <u>Return *</u>
U.S. Fixed Income	40.00%	1.60%
U.S. Large CAP Equities	50.00%	6.70%
U.S. Small CAP Equities	10.00%	6.70%

\* - Net of 2.6% inflation assumption

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

D. Board of Education Employees' Pension Fund of Essex County (the Plan) (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2015. The projection of cash flows used to determine the discount rate assumed that contributions will be made at the actuarially determined amount, including the reimbursement of administrative expenses and COLA payments. Based on those assumptions, the 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 Plan investments was applied to all periods of projected benefit payments to determine 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, 2015 calculated using the discount rate of 7%, 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:

	Fiscal Year Ended June 30, 2015		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 105,363	\$ 77,422	\$ 53,246

Pension Plan Fiduciary Net Position

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

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Law amended the law to eliminate the funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The State's on-behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$1,166,902, \$886,863 and \$996,822 for 2015, 2014 and 2013, respectively. These amounts have been included in the District-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 11. RISK MANAGEMENT

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

Property and Liability Insurance

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

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

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

The June 30, 2015 audit report for the Fund is not available as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2014 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	\$ 33,508,569
Net Position	\$ 5,114,269
Total Revenue	\$ 34,091,773
Total Expenses	\$ 37,253,827
Change in Net Position	\$ (3,162,054)
Members Dividends	\$ -0-

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

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

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

The June 30, 2015 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, 2014 is as follows:

	Morris Essex Insurance Group
Total Assets	\$ 8,623,310
Net Position	\$ 5,409,944
Total Revenue	\$ 3,086,254
Total Expenses	\$ 1,290,579
Change in Net Position	\$ 1,061,855
Members Dividends	\$ 733,820

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

Robert C. Kanwhisher/Debra Ginetto, Executive Director  
44 Bergen St  
Westwood, NJ 07675

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015	\$ 97,290	\$ 320	\$ 48,321	\$ 123,264	\$ 172,627
2014	14,523	280	46,572	43,669	149,960
2013	80,768	257	113,751	157,547	132,254

NOTE 12. ECONOMIC DEPENDENCY

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

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 330,805	\$ 25,947
Special Revenue Fund		60,994
Capital Projects Fund		1,024,128
Debt Service Fund	914,026	
Food Service Fund	12,680	
Fiduciary Fund	13,267	159,709
	<u>\$ 1,270,778</u>	<u>\$ 1,270,778</u>

The interfund between the General Fund and the Special Revenue Fund is due to the timing between expenditure and reimbursement from the State of New Jersey. The interfund between the Capital Projects Fund and the General and Debt Service Funds represents unexpended project balances which have not yet been transferred. The interfund receivable in the Food Service Fund due from the General Fund is the May subsidy reimbursement and special functions receipts received in the General Fund that have not been turned over to the Food Service Fund as of year end. The interfund between the General Fund and the Fiduciary Fund represents prior year employee health benefit contributions which have not yet been transferred.

NOTE 14. DEFERRED COMPENSATION

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

The plan administrators are as follows:

AXA  
Met Life  
Oppenheimer Funds  
Lincoln Financial Advisors  
VALIC

NOTE 15. TAX CALENDAR

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

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 16. ACCOUNTS PAYABLE

The following accounts payable existed on the various balance sheets as of June 30, 2015:

	<u>Governmental Activities</u>		Total Governmental Funds	<u>Business-Type Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>		<u>Proprietary Funds</u>
Vendors	\$ 110,461	\$ 30,180	\$ 140,641	\$ 14,229

NOTE 17. COMMITMENTS AND CONTINGENCIESGrant Programs

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

Litigation

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

Encumbrances

At June 30, 2015, there were encumbrances as detailed below in the governmental funds.

<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
\$ 457,622	\$ 68	\$ 457,690

On the District's Governmental Funds Balance Sheet as of June 30, 2015, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$68 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as a reduction in grants receivables in the Special Revenue Fund.

NOTE 18. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2015, the District transferred \$88,039 to the capital outlay accounts. A transfer of \$38,904 was made for equipment and therefore did not require approval from the County Superintendent. A transfer of \$49,135 was made to facilities acquisition and construction for which proper approval for the transfer was acquired from the County Superintendent.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 19. PRIOR PERIOD ADJUSTMENTS

The District made a prior year adjustment in the District Wide Financial Statements to record the net pension liability as of June 30, 2014 as a result of implementing Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

	<u>Balance 6/30/14</u> <u>as Previously</u> <u>Reported</u>	<u>Retroactive</u> <u>Adjustments</u>	<u>Balance 6/30/14</u> <u>as Restated</u>
<u>Statement of Net Assets:</u>			
<u>Governmental Activities:</u>			
<u>Statement of Net Position:</u>			
<u>Liabilities:</u>			
Non-Current Liabilities	\$ 20,040,808	\$ 8,399,557	\$ 28,440,365
Total Liabilities	20,769,775	8,399,557	29,169,332
<u>Net Position:</u>			
Unrestricted/(Deficit)	1,648,926	(8,399,557)	(6,750,631)
Total Net Position	33,320,104	(8,399,557)	24,920,547

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 TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
District's Proportion of the Net Pension Liability	0.0422792453%	0.0432777491%
District's Proportionate Share of the Net Pension Liability	\$ 8,271,238	\$ 7,915,831
District's Covered Employee Payroll	\$ 2,717,516	\$ 2,772,137
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	304.37%	285.55%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.72%	52.08%

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

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

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
Contractually Required Contribution	\$ 326,089	\$ 348,544
Contributions in relation to the Contractually Required Contribution	<u>(326,089)</u>	<u>(348,544)</u>
Contribution Deficiency (Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Employee Payroll	\$ 2,717,516	\$ 2,772,137
Contributions as a Percentage of Covered Employee Payroll	12.00%	12.57%

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

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

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
State's Proportion of the Net Pension Liability Attributable to the District	0.1364315789%	0.1278586395%
State's Proportionate Share of the Net Pension Liability Attributable to the District	\$ 68,951,447	\$ 68,336,281
District's Covered Employee Payroll	\$ 13,935,949	\$ 14,003,957
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	494.77%	487.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.76%	33.64%

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

WEST ESSEX REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
BOARD OF EDUCATION EMPLOYEES' PENSION FUND OF ESSEX COUNTY  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
District's Proportion of the Net Pension Liability	0.3219015%	0.2009986%
District's Proportionate Share of the Net Pension Liability	\$ 128,319	\$ 77,422
District's Covered Employee Payroll	\$ -0-	\$ -0-
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	0.00%	0.00%
Plan Fiduciary Net Position (*) as a Percentage of the Total Pension Liability	75.92%	76.05%

\* - Fiduciary Net Position Excludes an Amount Designated for Insurance Benefits of \$18,914,961 for fiscal year ending June 30, 2014 and \$19,628,046 for the fiscal year ending June 30, 2015.

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

WEST ESSEX REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
BOARD OF EDUCATION EMPLOYEES' PENSION FUND OF ESSEX COUNTY  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
Contractually Required Contribution	\$ 15,166	\$ 11,764
Contributions in Relation to the Contractually Required Contribution	<u>(15,166)</u>	<u>(11,764)</u>
Contribution Deficiency (Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Employee Payroll	\$ -0-	\$ -0-
Contributions as a Percentage of Covered Employee Payroll	0.00%	0.00%

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

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.95% as of June 30, 2013 to 4.68% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

C. BOARD OF EDUCATION EMPLOYEES' PENSION FUND OF ESSEX COUNTY

Benefit Changes

There were none.

Changes of Assumptions

The inflation rate changed from 2.60% as of June 30, 2014 to 2.30% as of June 30, 2015.

BUDGETARY COMPARISON SCHEDULES

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 32,390,184		\$ 32,390,184	\$ 32,390,184	
Tuition from Other LEA's	70,000		70,000	52,289	\$ (17,711)
Unrestricted Miscellaneous Revenue	298,623		298,623	258,569	(40,054)
Total - Local Sources	<u>32,758,807</u>		<u>32,758,807</u>	<u>32,701,042</u>	<u>(57,765)</u>
State Sources:					
Special Education Aid	811,495		811,495	811,495	
Security Aid	25,666		25,666	25,666	
Transportation Aid	158,980		158,980	158,980	
Additional Adjustment Aid	1		1	1	
Per Pupil Growth Aid	16,800		16,800	16,800	
PARCC Readiness Aid	16,800		16,800	16,800	
Extraordinary Special Education Costs Aid				467,945	467,945
Nonpublic Transportation Aid				61,958	61,958
TPAF On-Behalf Pension Contributions (Non-Budgeted)				735,056	735,056
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				1,166,902	1,166,902
TPAF Social Security (Reimbursed - Non-Budgeted)				1,006,803	1,006,803
Total State Sources	<u>1,029,742</u>		<u>1,029,742</u>	<u>4,468,406</u>	<u>3,438,664</u>
Total Revenues	<u>33,788,549</u>		<u>33,788,549</u>	<u>37,169,448</u>	<u>3,380,899</u>
<b>EXPENDITURES:</b>					
Current Expense:					
<b>REGULAR PROGRAMS - INSTRUCTION:</b>					
Grades 6-8 - Salaries of Teachers	3,511,275	\$ (130,907)	3,380,368	3,350,519	29,849
Grades 9-12 - Salaries of Teachers	6,703,802	(73,151)	6,630,651	6,616,853	13,798
Regular Programs - Home Instruction:					
Salaries of Teachers		4,725	4,725	4,725	
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	65,500	42,762	108,262	84,173	24,089
Other Purchased Services	229,701	184,764	414,465	278,242	136,223
General Supplies	562,709	(41,190)	521,519	506,553	14,966

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
REGULAR PROGRAMS - INSTRUCTION:					
Regular Programs - Undistributed Instruction:					
Textbooks	\$ 146,275	\$ (7,674)	\$ 138,601	\$ 131,802	\$ 6,799
Other Objects	84,477	(10,877)	73,600	73,334	266
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>11,303,739</u>	<u>(31,548)</u>	<u>11,272,191</u>	<u>11,046,201</u>	<u>225,990</u>
SPECIAL EDUCATION - INSTRUCTION:					
Learning and/or Language Disabilities:					
Salaries of Teachers	98,434	(1,151)	97,283	96,908	375
General Supplies	3,000	(100)	2,900	2,897	3
Textbooks	2,000	(2,000)			
Total Learning and/or Language Disabilities	<u>103,434</u>	<u>(3,251)</u>	<u>100,183</u>	<u>99,805</u>	<u>378</u>
Resource Room/Resource Center:					
Salaries of Teachers	1,467,336	42,270	1,509,606	1,503,521	6,085
Other Salaries for Instruction	622,069	(120,562)	501,507	501,507	
Purchased Technical Services	67,119	(7,176)	59,943	59,905	38
General Supplies	3,648	1,514	5,162	5,162	
Textbooks	3,084	(3,028)	56	56	
Total Resource Room/Resource Center	<u>2,163,256</u>	<u>(86,982)</u>	<u>2,076,274</u>	<u>2,070,151</u>	<u>6,123</u>
Home Instruction:					
Salaries of Teachers	42,000	43,048	85,048	85,048	
Total Home Instruction	<u>42,000</u>	<u>43,048</u>	<u>85,048</u>	<u>85,048</u>	
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>2,308,690</u>	<u>(47,185)</u>	<u>2,261,505</u>	<u>2,255,004</u>	<u>6,501</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 16,262	\$ (16,262)			
Total Bilingual Education - Instruction	<u>16,262</u>	<u>(16,262)</u>			
School Sponsored Cocurricular Activities:					
Salaries	192,535	398	\$ 192,933	\$ 192,933	
Purchased Services (300-500 Series)	1,600	617	2,217	2,217	
Supplies and Materials	22,400	(5,105)	17,295	15,134	\$ 2,161
Other Objects	21,778	12,165	33,943	33,779	164
Total School-Sponsored Cocurricular Activities	<u>238,313</u>	<u>8,075</u>	<u>246,388</u>	<u>244,063</u>	<u>2,325</u>
School-Sponsored Athletics:					
Salaries	777,324	(476)	776,848	705,357	71,491
Purchased Services (300-500 Series)	167,092	(39,697)	127,395	122,524	4,871
Supplies and Materials	246,810	21,928	268,738	267,688	1,050
Other Objects	1,000	59	1,059	1,059	
Total School-Sponsored Athletics	<u>1,192,226</u>	<u>(18,186)</u>	<u>1,174,040</u>	<u>1,096,628</u>	<u>77,412</u>
Total Instruction	<u>15,059,230</u>	<u>(105,106)</u>	<u>14,954,124</u>	<u>14,641,896</u>	<u>312,228</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	38,534	(34,926)	3,608	3,250	358
Tuition to Other LEA's Within the State - Special	236,945	(6,805)	230,140	160,682	69,458
Tuition to County Vo. School District-Regular	5,911	296	6,207	6,207	
Tuition to County Vo. School District-Special	72,832	8,684	81,516	78,077	3,439
Tuition to CSSD & Regional Day Schools		54,900	54,900	54,900	
Tuition to Private Schools for the Handicapped Within State	2,461,376	(231,492)	2,229,884	2,079,062	150,822
Tuition to Private Schools for the Handicapped Outside State	136,981	6,000	142,981	138,334	4,647
Total Undistributed Expenditures - Instruction	<u>2,952,579</u>	<u>(203,343)</u>	<u>2,749,236</u>	<u>2,520,512</u>	<u>228,724</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures - Attendance and Social Work Services:					
Salaries	\$ 48,502	\$ 401	\$ 48,903	\$ 48,902	\$ 1
Other Purchased Services	3,505	(1,500)	2,005	1,985	20
Total Undistributed Expenditures - Attendance and Social Work Services	<u>52,007</u>	<u>(1,099)</u>	<u>50,908</u>	<u>50,887</u>	<u>21</u>
Undistributed Expenditures - Health Services:					
Salaries	175,595	721	176,316	174,759	1,557
Purchased Professional and Technical Services	28,474	(989)	27,485	17,613	9,872
Other Purchased Services (400-500 series)	200	(200)			
Supplies and Materials	4,411	7,354	11,765	11,609	156
Total Undistributed Expenditures - Health Services	<u>208,680</u>	<u>6,886</u>	<u>215,566</u>	<u>203,981</u>	<u>11,585</u>
Undist. Expend. - Speech, OT, PT and Related Services:					
Purchased Professional - Educational Services	24,722	11,191	35,913	27,827	8,086
Total Undist. Expend. - Speech, OT, PT and Related Services	<u>24,722</u>	<u>11,191</u>	<u>35,913</u>	<u>27,827</u>	<u>8,086</u>
Undist. Expend. - Other Supp. Serv. Students - Extraordinary Services:					
Purchased Professional - Educational Services	145,158	(11,191)	133,967	116,618	17,349
Total Undist. Expend. - Other Supp. Serv. Students - Extraordinary Services	<u>145,158</u>	<u>(11,191)</u>	<u>133,967</u>	<u>116,618</u>	<u>17,349</u>
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	872,054	(98)	871,956	827,994	43,962
Salaries of Secretarial and Clerical Assistants	155,150	(1,128)	154,022	139,214	14,808
Purchased Professional - Educational Services	18,000	2,229	20,229	20,229	
Other Purchased Professional and Technical Services	25,568	(4,215)	21,353	17,047	4,306

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Guidance:					
Other Purchased Services	\$ 500	\$ (2)	\$ 498		\$ 498
Supplies and Materials	17,290	2,073	19,363	\$ 19,363	
Other Objects	1,000	(500)	500	300	200
Total Undist. Expend. - Guidance	<u>1,089,562</u>	<u>(1,641)</u>	<u>1,087,921</u>	<u>1,024,147</u>	<u>63,774</u>
Undist. Expend. - Child Study Teams:					
Salaries of Other Professional Staff	414,106	2,998	417,104	417,104	
Salaries of Secretarial and Clerical Assistants	108,496		108,496	108,496	
Purchased Professional - Educational Services	216,905	14,854	231,759	184,937	46,822
Other Purchased Professional and Technical Services	34,837	17,343	52,180	41,052	11,128
Miscellaneous Purchased Services	3,274		3,274	2,880	394
Supplies and Materials	5,219		5,219	5,114	105
Total Undist. Expend. - Child Study Teams	<u>782,837</u>	<u>35,195</u>	<u>818,032</u>	<u>759,583</u>	<u>58,449</u>
Undist. Expend. - Educational Media Services/School Library:					
Salaries	322,485	(14,605)	307,880	302,712	5,168
Supplies and Materials	45,554		45,554	36,149	9,405
Total Undist. Expend. - Educational Media Services/School Library	<u>368,039</u>	<u>(14,605)</u>	<u>353,434</u>	<u>338,861</u>	<u>14,573</u>
Undist. Expend. - Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	419,386	(37,785)	381,601	376,226	5,375
Salaries of Other Professional Staff	20,000	(15,820)	4,180	4,180	
Purchased Professional - Educational Services	38,960	26,061	65,021	64,214	807
Other Purchased Services	21,313	4,840	26,153	25,269	884
Total Undist. Expend. - Instructional Staff Training Services	<u>499,659</u>	<u>(22,704)</u>	<u>476,955</u>	<u>469,889</u>	<u>7,066</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Support Services - General Administration:					
Salaries	\$ 322,489	\$ (770)	\$ 321,719	\$ 321,703	\$ 16
Legal Services	76,628	43,000	119,628	103,419	16,209
Audit Fees	31,000	340	31,340	31,340	
Architectural/Engineering Services	20,000	(10,825)	9,175		9,175
Other Purchased Professional Services	50,860	44,516	95,376	94,376	1,000
Communications/Telephone	87,787	(4,052)	83,735	65,818	17,917
BOE Other Purchased Services	5,000	2,000	7,000	6,698	302
Other Purchased Services	14,800	3,985	18,785	18,768	17
General Supplies	6,070	(1,200)	4,870	4,870	
Miscellaneous Expenditures	7,969	(1,627)	6,342	6,285	57
BOE Membership Dues and Fees	20,000	(718)	19,282	18,216	1,066
Total Undist. Expend. - Support Services - General Administration	<u>642,603</u>	<u>74,649</u>	<u>717,252</u>	<u>671,493</u>	<u>45,759</u>
Undist. Expend. - Support Serv. - School Administration:					
Salaries of Principals/Assistant Principals	625,360	5,554	630,914	630,914	
Salaries of Other Professional Staff	523,360	(14,340)	509,020	500,676	8,344
Salaries of Secretarial and Clerical Assistants	373,714	(2,307)	371,407	363,947	7,460
Purchased Professional and Technical Services	16,200	(2,887)	13,313	9,421	3,892
Other Purchased Services	2,500	(910)	1,590	75	1,515
Supplies and Materials	82,870	6,475	89,345	82,344	7,001
Other Objects	61,239	(4,580)	56,659	46,140	10,519
Total Undist. Expend. - Support Serv. - School Administration	<u>1,685,243</u>	<u>(12,995)</u>	<u>1,672,248</u>	<u>1,633,517</u>	<u>38,731</u>
Undist. Expend. - Central Services:					
Salaries	370,311	(12)	370,299	370,299	
Purchased Professional Services	6,020	1,000	7,020	7,020	
Miscellaneous Purchased Services	22,500	50,427	72,927	61,111	11,816
Supplies and Materials	10,279	(1,622)	8,657	5,270	3,387
Miscellaneous Expenditures	5,000	(3,210)	1,790	1,756	34
Total Undist. Expend. - Central Services	<u>414,110</u>	<u>46,583</u>	<u>460,693</u>	<u>445,456</u>	<u>15,237</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Administrative Information Technology:					
Salaries	\$ 125,000	\$ (3,000)	\$ 122,000	\$ 122,000	
Total Undist. Expend. - Administrative Information Technology	<u>125,000</u>	<u>(3,000)</u>	<u>122,000</u>	<u>122,000</u>	
Required Maintenance for School Facilities:					
Salaries	490,905	560	491,465	453,218	\$ 38,247
Cleaning, Repair and Maintenance Services	281,806	10,670	292,476	270,510	21,966
General Supplies	133,251	15,455	148,706	139,763	8,943
Other Objects	2,000		2,000	1,985	15
Total Required Maintenance for School Facilities	<u>907,962</u>	<u>26,685</u>	<u>934,647</u>	<u>865,476</u>	<u>69,171</u>
Undist. Expend. - Custodial Services:					
Salaries	919,024	(30,847)	888,177	772,277	115,900
Purchased Professional and Technical Services	3,000		3,000		3,000
Cleaning, Repair and Maintenance Services	43,710		43,710	39,537	4,173
Other Purchased Property Services	33,144		33,144	31,588	1,556
Insurance	275,539	(26,829)	248,710	211,232	37,478
Miscellaneous Purchased Services	498		498	498	
General Supplies	130,878	(4,000)	126,878	120,452	6,426
Energy (Natural Gas)	164,878	(154,440)	10,438	10,438	
Energy (Electricity)	716,027	96,414	812,441	751,751	60,690
Total Undist. Expend. - Custodial Services	<u>2,286,698</u>	<u>(119,702)</u>	<u>2,166,996</u>	<u>1,937,773</u>	<u>229,223</u>
Undist. Expend. - Care and Upkeep of Grounds:					
Salaries	213,656	(500)	213,156	213,113	43
Purchased Professional and Technical Services	1,000		1,000		1,000
Cleaning, Repair, and Maintenance Services	38,580	(19,888)	18,692	18,692	
General Supplies	37,989	4,673	42,662	42,652	10
Other Objects	1,000	(100)	900	368	532
Total Undist. Expend. - Care and Upkeep of Grounds	<u>292,225</u>	<u>(15,815)</u>	<u>276,410</u>	<u>274,825</u>	<u>1,585</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
Current Expense:					
Undist. Expend. - Security					
Salaries	\$ 46,238	\$ (113)	\$ 46,125	\$ 46,125	
Purchased Professional and Technical Services	75,000	(27,108)	47,892	1,773	\$ 46,119
General Supplies	5,000	(3,990)	1,010	1,006	4
Other Objects	500	(500)			
Total Undist. Expend. - Security	<u>126,738</u>	<u>(31,711)</u>	<u>95,027</u>	<u>48,904</u>	<u>46,123</u>
Undist. Expend. - Student Transportation Services:					
Contracted Services:					
Aid in Lieu of Payments for Nonpublic School Students	255,000	(14,150)	240,850	240,850	
Between Home and School -Vendors	720,070	10,088	730,158	730,158	
Other than Between Home and School -Vendors	279,548	137,484	417,032	389,875	27,157
Special Education Students - Vendors	610,150	173,416	783,566	767,526	16,040
Total Undist. Expend. - Student Transportation Services	<u>1,864,768</u>	<u>306,838</u>	<u>2,171,606</u>	<u>2,128,409</u>	<u>43,197</u>
Unallocated Benefits:					
Social Security Contributions	424,075	(12,991)	411,084	408,848	2,236
Other Retirement Contribution - PERS	360,105	(11,561)	348,544	348,544	
Other Retirement Contribution - Essex Pension System	11,764		11,764	11,764	
Other Retirement Contribution - Regular	16,500	3,119	19,619	18,917	702
Unemployment Compensation	106,408	(3,770)	102,638	102,390	248
Workmen's Compensation	220,236	(58,848)	161,388	153,912	7,476
Health Benefits	3,675,051	4,307	3,679,358	3,598,746	80,612
Tuition Reimbursement	42,000	(14,103)	27,897	27,897	
Other Employee Benefits	130,375	5,409	135,784	85,873	49,911
Total Unallocated Benefits	<u>4,986,514</u>	<u>(88,438)</u>	<u>4,898,076</u>	<u>4,756,891</u>	<u>141,185</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
ON-BEHALF CONTRIBUTIONS:					
TPAF On-Behalf Pension Contributions (non-budgeted)				\$ 735,056	\$ (735,056)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				1,166,902	(1,166,902)
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,006,803	(1,006,803)
TOTAL ON-BEHALF CONTRIBUTIONS				<u>2,908,761</u>	<u>(2,908,761)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	<u>\$ 4,986,514</u>	<u>\$ (88,438)</u>	<u>\$ 4,898,076</u>	<u>7,665,652</u>	<u>(2,767,576)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>19,455,104</u>	<u>(18,217)</u>	<u>19,436,887</u>	<u>21,305,810</u>	<u>(1,868,923)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>34,514,334</u>	<u>(123,323)</u>	<u>34,391,011</u>	<u>35,947,706</u>	<u>(1,556,695)</u>
CAPITAL OUTLAY:					
Equipment:					
Undistributed:					
Instruction	138,438	(41,211)	97,227	89,598	7,629
Administration Information Technology		13,872	13,872	13,872	
Required Maint for School Facilities	35,220	50,868	86,088	86,088	
Custodial Service	23,700	(4,131)	19,569	19,569	
Care & Upkeep of Grounds	42,433	19,506	61,939	61,939	
Total Equipment	<u>239,791</u>	<u>38,904</u>	<u>278,695</u>	<u>271,066</u>	<u>7,629</u>
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	318,787	(116,773)	202,014	91,707	110,307
Construction Services	2,021,473	165,908	2,187,381	1,879,094	308,287
Other Objects - Assessment for Debt Service on SDA Funding	83,370		83,370	83,370	
Total Facilities Acquisition and Construction Services	<u>2,423,630</u>	<u>49,135</u>	<u>2,472,765</u>	<u>2,054,171</u>	<u>418,594</u>
Assets Acquired Under Capital Leases (Non-Budgeted):					
Regular Programs - Equipment				780,000	(780,000)
Total Assets Acquired Under Capital Leases (Non-Budgeted)				<u>780,000</u>	<u>(780,000)</u>
TOTAL CAPITAL OUTLAY	<u>2,663,421</u>	<u>88,039</u>	<u>2,751,460</u>	<u>3,105,237</u>	<u>(353,777)</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Transfer of Funds to Charter Schools		\$ 35,284	\$ 35,284	\$ 35,284	
TOTAL EXPENDITURES	\$ 37,177,755		37,177,755	39,088,227	\$ (1,910,472)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(3,389,206)		(3,389,206)	(1,918,779)	1,470,427
Other Financing Sources:					
Transfer from Capital Projects Fund - Unexpended Balances				12,000	12,000
Capital Leases (Non-budgeted)				780,000	780,000
Total Other Financing Sources				792,000	792,000
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(3,389,206)		(3,389,206)	(1,126,779)	2,262,427
Fund Balance, July 1	6,487,846		6,487,846	6,487,846	
Fund Balance, June 30	\$ 3,098,640	\$ -0-	\$ 3,098,640	\$ 5,361,067	\$ 2,262,427
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 3,151,916	
Maintenance Reserve				130,000	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				383,637	
Year End Encumbrances				457,622	
Unassigned Fund Balance				1,237,892	
				5,361,067	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				(85,194)	
Fund Balance per Governmental Funds (GAAP)				\$ 5,275,873	

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources	\$ 3,289	\$ 21,569	\$ 24,858	\$ 19,875	\$ (4,983)
State Sources		457	457		(457)
Federal Sources	360,784	58,928	419,712	372,393	(47,319)
Total Revenues	<u>364,073</u>	<u>80,954</u>	<u>445,027</u>	<u>392,268</u>	<u>(52,759)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	20,000	17,349	37,349	21,068	16,281
Purchased Professional and Technical Services	14,126	4,752	18,878	13,976	4,902
Tuition	296,845	22,960	319,805	319,805	
General Supplies	14,500	41,453	55,953	27,322	28,631
Textbooks		165	165		165
Total Instruction	<u>345,471</u>	<u>86,679</u>	<u>432,150</u>	<u>382,171</u>	<u>49,979</u>
Support Services:					
Salaries of Supervisors of Instruction	3,197		3,197	2,386	811
Purchased Professional-Educational Services		232	232		232
Other Purchased Services	15,405	(5,957)	9,448	7,711	1,737
Total Support Services	<u>18,602</u>	<u>(5,725)</u>	<u>12,877</u>	<u>10,097</u>	<u>2,780</u>
Total Expenditures	<u>\$ 364,073</u>	<u>\$ 80,954</u>	<u>\$ 445,027</u>	<u>\$ 392,268</u>	<u>\$ 52,759</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 37,169,448	\$ 392,268
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:		3,701
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	475,236	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(85,194)	
	\$ 37,559,490	\$ 395,969
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds		
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 39,088,227	\$ 392,268
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:		3,701
	\$ 39,088,227	\$ 395,969
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		

WEST ESSEX REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)

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, 2015 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

WEST ESSEX REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>No Child Left Behind</u>		<u>IDEA</u> <u>Part B Basic</u>	<u>Local</u> <u>Grants</u>	<u>Totals</u>
	<u>Title I</u>	<u>Title IIA</u>			
<b>REVENUE:</b>					
Local Sources				\$ 19,875	\$ 19,875
Federal Sources	\$ 44,877	\$ 7,711	\$ 319,805		\$ 372,393
<b>Total Revenue</b>	<u>44,877</u>	<u>7,711</u>	<u>319,805</u>	<u>19,875</u>	<u>392,268</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	21,068				21,068
Purchased Professional and Technical Services	13,976				13,976
Tuition			319,805		319,805
General Supplies	7,447			19,875	27,322
<b>Total Instruction</b>	<u>42,491</u>		<u>319,805</u>	<u>19,875</u>	<u>382,171</u>
Support Services:					
Salaries of Supervisors of Instruction	2,386				2,386
Other Purchased Services		7,711			7,711
<b>Total Support Services</b>	<u>2,386</u>	<u>7,711</u>			<u>10,097</u>
<b>Total Expenditures</b>	<u>\$ 44,877</u>	<u>\$ 7,711</u>	<u>\$ 319,805</u>	<u>\$ 19,875</u>	<u>\$ 392,268</u>

CAPITAL PROJECTS FUND

Exhibit F-1

WEST ESSEX REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Expenditures and Other Financing Uses:	
Construction Services	\$ 181,300
Operating Transfer Out - General Fund - Unexpended Balances	12,000
Operating Transfer Out - Debt Service Fund - Unexpended Balances	583,313
SDA Grant Cancelled	<u>208,557</u>
Total Expenditures and Other Financing Uses	<u>985,170</u>
Deficiency of Revenues Under Expenditures and Other Financing Uses	(985,170)
Fund Balance - Beginning of Year	<u>1,315,883</u>
Fund Balance - End of Year	<u><u>\$ 330,713</u></u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
RENOVATIONS TO JUNIOR HIGH SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 1,316,254	\$ (200,557)	\$ 1,115,697	\$ 1,115,697
Bond Proceeds	3,912,246		3,912,246	3,912,246
Transfer to Senior High School Project	<u>(850,000)</u>		<u>(850,000)</u>	<u>(850,000)</u>
Total Revenue and Other Financing Sources	<u>4,378,500</u>	<u>(200,557)</u>	<u>4,177,943</u>	<u>4,177,943</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	864,705		864,705	864,705
Construction Services	2,637,194		2,637,194	2,967,907
Furniture and Equipment	278,443		278,443	278,443
Contingency	<u>66,888</u>		<u>66,888</u>	<u>66,888</u>
Total Expenditures and Other Financing Uses	<u>3,847,230</u>		<u>3,847,230</u>	<u>4,177,943</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>\$ 531,270</u>	<u>\$ (200,557)</u>	<u>\$ 330,713</u>	<u>\$ -0-</u>

Additional Project Information:

Project Numbers	SP202761
Grant Date	8/29/2002
Bond Authorization Date	12/01/20012
Bonds Authorized	\$ 3,912,246
Bonds Issued	3,912,246
Original Authorized Cost	\$ 5,475,000
Reduced Authorized Cost	<u>(1,297,057)</u>
Revised Authorized Cost	<u>\$ 4,177,943</u>
Percentage Increase over Original Authorized Cost	(23.69)%
Percentage Completion	100.00%
Original Target Completion Date	December 2005
Revised Target Completion Date	June 2012

WEST ESSEX REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
HIGH SCHOOL ROOF REPLACEMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 1,432,801		\$ 1,432,801	\$ 1,432,801
Bond Proceeds	2,282,543		2,282,543	2,282,543
Total Revenue and Other Financing Sources	<u>3,715,344</u>		<u>3,715,344</u>	<u>3,715,344</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	296,037		296,037	296,037
Construction Services	3,244,951		3,244,951	3,244,951
Transfer to Debt Service Fund		\$ 174,356	174,356	174,356
Total Expenditures and Other Financing Uses	<u>3,540,988</u>	<u>174,356</u>	<u>3,715,344</u>	<u>3,715,344</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>\$ 174,356</u>	<u>\$ (174,356)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
 <u>Additional Project Information:</u>				
Project Numbers	SP5630-050-09-1001			
Grant Date	1/15/2009			
Grant Number	G5-3175			
Bond Authorization Date	4/21/2009			
Bonds Authorized	\$ 3,558,000			
Bonds Issued	2,282,543			
Original Authorized Cost	\$ 5,930,000			
Reduced Authorized Cost	(2,214,656)			
Revised Authorized Cost	<u>\$ 3,715,344</u>			
Percentage Increase over Original Authorized Cost	(37.35)%			
Percentage Completion	100.00%			
Original Target Completion Date	September 1, 2010			
Revised Target Completion Date	September 1, 2010			

WEST ESSEX REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
HIGH SCHOOL WINDOW REPLACEMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 482,957		\$ 482,957	\$ 482,957
Bond Proceeds	810,000		810,000	810,000
Total Revenue and Other Financing Sources	1,292,957		1,292,957	1,292,957
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	63,976		63,976	63,976
Construction Services	1,208,221		1,208,221	1,208,221
Transfer to Debt Service Fund		\$ 20,760	20,760	20,760
Total Expenditures and Other Financing Uses	1,272,197	20,760	1,292,957	1,292,957
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ 20,760	\$ (20,760)	\$ -0-	\$ -0-
 <u>Additional Project Information:</u>				
Project Numbers	SP5630-050-09-1003			
Grant Date	1/15/2009			
Grant Number	G5-3176			
Bond Authorization Date	4/21/2009			
Bonds Authorized	\$ 810,000			
Bonds Issued	810,000			
Original Authorized Cost	\$ 1,350,000			
Reduced Authorized Cost	(57,043)			
Revised Authorized Cost	\$ 1,292,957			
Percentage Increase over Original Authorized Cost	(4.23)%			
Percentage Completion	100.00%			
Original Target Completion Date	September 1, 2010			
Revised Target Completion Date	September 1, 2010			

WEST ESSEX REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
JUNIOR HIGH SCHOOL WINDOW REPLACEMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 384,065		\$ 384,065	\$ 384,065
Bond Proceeds	789,000		789,000	789,000
	<u>1,173,065</u>		<u>1,173,065</u>	<u>1,173,065</u>
Total Revenue and Other Financing Sources				
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	67,035		67,035	67,035
Construction Services	920,895		920,895	920,895
Transfer to Debt Service Fund		\$ 185,135	185,135	185,135
	<u>987,930</u>	<u>185,135</u>	<u>1,173,065</u>	<u>1,173,065</u>
Total Expenditures and Other Financing Uses				
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>\$ 185,135</u>	<u>\$ (185,135)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Additional Project Information:

Project Numbers	SP5630-070-09-1004
Grant Date	1/15/2009
Grant Number	G5-3178
Bond Authorization Date	4/21/2009
Bonds Authorized	\$ 789,000
Bonds Issued	789,000
Original Authorized Cost	\$ 1,315,000
Reduced Authorized Cost	(141,935)
Revised Authorized Cost	<u>\$ 1,173,065</u>
Percentage Increase over Original Authorized Cost	(10.79)%
Percentage Completion	100.00%
Original Target Completion Date	September 1, 2010
Revised Target Completion Date	September 1, 2010

WEST ESSEX REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
JUNIOR HIGH SCHOOL BOILER REPLACEMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 209,544		\$ 209,544	\$ 209,544
Bond Proceeds	546,000		546,000	546,000
Total Revenue and Other Financing Sources	<u>755,544</u>		<u>755,544</u>	<u>755,544</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	37,272		37,272	37,272
Construction Services	515,210		515,210	515,210
Transfer to Debt Service Fund		\$ 203,062	203,062	203,062
Total Expenditures and Other Financing Uses	<u>552,482</u>	<u>203,062</u>	<u>755,544</u>	<u>755,544</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>\$ 203,062</u>	<u>\$ (203,062)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
<u>Additional Project Information:</u>				
Project Numbers	SP5630-070-09-1005			
Grant Date	1/15/2009			
Grant Number	G5-3179			
Bond Authorization Date	4/21/2009			
Bonds Authorized	\$ 546,000			
Bonds Issued	546,000			
Original Authorized Cost	\$ 910,000			
Reduced Authorized Cost	(154,456)			
Revised Authorized Cost	<u>\$ 755,544</u>			
Percentage Increase over Original Authorized Cost	(16.97)%			
Percentage Completion	100.00%			
Original Target Completion Date	September 1, 2010			
Revised Target Completion Date	September 1, 2010			

WEST ESSEX REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
JUNIOR HIGH SCHOOL WINDOW REPLACEMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 80,520	\$ (8,000)	\$ 72,520	\$ 72,520
Transfer from Capital Reserve	120,780	(12,000)	108,780	108,780
<b>Total Revenue and Other Financing Sources</b>	<b>201,300</b>	<b>(20,000)</b>	<b>181,300</b>	<b>181,300</b>
Expenditures:				
Construction Services		181,300	181,300	181,300
<b>Total Expenditures</b>		<b>181,300</b>	<b>181,300</b>	<b>181,300</b>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 201,300	\$ (201,300)	\$ -0-	\$ -0-

Additional Project Information:

Project Numbers	SP3750-070-14-1003
Grant Date	1/6/2014
Grant Number	G04
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 201,300
Reduced Authorized Cost	(20,000)
Revised Authorized Cost	<u>\$ 181,300</u>
Percentage Increase over Original Authorized Cost	(5.96)%
Percentage Completion	100.00%
Original Target Completion Date	June 30, 2015
Revised Target Completion Date	June 30, 2015

PROPRIETARY FUNDS

Exhibit G-1

WEST ESSEX REGIONAL SCHOOL DISTRICT  
ENTERPRISE FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2015

	Business-Type Activities
	Enterprise Fund Food Service
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 49,118
Interfund Receivable - General Fund	12,680
Inventories	8,122
	69,920
Total Current Assets	69,920
Non-Current Assets:	
Capital Assets	199,567
Less: Accumulated Depreciation	(142,040)
	57,527
Total Non-Current Assets	57,527
Total Assets	127,447
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable - Vendors	14,229
Unearned Revenue	5,728
	19,957
Total Current Liabilities	19,957
<u>NET POSITION:</u>	
Net Investment in Capital Assets	57,527
Unrestricted	49,963
Total Net Position	\$ 107,490

Exhibit G-2

WEST ESSEX REGIONAL SCHOOL DISTRICT  
ENTERPRISE FUNDS  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Busines-Type Activities</u>
	<u>Enterprise Fund Food Service</u>
Operating Revenue:	
Local Sources:	
Daily Sales	\$ 757,323
Special Events	3,451
	<hr/>
Total Operating Revenue	760,774
	<hr/>
Operating Expenses:	
Cost of Sales	343,686
Salaries, Benefits & Payroll Taxes	291,883
Other Purchased Services	40,693
Supplies, Insurance and Other Costs	19,900
Management Fee	48,886
Repairs and Maintenance Services	11,078
Miscellaneous Expenditures	7,336
Depreciation Expense	2,516
	<hr/>
Total Operating Expenses	765,978
	<hr/>
Operating (Loss)	(5,204)
	<hr/>
Change in Net Position	(5,204)
	<hr/>
Net Position - Beginning of Year	112,694
	<hr/>
Net Position - End of Year	\$ 107,490
	<hr/> <hr/>

Exhibit G-3

WEST ESSEX REGIONAL SCHOOL DISTRICT  
ENTERPRISE FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Business-Type Activities</u> <u>Enterprise Fund</u> <u>Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 766,502
Payments to Employees	(291,883)
Payments to Suppliers	(517,137)
	(42,518)
Cash Flows from Capital and Related Financing Activities:	
Purchases of Capital Assets	(47,447)
	(47,447)
Cash Flows from Noncapital Financing Activities:	
Interfund Advanced - General Fund	(12,680)
	(12,680)
Net Decrease in Cash and Cash Equivalents	(102,645)
Cash and Cash Equivalents, July 1	151,763
Cash and Cash Equivalents, June 30	\$ 49,118
Reconciliation of Operating (Loss) to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (5,204)
Adjustment to Reconcile Operating (Loss) to Net Cash Used for Operating Activities:	
Depreciation	2,516
Changes in Assets and Liabilities:	
Increase in Unearned Revenue	5,728
(Decrease) in Accounts Payable	(47,731)
Decrease in Inventory	2,173
	(42,518)
Net Cash Used for Operating Activities	\$ (42,518)

FIDUCIARY FUNDS

WEST ESSEX REGIONAL SCHOOL DISTRICT  
AGENCY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2015

	<u>Student Activity</u>	<u>Agency Payroll</u>	<u>Total Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Flexible Spending Trust</u>
<u>ASSETS:</u>						
Cash and Cash Equivalents	\$ 261,739	\$ 168,416	\$ 430,155	\$ 181,428	\$ 141,400	\$ 1,457
Interfund Receivable		13,267	13,267			
Total Assets	<u>261,739</u>	<u>181,683</u>	<u>443,422</u>	<u>181,428</u>	<u>141,400</u>	<u>1,457</u>
<u>LIABILITIES:</u>						
Payroll Deductions and Withholdings		25,441	25,441			
Due to Student Groups	261,739		261,739			
Interfund Payable		156,242	156,242	3,467		
Accounts Payable				5,334		
Total Liabilities	<u>261,739</u>	<u>181,683</u>	<u>443,422</u>	<u>8,801</u>		
<u>NET POSITION:</u>						
Restricted For:						
Unemployment Claims				172,627		
Scholarships					141,400	
Flexible Spending Claims						1,457
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 172,627</u>	<u>\$ 141,400</u>	<u>\$ 1,457</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:			
Contributions:			
Employee	\$ 48,321		
Employer	97,290		\$ 35,120
Private Donations		\$ 25,799	
Total Contributions	<u>145,611</u>	<u>25,799</u>	<u>35,120</u>
Investment Earnings:			
Interest	320	310	
Net Investment Earnings	<u>320</u>	<u>310</u>	
Total Additions	<u>145,931</u>	<u>26,109</u>	<u>35,120</u>
DEDUCTIONS:			
Unemployment Compensation Claims	123,264		
Flexible Spending Claims			33,663
Scholarships Awarded		32,004	
Total Deductions	<u>123,264</u>	<u>32,004</u>	<u>33,663</u>
Change in Net Position	22,667	(5,895)	1,457
Net Position - Beginning of the Year	<u>149,960</u>	<u>147,295</u>	
Net Position - End of the Year	<u>\$ 172,627</u>	<u>\$ 141,400</u>	<u>\$ 1,457</u>

Exhibit H-3

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

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 377,899	\$ 888,535	\$ 1,004,695	\$ 261,739
Total Assets	<u>\$ 377,899</u>	<u>\$ 888,535</u>	<u>\$ 1,004,695</u>	<u>\$ 261,739</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Interfund Payable	\$ 107,132		\$ 107,132	
Due to Student Groups	<u>270,767</u>	<u>\$ 888,535</u>	<u>897,563</u>	<u>\$ 261,739</u>
Total Liabilities	<u>\$ 377,899</u>	<u>\$ 888,535</u>	<u>\$ 1,004,695</u>	<u>\$ 261,739</u>

Exhibit H-4

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

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 313,790	\$ 21,208,911	\$ 21,354,285	\$ 168,416
Interfund Receivable - General Fund		13,267		13,267
Total Assets	<u>\$ 313,790</u>	<u>\$ 21,222,178</u>	<u>\$ 21,354,285</u>	<u>\$ 181,683</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 160,500	\$ 21,219,226	\$ 21,354,285	\$ 25,441
Accrued Salaries and Wages/(Deficit)	(2,952)	2,952		
Interfund Payable - General Fund	156,242			156,242
Total Liabilities	<u>\$ 313,790</u>	<u>\$ 21,222,178</u>	<u>\$ 21,354,285</u>	<u>\$ 181,683</u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance July 1, 2014	Retired or Matured	Balance June 30, 2015
			June 30, 2015						
			Date	Amount					
Serial Bonds	8/15/2009	\$ 6,537,000	8/15/2015	\$ 285,000	3.000%				
			8/15/2016	290,000	3.000%				
			8/15/2017	305,000	3.125%				
			8/15/2018	310,000	3.250%				
			8/15/2019	325,000	3.250%				
			8/15/2020	340,000	3.500%				
			8/15/2021	355,000	3.500%				
			8/15/2022	370,000	3.500%				
			8/15/2023	385,000	3.625%				
			8/15/2024	400,000	3.750%				
			8/15/2025	410,000	3.750%				
			8/15/2026	425,000	4.000%				
			8/15/2027	440,000	4.000%				
			8/15/2028	440,000	4.000%				
			8/15/2029	437,000	4.000%			\$ 5,787,000	\$ 270,000
Refunding Bonds	7/14/2011	14,470,000	11/1/2015	1,435,000	4.000%				
			11/1/2016	1,430,000	3.500%				
			11/1/2017	120,000	2.250%				
			11/1/2017	675,000	3.000%				
			11/1/2017	625,000	4.000%				
			11/1/2018	1,365,000	4.000%				
			11/1/2018	50,000	5.000%				
			11/1/2019	1,415,000	5.000%				
			11/1/2020	1,420,000	5.000%				
			11/1/2021	1,465,000	3.500%				
			11/1/2022	1,490,000	5.000%				
									12,930,000
						\$ 18,717,000	\$ 1,710,000	\$ 17,007,000	

Exhibit I-2

WEST ESSEX REGIONAL SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Item	Interest Rate	Original Issue	Issued	Balance June 30, 2015
Computer Equipment	1.274%	\$ 780,000	\$ 780,000	\$ 780,000
			<u>\$ 780,000</u>	<u>\$ 780,000</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
 (Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,425,105		\$ 2,425,105	\$ 2,425,105	
Total Revenues	<u>2,425,105</u>		<u>2,425,105</u>	<u>2,425,105</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	715,105		715,105	715,105	
Redemption of Principal	1,710,000		1,710,000	1,710,000	
Total Regular Debt Service	<u>2,425,105</u>		<u>2,425,105</u>	<u>2,425,105</u>	
Total Expenditures	<u>2,425,105</u>		<u>2,425,105</u>	<u>2,425,105</u>	
Excess of Revenues Over Expenditures	-0-	-0-	-0-	-0-	-0-
Other Financing Sources:					
Operating Transfer In - Capital Projects Fund				583,313	583,313
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures				583,313	583,313
Fund Balance, July 1	-0-	-0-	-0-	-0-	
Fund Balance, June 30	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 583,313</u>	<u>\$ 583,313</u>
<u>Recapitulation:</u>					
Restricted				<u>\$ 583,313</u>	

STATISTICAL SECTION

**STATISTICAL SECTION****(UNAUDITED)**

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

**Contents****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 comprehensive annual financial report for the relevant year.

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

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014*	2015
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 12,984,503	\$ 15,263,155	\$ 17,287,520	\$ 18,815,040	\$ 19,449,139	\$ 24,390,753	\$ 25,317,984	\$ 26,350,801	\$ 27,209,038	\$ 30,549,506
Restricted	1	1	1	1	400,001	668,730	2,847,261	3,667,260	4,812,739	4,195,942
Unrestricted	1,429,427	1,207,018	524,397	(103,637)	253,989	788,347	288,133	662,926	(7,101,230)	(7,249,011)
<b>Total Governmental Activities Net Position</b>	<u>\$ 14,413,931</u>	<u>\$ 16,470,174</u>	<u>\$ 17,811,918</u>	<u>\$ 18,711,404</u>	<u>\$ 20,103,129</u>	<u>\$ 25,847,830</u>	<u>\$ 28,453,378</u>	<u>\$ 30,680,987</u>	<u>\$ 24,920,547</u>	<u>\$ 27,496,437</u>
<b>Business-type Activities</b>										
Net Investment in Capital Assets	\$ 73,131	\$ 63,458	\$ 53,785	\$ 47,940	\$ 24,050	\$ 42,605	\$ 33,447	\$ 24,289	\$ 12,596	\$ 57,527
Unrestricted	132,899	233,146	303,201	318,082	193,941	169,167	166,668	168,342	100,098	49,963
<b>Total Business-type Activities Net Position</b>	<u>\$ 206,030</u>	<u>\$ 296,604</u>	<u>\$ 356,986</u>	<u>\$ 366,022</u>	<u>\$ 217,991</u>	<u>\$ 211,772</u>	<u>\$ 200,115</u>	<u>\$ 192,631</u>	<u>\$ 112,694</u>	<u>\$ 107,490</u>
<b>District-wide</b>										
Net Investment in Capital Assets	\$ 13,057,634	\$ 15,326,613	\$ 17,341,305	\$ 18,862,980	\$ 19,473,189	\$ 24,433,358	\$ 25,351,431	\$ 26,375,090	\$ 27,221,634	\$ 30,607,033
Restricted	1	1	1	1	400,001	668,730	2,847,261	3,667,260	4,812,739	4,195,942
Unrestricted/(Deficit)	1,562,326	1,440,164	827,598	214,445	447,930	957,514	454,801	831,268	(7,001,132)	(7,199,048)
<b>Total District Net Position</b>	<u>\$ 14,619,961</u>	<u>\$ 16,766,778</u>	<u>\$ 18,168,904</u>	<u>\$ 19,077,426</u>	<u>\$ 20,321,120</u>	<u>\$ 26,059,602</u>	<u>\$ 28,653,493</u>	<u>\$ 30,873,618</u>	<u>\$ 25,033,241</u>	<u>\$ 27,603,927</u>

\* Restated

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 11,403,194	\$ 12,463,416	\$ 13,234,960	\$ 12,251,493	\$ 12,979,956	\$ 13,639,725	\$ 14,254,374	\$ 15,319,829	\$ 15,059,639	\$ 15,756,950
Special Education	3,374,453	3,713,674	4,619,720	5,210,393	4,944,372	4,614,351	5,291,950	5,376,409	5,244,537	3,777,063
Other Special Education	122,262	119,476	115,385	49,460	39,674	33,961	58,892	48,195	130,856	
School Sponsored Activities And Athletics	1,413,002	1,461,029	1,521,978	1,525,939	1,589,966	1,649,919	1,667,883	1,640,057	1,600,776	1,834,509
Support Services:										
Tuition										2,520,512
Student & Instruction Related Services	3,483,066	3,820,076	3,809,712	3,514,237	3,715,740	3,852,337	3,848,598	4,090,642	3,954,056	4,321,389
General Administrative Services	843,569	1,297,506	1,016,751	858,745	691,266	913,994	952,905	945,428	773,663	865,242
School Administrative Services	1,162,973	1,296,691	1,435,789	1,800,938	1,819,095	1,608,671	1,964,673	2,169,472	2,260,028	2,455,661
Central and Other Support Services	553,249	541,917	584,498	743,597	652,801	549,639	584,917	552,372	566,228	649,021
Administrative Information Technology										189,067
Plant Operations and Maintenance	2,840,689	3,105,953	3,450,036	4,333,145	3,855,280	3,592,306	3,598,805	3,655,757	3,979,360	4,022,505
Pupil Transportation	1,759,709	2,019,717	2,198,035	2,423,669	2,369,440	1,772,268	1,823,129	1,839,796	1,792,279	2,140,161
Transfer of Funds to Charter School										35,284
Interest on Long-term Debt	1,045,209	945,610	892,860	874,887	1,068,923	1,010,252	665,601	761,455	691,812	663,512
Unallocated Depreciation										1,588,396
Total Governmental Activities Expenses	<u>28,001,375</u>	<u>30,785,065</u>	<u>32,879,724</u>	<u>33,586,503</u>	<u>33,726,513</u>	<u>33,237,423</u>	<u>34,711,727</u>	<u>36,399,412</u>	<u>36,053,234</u>	<u>40,819,272</u>
Business-type Activities:										
Food Service	481,591	494,000	560,853	550,230	632,181	683,937	695,121	750,776	794,468	765,978
Total Business-type Activities Expense	<u>481,591</u>	<u>494,000</u>	<u>560,853</u>	<u>550,230</u>	<u>632,181</u>	<u>683,937</u>	<u>695,121</u>	<u>750,776</u>	<u>794,468</u>	<u>765,978</u>
Total District Expenses	<u>\$ 28,482,966</u>	<u>\$ 31,279,065</u>	<u>\$ 33,440,577</u>	<u>\$ 34,136,733</u>	<u>\$ 34,358,694</u>	<u>\$ 33,921,360</u>	<u>\$ 35,406,848</u>	<u>\$ 37,150,188</u>	<u>\$ 36,847,702</u>	<u>\$ 41,585,250</u>

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 152,890	\$ 116,528	\$ 46,944	\$ 20,635	\$ 67,175	\$ 145,971	\$ 168,593	\$ 77,076	\$ 102,010	\$ 52,289
Operating Grants and Contributions	3,375,349	4,345,302	4,428,984	3,810,271	4,601,827	3,135,488	3,903,058	4,782,073	4,329,234	8,139,878
Capital Grants and Contributions	210,765	765,770	509,127	706,619	4,500	3,262,003	19,205			72,520
Total Governmental Activities Program Revenues	<u>3,739,004</u>	<u>5,227,600</u>	<u>4,985,055</u>	<u>4,537,525</u>	<u>4,673,502</u>	<u>6,543,462</u>	<u>4,090,856</u>	<u>4,859,149</u>	<u>4,431,244</u>	<u>8,264,687</u>
Business-type Activities:										
Charges for Services:										
Food Service	541,481	584,574	621,235	559,266	497,411	635,113	726,069	743,292	727,484	760,774
Total Business-type Activities Program Revenues	<u>541,481</u>	<u>584,574</u>	<u>621,235</u>	<u>559,266</u>	<u>497,411</u>	<u>635,113</u>	<u>726,069</u>	<u>743,292</u>	<u>727,484</u>	<u>760,774</u>
Total District Program Revenues	<u>\$ 4,280,485</u>	<u>\$ 5,812,174</u>	<u>\$ 5,606,290</u>	<u>\$ 5,096,791</u>	<u>\$ 5,170,913</u>	<u>\$ 7,178,575</u>	<u>\$ 4,816,925</u>	<u>\$ 5,602,441</u>	<u>\$ 5,158,728</u>	<u>\$ 9,025,461</u>
Net (Expense)/Revenue:										
Governmental Activities	\$ (24,262,371)	\$ (25,557,465)	\$ (27,894,669)	\$ (29,048,978)	\$ (29,053,011)	\$ (26,693,961)	\$ (30,620,871)	\$ (31,540,263)	\$ (31,621,990)	\$ (32,554,585)
Business-type Activities	59,890	90,574	60,382	9,036	(134,770)	(48,824)	30,948	(7,484)	(66,984)	(5,204)
Total District-wide Net Expense	<u>\$ (24,202,481)</u>	<u>\$ (25,466,891)</u>	<u>\$ (27,834,287)</u>	<u>\$ (29,039,942)</u>	<u>\$ (29,187,781)</u>	<u>\$ (26,742,785)</u>	<u>\$ (30,589,923)</u>	<u>\$ (31,547,747)</u>	<u>\$ (31,688,974)</u>	<u>\$ (32,559,789)</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 23,173,440	\$ 24,254,219	\$ 26,009,320	\$ 27,347,610	\$ 28,163,781	\$ 30,787,000	\$ 30,284,468	\$ 30,890,157	\$ 31,507,960	\$ 32,390,184
Property Taxes Levied for Debt Service	2,366,500	2,322,750	2,279,000	2,234,375	2,188,875	1,090,680	2,546,355	2,507,679	2,407,198	2,425,105
State Aid - Unrestricted	306,414	361,432	406,264	14,852						56,617
Investment Earnings										13,506
Miscellaneous Income	532,405	675,307	372,946	351,627	206,279	359,117	395,596	370,036	345,949	245,063
Loss on Disposal of Capital Assets			(1,900)							
Total Governmental Activities	<u>26,378,759</u>	<u>27,613,708</u>	<u>29,065,630</u>	<u>29,948,464</u>	<u>30,558,935</u>	<u>32,236,797</u>	<u>33,226,419</u>	<u>33,767,872</u>	<u>34,261,107</u>	<u>35,130,475</u>
Total District-wide	<u>\$ 26,378,759</u>	<u>\$ 27,613,708</u>	<u>\$ 29,065,630</u>	<u>\$ 29,948,464</u>	<u>\$ 30,558,935</u>	<u>\$ 32,236,797</u>	<u>\$ 33,226,419</u>	<u>\$ 33,767,872</u>	<u>\$ 34,261,107</u>	<u>\$ 35,130,475</u>
Change in Net Position										
Governmental Activities	\$ 2,116,388	\$ 2,056,243	\$ 1,170,961	\$ 899,486	\$ 1,505,924	\$ 5,542,836	\$ 2,605,548	\$ 2,227,609	\$ 2,639,117	\$ 2,575,890
Business-type Activities	59,890	90,574	60,382	9,036	(134,770)	(48,824)	30,948	(7,484)	(66,984)	(5,204)
Total District	<u>\$ 2,176,278</u>	<u>\$ 2,146,817</u>	<u>\$ 1,231,343</u>	<u>\$ 908,522</u>	<u>\$ 1,371,154</u>	<u>\$ 5,494,012</u>	<u>\$ 2,636,496</u>	<u>\$ 2,220,125</u>	<u>\$ 2,572,133</u>	<u>\$ 2,570,686</u>

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

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 1,443,149	\$ 1,182,293	\$ 27,001	\$ 415,426	\$ 1,141,261					
Unreserved	499,952	492,733	1,335,627	261,838	324,835					
Restricted						\$ 668,729	\$ 2,768,729	\$ 3,588,729	\$ 3,777,933	\$ 3,281,916
Committed						98,123		161,670	490,602	
Assigned						716,497	385,557	531,760	1,117,233	841,259
Unassigned						700,917	619,125	621,000	626,842	1,152,698
<b>Total General Fund</b>	<b>\$ 1,943,101</b>	<b>\$ 1,675,026</b>	<b>\$ 1,362,628</b>	<b>\$ 677,264</b>	<b>\$ 1,466,096</b>	<b>\$ 2,184,266</b>	<b>\$ 3,773,411</b>	<b>\$ 4,903,159</b>	<b>\$ 6,012,610</b>	<b>\$ 5,275,873</b>
All Other Governmental Funds										
Reserved		\$ 1,833,234	\$ 482,539	\$ 2,627,000	\$ 2,126,854					
Unreserved/(Deficit)	\$ 9,885,488	4,571,483	4,268,036	(1,226,743)	212,827					
Restricted						\$ 1,041,648	\$ 1,112,216	\$ 914,026	\$ 1,034,806	\$ 914,026
<b>Total All Other Governmental Funds</b>	<b>\$ 9,885,488</b>	<b>\$ 6,404,717</b>	<b>\$ 4,750,575</b>	<b>\$ 1,400,257</b>	<b>\$ 2,339,681</b>	<b>\$ 1,041,648</b>	<b>\$ 1,112,216</b>	<b>\$ 914,026</b>	<b>\$ 1,034,806</b>	<b>\$ 914,026</b>
<b>Total Governmental Funds</b>	<b>\$ 11,828,589</b>	<b>\$ 8,079,743</b>	<b>\$ 6,113,203</b>	<b>\$ 2,077,521</b>	<b>\$ 3,805,777</b>	<b>\$ 3,225,914</b>	<b>\$ 4,885,627</b>	<b>\$ 5,817,185</b>	<b>\$ 7,047,416</b>	<b>\$ 6,189,899</b>

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,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Property Tax Levy	\$ 25,539,940	\$ 26,576,969	\$ 28,288,320	\$ 29,581,985	\$ 30,352,656	\$ 31,877,680	\$ 32,830,823	\$ 33,397,836	\$ 33,915,158	\$ 34,815,289
Tuition	152,890	116,528	46,944	20,635	67,175	145,971	168,593	77,076	102,010	52,289
Miscellaneous	532,405	680,307	372,946	351,627	207,879	359,117	427,395	400,230	370,871	278,405
State Sources	3,380,672	4,397,615	4,491,433	4,192,380	4,084,854	5,961,262	3,456,344	4,429,723	3,950,324	4,930,968
Federal Sources	301,091	304,119	343,814	339,362	519,873	436,229	434,120	322,156	353,988	376,133
<b>Total Revenue</b>	<b>29,906,998</b>	<b>32,075,538</b>	<b>33,543,457</b>	<b>34,485,989</b>	<b>35,232,437</b>	<b>38,780,259</b>	<b>37,317,275</b>	<b>38,627,021</b>	<b>38,692,351</b>	<b>40,453,084</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	11,268,864	12,289,086	12,992,305	12,019,960	12,648,777	13,099,598	13,537,087	14,632,909	14,329,700	11,111,898
Special Education Instruction	3,347,002	3,677,783	4,569,763	5,162,725	4,876,189	4,505,230	5,129,066	5,220,165	5,089,627	2,574,809
Other Instruction	120,791	117,663	112,860	47,051	36,228	34,033	58,888	48,264	127,465	
School Sponsored Activities and Athletics	1,398,047	1,443,004	1,496,889	1,501,999	1,555,723	1,600,028	1,600,030	1,574,858	1,537,986	1,340,691
<b>Support Services:</b>										
Tuition										2,520,512
Student & Instruction Related Services	3,441,448	3,767,954	3,737,161	3,445,011	3,616,721	3,713,399	3,672,145	3,921,624	3,769,634	3,002,260
General Administrative Services	839,213	1,291,578	1,008,500	850,872	680,005	861,798	757,690	900,256	751,062	671,493
School Administrative Services	1,149,910	1,279,456	1,411,800	1,778,048	1,786,354	1,549,120	1,869,652	2,078,786	2,152,073	1,633,517
Central and Other Support Services	546,504	533,546	572,846	732,480	636,899	529,614	557,774	526,331	540,137	445,456
Administrative Information Technology										122,000
Plant Operations and Maintenance	2,818,601	3,079,715	3,413,517	3,648,300	3,155,439	3,515,583	3,493,524	3,554,853	3,839,438	3,126,978
Pupil Transportation	1,759,394	2,019,717	2,198,035	2,423,669	2,369,440	1,768,021	1,816,080	1,832,747	1,781,428	2,128,409
Unallocated Benefits										7,665,652
Transfer of Funds to Charter School										35,284
Capital Outlay	1,114,053	3,662,992	2,708,359	3,015,490	6,118,034	4,740,163	697,802	818,459	1,136,371	3,286,537
<b>Debt Service:</b>										
Principal	1,665,610	1,698,906	1,632,633	1,754,138	1,669,127	2,443,129	1,720,000	1,665,000	1,705,000	1,710,000
Interest and Other Charges	1,019,380	962,984	905,329	853,257	892,245	1,161,859	1,791,216	842,680	780,730	715,105
<b>Total Expenditures</b>	<b>30,488,817</b>	<b>35,824,384</b>	<b>36,759,997</b>	<b>37,233,000</b>	<b>40,041,181</b>	<b>39,521,575</b>	<b>36,700,954</b>	<b>37,616,932</b>	<b>37,540,651</b>	<b>42,090,601</b>

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Excess/(Deficit) of Revenues										
Over/(Under) Expenditures	\$ (581,819)	\$ (3,748,846)	\$ (3,216,540)	\$ (2,747,011)	\$ (4,808,744)	\$ (741,316)	\$ 616,321	\$ 1,010,089	\$ 1,151,700	\$ (1,637,517)
Other Financing Sources/(Uses)										
Proceeds from Leases			\$ 1,250,000			\$ 161,453				
Proceeds from Bonds					\$ 6,537,000					
Proceeds from Refunding Bonds							\$ 14,470,000			
Premium on Bonds							1,458,392			
Payment to Refunded Bonds Escrow Agent							(14,885,000)			
Transfers In	\$ 346,992	\$ 369,503	107,564	\$ 47,839	263,293	1,138,728			\$ 120,780	926,026
Transfers Out	(346,992)	(369,503)	(107,564)	(47,839)	(263,293)	(1,138,728)			(120,780)	(926,026)
Capital Leases (Non-budgeted)										780,000
Total Other Financing Sources/(Uses)			1,250,000		6,537,000	161,453	1,043,392			780,000
Net Change in Fund Balances	<u>\$ (581,819)</u>	<u>\$ (3,748,846)</u>	<u>\$ (1,966,540)</u>	<u>\$ (2,747,011)</u>	<u>\$ 1,728,256</u>	<u>\$ (579,863)</u>	<u>\$ 1,659,713</u>	<u>\$ 1,010,089</u>	<u>\$ 1,151,700</u>	<u>\$ (857,517)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>9.14%</u>	<u>8.28%</u>	<u>7.45%</u>	<u>7.62%</u>	<u>7.55%</u>	<u>10.36%</u>	<u>9.75%</u>	<u>6.81%</u>	<u>6.83%</u>	<u>6.25%</u>

WEST ESSEX REGIONAL SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
MODIFIED ACCRUAL BASIS OF ACCOUNTING  
UNAUDITED

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Tuition	\$ 152,890	\$ 116,528	\$ 46,944	\$ 20,635	\$ 67,175	\$ 145,971	\$ 168,593	\$ 77,076	\$ 102,010	\$ 1,755
Rentals/Facility Use	200	1,600	9,600	72,125	34,582	52,091	58,431	67,601	95,195	75,155
Interest	62,554	123,700	90,726	78,696	71,081	6,449	6,765	9,770	12,174	13,506
Donations/Teen Center	2,874									
Request for Proposal Fees		5,950	3,300							
Athletic Game Receipts	7,642	9,840	12,499	14,474	12,471	15,414	9,185	19,195	28,075	24,035
Student Fines	5,379	6,460								
Prior Year Refunds and Reimbursements	85,283	41,225	122,914	89,537	55,927	40,295	65,654		12,181	7,990
Sale of Scholl Property		1,000								
Energy Rebate		114,429	12,132							
E-Rate			12,213	27,862	20,515	3,726	35,984	23,158	15,332	21,390
Workers Compensation Refund							91,520	49,438		
Vending Machines	20,617									170
Student Activity Fees						94,341	91,896	104,585	107,132	105,000
Miscellaneous	864	1,600	1,998	21,094	9,682	64,741		37,653	44,087	61,857
<b>Total Miscellaneous</b>	<b>\$ 338,303</b>	<b>\$ 422,332</b>	<b>\$ 312,326</b>	<b>\$ 324,423</b>	<b>\$ 271,433</b>	<b>\$ 505,088</b>	<b>\$ 564,189</b>	<b>\$ 447,112</b>	<b>\$ 447,958</b>	<b>\$ 310,858</b>

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 <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2005	\$ 7,903,700	\$ 778,885,700			\$ 22,030,600			\$ 808,820,000	\$ 295,363	\$ 809,115,363	\$ 0.69	\$ 809,115,363
2006	9,322,600	780,328,500			22,047,400			811,698,500	295,363	811,993,863	0.72	811,994,213
2007	9,147,000	783,758,100			22,047,400			814,952,500	295,363	815,247,863	0.74	909,637,586
2008	9,147,000	788,387,000			22,047,400			819,581,400	247,614	819,829,014	0.83	915,224,261
2009	7,145,600	785,894,700			22,047,400			815,087,700	331,433	815,419,133	0.82	866,846,814
2010	6,463,200	735,974,800			25,143,800			767,581,800	336,248	767,918,048	0.89	829,476,548
2011	6,463,200	736,848,900			25,143,800			768,455,900	327,163	768,783,063	0.91	806,128,748
2012	6,463,200	736,201,200			25,143,800			767,808,200	293,033	763,237,133	0.94	757,461,483
2013	6,463,200	734,459,400			20,279,700			761,202,300	288,400	761,490,700	0.99	745,211,103
2014	6,463,200	728,166,000			19,793,000			754,422,200	221,600	754,643,800	1.01	732,622,134

FAIRFIELD TOWNSHIP

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2005	\$ 25,041,300	\$ 628,088,400	\$ 434,600	\$ 64,500	\$ 414,582,700	\$ 470,085,300		\$ 1,538,296,800	\$ 6,661,200	\$ 1,544,958,000	\$ 1.19	\$ 2,240,563,334
2006	26,889,000	636,472,300	434,600	46,600	425,368,300	461,083,000	\$ 11,701,000	1,561,994,800	6,031,200	1,568,026,000	1.21	2,393,676,899
2007	20,315,800	650,134,500	434,600	46,600	418,904,900	479,097,500	11,701,000	1,580,634,900	5,278,100	1,585,913,000	1.30	2,935,460,557
2008	23,548,300	656,158,400	241,600	46,600	397,923,400	476,087,700	11,701,000	1,565,707,000	5,617,500	1,571,324,500	1.37	3,033,568,912
2009	* 44,949,900	1,317,292,700	492,900	47,500	777,919,000	946,905,400	16,500,000	3,104,107,400	10,901,748	3,115,009,148	0.72	3,109,397,060
2010	50,823,000	1,317,526,000	492,900	47,500	775,320,000	938,752,800	16,500,000	3,099,462,200	10,901,748	3,110,363,948	0.75	3,125,008,280
2011	48,359,400	1,320,103,100	501,300	47,500	774,727,000	918,689,900	15,000,000	3,077,428,200	10,130,737	3,087,558,937	0.79	3,004,475,056
2012	40,010,500	1,105,701,000	424,200	33,300	692,955,600	823,057,500	15,000,000	2,677,182,100	10,025,440	2,687,207,540	0.90	2,962,755,685
2013	38,877,100	1,108,782,600	424,200	33,300	665,905,200	817,502,000	15,000,000	2,646,524,400	7,898,040	2,654,422,440	0.91	2,783,791,725
2014	38,420,800	1,111,492,100	424,200	33,300	653,979,100	802,744,600	15,000,000	2,622,094,100	7,402,303	2,629,496,403	0.93	2,591,005,944

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

NORTH CALDWELL BOROUGH

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2005	\$ 4,201,100	\$ 346,397,640	\$ 94,900	\$ 4,000	\$ 5,797,600	\$ 739,600		\$ 357,234,840	\$ 177,552	\$ 357,412,392	\$ 4.24	\$ 1,358,798,628
2006	6,786,400	352,882,076	94,900	4,000	5,677,800	739,600		366,184,776	151,567	366,336,343	4.20	1,552,535,185
2007	9,677,700	354,687,700	94,900	4,000	5,563,900	739,600		370,767,800	149,800	370,917,600	4.36	1,672,593,459
2008 *	60,873,600	1,723,979,600	624,200	4,000	32,327,600	2,916,300		1,820,725,300	713,300	1,821,438,600	0.95	1,764,573,995
2009	52,622,000	1,723,500,900	624,200	4,000	32,127,000	2,916,300		1,811,794,400	781,000	1,812,575,400	0.99	1,808,237,504
2010	36,736,800	1,568,711,600	642,900	4,000	29,817,300	2,916,300		1,638,828,900	761,600	1,639,590,500	1.13	1,767,502,544
2011	31,687,700	1,517,159,000	474,200	4,000	27,941,000	2,916,300		1,580,182,200	568,100	1,580,750,300	1.20	1,705,642,135
2012	27,965,000	1,477,834,400	424,000	4,000	25,749,200	2,916,300		1,534,892,900	572,300	1,535,465,200	1.24	1,629,143,891
2013	32,703,600	1,479,925,700	424,000	4,000	23,679,100	2,697,500		1,539,433,900	618,900	1,540,052,800	1.27	1,603,705,860
2014	24,013,300	1,511,273,300	228,500	5,700	23,217,700	2,697,500		1,561,436,000	528,800	1,561,964,800	1.28	1,627,465,417

ROSELAND BOROUGH

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2005	\$ 3,827,800	\$ 120,485,141		\$ 3,500	\$ 118,630,900	\$ 12,819,900	\$ 7,616,900	\$ 263,384,141	\$ 346,387	\$ 263,730,528	\$ 4.49	\$ 1,384,130,905
2006	2,937,700	124,367,441		3,500	106,823,800	13,241,600	7,616,900	254,990,941	248,124	255,239,065	5.05	1,740,006,935
2007	1,714,600	128,712,141		3,500	108,117,400	13,509,200	7,616,900	259,673,741	223,805	259,897,546	5.31	1,985,595,895
2008	1,670,300	131,740,741		3,500	87,252,700	12,437,700	7,616,900	240,721,841	228,176	240,950,017	5.85	1,848,524,833
2009	1,545,600	131,487,941		3,500	84,649,300	12,191,000	7,316,900	237,194,241	216,557	237,410,798	6.20	2,015,579,267
2010 *	21,591,600	987,424,646		4,600	666,755,200	85,871,000	53,906,200	1,815,553,246	1,913,146	1,817,466,392	0.84	1,980,725,360
2011	20,823,300	984,274,052		6,400	659,768,900	85,545,200	53,906,200	1,804,324,052	1,741,868	1,806,065,920	0.86	1,806,358,981
2012	14,864,900	983,130,652		6,400	579,971,400	85,210,500	53,906,200	1,713,019,652	1,612,156	1,714,631,808	0.94	1,876,699,561
2013	14,671,400	954,190,452		6,400	575,700,600	88,204,600	53,906,200	1,686,679,652	1,807,900	1,688,487,552	0.99	1,790,276,314
2014	14,517,100	951,345,752		6,400	563,386,400	91,276,600	53,906,200	1,674,438,452	1,466,700	1,675,905,152	1.01	1,791,196,093

\* Revaluation became effective in this year.

Exhibit J-7  
1 of 2

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

**ESSEX FELLS BOROUGH**

Year Ended December 31,	School District of West Essex Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	Debt Service <sup>b</sup>	General Obligation Total Direct	Borough of Essex Fells	Essex County	
2005	\$ 0.62	\$ 0.06	\$ 0.69	\$ 0.30	\$ 0.41	\$ 1.40
2006	0.66	0.06	0.72	0.31	0.44	1.47
2007	0.68	0.06	0.74	0.32	0.42	1.48
2008	0.77	0.06	0.83	0.35	0.44	1.62
2009	0.76	0.06	0.82	0.37	0.41	1.61
2010	0.86	0.03	0.89	0.39	0.44	1.72
2011	0.83	0.07	0.91	0.41	0.46	1.78
2012	0.87	0.07	0.94	0.43	0.46	1.83
2013	0.92	0.07	0.99	0.44	0.48	1.91
2014	0.94	0.07	1.01	0.47	0.51	1.98

**FAIRFIELD TOWNSHIP**

Year Ended December 31,	School District of West Essex Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	Debt Service <sup>b</sup>	General Obligation Total Direct	Township of Fairfield	Essex County	
2005	\$ 1.08	\$ 0.11	\$ 1.19	\$ 0.55	\$ 0.70	\$ 2.44
2006	1.10	0.11	1.21	0.58	0.73	2.52
2007	1.19	0.10	1.30	0.61	0.72	2.63
2008	1.26	0.10	1.37	0.67	0.75	2.79
2009	* 0.67	0.05	0.72	0.35	0.39	1.46
2010	0.73	0.03	0.75	0.40	0.41	1.56
2011	0.73	0.06	0.79	0.42	0.42	1.63
2012	0.83	0.07	0.90	0.50	0.49	1.89
2013	0.85	0.06	0.91	0.51	0.51	1.94
2014	0.87	0.06	0.93	0.53	0.50	1.96

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

**NORTH CALDWELL BOROUGH**

Year Ended December 31,	School District of West Essex Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	General Obligation		Total Direct	Borough of North Caldwell	Essex County	
	Basic Rate <sup>a</sup>	Debt Service <sup>b</sup>				
2005	\$ 3.84	\$ 0.39	\$ 4.24	\$ 1.15	\$ 1.82	\$ 7.21
2006	3.84	0.37	4.20	1.18	1.86	7.24
2007	4.01	0.35	4.36	1.22	1.78	7.36
2008	* 0.88	0.07	0.95	0.27	0.38	1.60
2009	0.92	0.07	0.99	0.30	0.39	1.67
2010	1.09	0.04	1.13	0.34	0.46	1.93
2011	1.11	0.09	1.20	0.36	0.47	2.04
2012	1.14	0.09	1.24	0.38	0.49	2.11
2013	1.18	0.09	1.27	0.38	0.51	2.17
2014	1.19	0.09	1.28	0.38	0.55	2.21

**ROSELAND BOROUGH**

Year Ended December 31,	School District of West Essex Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	General Obligation		Total Direct	Borough of Roseland	Essex County	
	Basic Rate <sup>a</sup>	Debt Service <sup>b</sup>				
2005	\$ 4.07	\$ 0.42	\$ 4.49	\$ 3.12	\$ 2.52	\$ 10.13
2006	4.61	0.44	5.05	3.12	2.23	10.40
2007	4.88	0.43	5.31	3.12	0.30	8.73
2008	5.41	0.44	5.85	3.21	3.02	12.08
2009	5.76	0.45	6.20	3.40	3.22	12.82
2010	* 0.81	0.03	0.84	0.56	0.44	1.83
2011	0.79	0.07	0.86	0.58	0.43	1.87
2012	0.87	0.07	0.94	0.59	0.51	2.04
2013	0.92	0.07	0.99	0.60	0.45	2.04
2014	0.94	0.07	1.01	0.61	0.54	2.16

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.

\* Revaluation became effective in this year.

Source: Municipal Tax Collector and School Business Administrator

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

ESSEX FELLS BOROUGH

Taxpayer	2015		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value

NOT AVAILABLE

Taxpayer	2006		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Essex Fells Country Club	\$ 17,670,400	1	2.18%
Individual Taxpayers	32,318,000	2-10	3.98%
	<u>\$ 49,988,400</u>		<u>6.16%</u>

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

FAIRFIELD TOWNSHIP

Taxpayer	2015		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value

NOT AVAILABLE

Taxpayer	2006		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
AMB-AMS	\$ 39,729,400	1	2.53%
Rt. 46 Associates	27,200,000	2	1.73%
Prime Hospital Corp.	22,200,000	3	1.42%
Transwestern Greenbrook	21,800,000	4	1.39%
CRG 300 LLC	20,157,500	5	1.29%
Kyocera Mita America	18,511,800	6	1.18%
Marshall Field/Target	15,413,800	7	0.98%
AMB Partners II LP	13,755,000	8	0.88%
AMCHU Accociates	11,701,000	9	0.75%
Individual Taxpayer	11,000,000	10	0.70%
	<u>\$ 201,468,500</u>		<u>12.85%</u>

Note: A revaluation became effective in 2009.

Source: Municipal Tax Assessor

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

NORTH CALDWELL BOROUGH

Taxpayer	2015		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Greenbrook Country Club	\$ 12,000,000	1	0.77%
K Hovnanian at Hilltop, LLC	8,503,100	2	0.54%
Hidden Ridge at North Caldwell, LLC	3,600,000	3	0.23%
Individual taxpayer	3,425,400	4	0.22%
Individual taxpayer	2,824,800	5	0.18%
Individual taxpayer	2,563,000	6	0.16%
Heller Property Partners, LP	2,500,000	7	0.16%
Individual taxpayer	2,470,900	8	0.16%
5 Crossing, LLC	2,458,300	9	0.16%
PSEG Services Corp.	2,320,000	10	0.15%
Total	<u>\$ 42,665,500</u>		<u>2.73%</u>

Taxpayer	2006		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
K Hovnanian at North Caldwell LLC	\$ 5,540,836	1	1.51%
Greenbrook Country Club	4,128,000	2	1.13%
Individual taxpayer	980,100	3	0.27%
Individual taxpayer	945,800	4	0.26%
Zephyr Spc. 1 LLC	833,000	5	0.23%
Transcontinental Pipeline	708,400	6	0.19%
Individual taxpayer	655,700	7	0.18%
Individual taxpayer	621,900	8	0.17%
Individual taxpayer	558,300	9	0.15%
Individual taxpayer	533,400	10	0.15%
	<u>\$ 15,505,436</u>		<u>4.23%</u>

Note: A revaluation became effective in 2009.

Source: Municipal Tax Assessor

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

ROSELAND BOROUGH

Taxpayer	2015		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Prudential Financial - 80 Livingston	\$ 67,100,400	1	4.10%
ADP Incorporated	61,626,400	2	3.77%
56 Livingston Owner	57,127,200	3	3.49%
Segal Development	53,906,200	4	3.30%
Prudential Financial - 55 Livingston	48,850,000	5	2.99%
Mack-Cali Realty Corp - 4 Beckham	38,406,100	6	2.35%
Mack-Cali Realty Corp - 101 Eisenhower	31,189,200	7	1.91%
Mack-Cali Realty Corp - 105 Eisenhower	28,952,000	8	1.77%
Mack-Cali Realty Corp - 103 Eisenhower	20,535,800	9	1.26%
Mack-Cali Realty Corp - 85 Livingston	15,811,100	10	0.97%
Total	<u>\$ 423,504,400</u>		<u>25.91%</u>

Taxpayer	2006		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Prudential	\$ 27,000,700		9.98%
Cali (Office Associates)	17,850,100		6.60%
ADP Incorporated	16,652,000		6.16%
Gale and Wentworth	15,944,700		5.89%
Organon	15,310,300		5.66%
Segal Development	7,616,900		2.82%
Eagle Rock Associate	2,400,000		0.89%
American Bobst Holdings	2,127,400		0.79%
556 Eagle Rock Associates	1,235,100		0.46%
426 Eagle Rock Associates	1,235,100		0.46%
	<u>\$ 107,372,300</u>		<u>39.71%</u>

Note: A revaluation became effective in 2009.

Source: Municipal Tax Assessor

Exhibit J-9

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the</u> <u>Fiscal Year of the Levy<sup>a</sup></u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2006	\$ 25,539,940	\$ 25,539,940	100.00%	\$ -0-
2007	26,576,969	26,576,969	100.00%	-0-
2008	28,288,319	28,288,319	100.00%	-0-
2009	29,581,985	29,581,985	100.00%	-0-
2010	30,320,556	30,320,556	100.00%	-0-
2011	31,877,680	31,685,577	99.40%	192,103
2012	32,830,823	32,830,823	100.00%	-0-
2013	33,397,836	33,397,836	100.00%	-0-
2014	33,915,158	33,323,280	98.25%	591,878
2015	34,815,289	34,815,289	100.00%	-0-

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,	Governmental Activities				Business-Type Activities	Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases	Sale/Leaseback Contracts	Capital Leases			
2006	\$ 24,685,000	\$ -0-	\$ 786,480	\$ -0-	\$ -0-	\$ 25,471,480	2.43%	\$ 1,159
2007	23,285,000	-0-	487,574	-0-	-0-	23,772,574	2.18%	1,089
2008	21,885,000	-0-	1,204,941	300,000	-0-	23,389,941	2.10%	1,069
2009	20,485,000	-0-	950,000	200,803	-0-	21,635,803	1.98%	983
2010	25,622,000	-0-	779,625	102,051	-0-	26,503,676	2.39%	1,228
2011	24,222,000	-0-	-0-	-0-	-0-	24,222,000	2.09%	1,121
2012	22,087,000	-0-	-0-	-0-	-0-	22,087,000	1.84%	1,008
2013	20,422,000	-0-	-0-	-0-	-0-	20,422,000	1.70%	929
2014	18,717,000	-0-	-0-	-0-	-0-	18,717,000	1.54%	841
2015	17,007,000	-0-	780,000	-0-	-0-	17,787,000	1.46%	799

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

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

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2006	\$ 24,685,000	\$ -0-	\$ 24,685,000	0.83%	\$ 744
2007	23,285,000	-0-	23,285,000	0.78%	1,060
2008	21,885,000	-0-	21,885,000	0.72%	1,003
2009	20,485,000	-0-	20,485,000	0.46%	936
2010	25,622,000	-0-	25,622,000	0.43%	1,164
2011	24,222,000	-0-	24,222,000	0.33%	1,122
2012	22,087,000	-0-	22,087,000	0.30%	1,022
2013	20,422,000	-0-	20,422,000	0.30%	932
2014	18,717,000	-0-	18,717,000	0.28%	851
2015	17,007,000	-0-	17,007,000	0.26%	764

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.

Exhibit J-12

WEST ESSEX REGIONAL SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2014  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes:			
Borough of Essex Fells	\$ 2,834,495	100.000%	\$ 2,834,495
Township of Fairfield	8,957,495	100.000%	8,957,495
Borough of North Caldwell	6,637,713	100.000%	6,637,713
Borough of Roseland	16,525,674	100.000%	16,525,674
Essex County General Obligation Debt:			
Borough of Essex Fells	329,424,039	0.888%	2,926,066
Township of Fairfield	329,424,039	3.141%	10,348,382
Borough of North Caldwell	329,424,039	1.973%	6,500,036
Borough of Roseland	329,424,039	2.172%	7,153,971
Subtotal, Overlapping Debt			61,883,831
West Essex Regional School District Direct Debt			17,007,000
Total Direct and Overlapping Debt			<u>\$ 78,890,831</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 2015

	Borough of Essex Fells	Township of Fairfield	Borough of North Caldwell	Borough of Roseland	Total
Equalized valuation basis					
2014	\$ 755,631,210	\$ 2,625,244,393	\$ 1,653,362,982	\$ 1,813,929,641	\$ 6,848,168,226
2013	738,672,780	2,580,212,928	1,602,742,218	1,794,340,055	6,715,967,981
2012	746,301,575	2,778,312,682	1,597,016,856	1,807,554,766	6,929,185,879
					<u>\$ 20,493,322,086</u>
Average Equalized Valuation of Taxable Property					<u>\$ 6,831,107,362</u>
Debt Limit (4% of average equalization value)					\$ 273,244,294 <sup>a</sup>
Net Bonded School Debt					<u>17,007,000</u>
Legal Debt Margin					<u>\$ 256,237,294</u>

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 207,843,041	\$ 223,151,659	\$ 242,438,250	\$ 265,880,775	\$ 269,902,819	\$ 266,285,573	\$ 260,818,888	\$ 252,130,498	\$ 244,610,592	\$ 273,244,294
Total Net Debt Applicable to Limit	<u>24,685,000</u>	<u>23,285,000</u>	<u>21,885,000</u>	<u>27,022,000</u>	<u>25,622,000</u>	<u>24,222,000</u>	<u>22,087,000</u>	<u>20,422,000</u>	<u>18,717,000</u>	<u>17,007,000</u>
Legal Debt Margin	<u>\$ 183,158,041</u>	<u>\$ 199,866,659</u>	<u>\$ 220,553,250</u>	<u>\$ 238,858,775</u>	<u>\$ 244,280,819</u>	<u>\$ 242,063,573</u>	<u>\$ 238,731,888</u>	<u>\$ 231,708,498</u>	<u>\$ 225,893,592</u>	<u>\$ 256,237,294</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	11.88%	10.43%	9.03%	10.16%	9.49%	9.10%	8.47%	8.10%	7.65%	6.22%

<sup>a</sup> Limit set by NJS A 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

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

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

Year	Population <sup>a</sup>	Borough of Essex Fells Income Personal Income <sup>b</sup>	Essex County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2006	2,032	\$ 96,778,064	\$ 47,627	2.50%
2007	2,006	100,255,868	49,978	2.20%
2008	2,094	106,875,666	51,039	2.70%
2009	2,135	105,968,590	49,634	5.50%
2010	2,113	108,709,624	51,448	5.60%
2011	2,116	113,286,408	53,538	5.30%
2012	2,185	119,910,615	54,879	5.50%
2013	2,119	115,710,114	54,606	2.40%
2014	2,095	114,399,570	54,606 *	4.40%
2015	2,095 **	114,399,570 ***	54,606 *	N/A

Year	Population <sup>a</sup>	Township of Fairfield Income Personal Income <sup>b</sup>	Essex County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2006	7,558	\$ 359,964,866	\$ 47,627	3.30%
2007	7,481	373,885,418	49,978	2.90%
2008	7,441	379,781,199	51,039	3.60%
2009	7,447	369,624,398	49,634	7.20%
2010	7,467	384,162,216	51,448	7.30%
2011	7,478	400,357,164	53,538	6.90%
2012	7,497	411,427,863	54,879	7.20%
2013	7,509	410,036,454	54,606	5.10%
2014	7,551	412,329,906	54,606 *	5.80%
2015	7,551 **	412,329,906 ***	54,606 *	N/A

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

Year	Population <sup>a</sup>	Borough of North Caldwell Income Personal Income <sup>b</sup>	Essex County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2006	7,091	\$ 337,723,057	\$ 47,627	3.00%
2007	7,034	351,545,252	49,978	2.70%
2008	7,020	358,293,780	51,039	3.30%
2009	7,071	350,962,014	49,634	6.60%
2010	6,184	318,154,432	51,448	6.70%
2011	6,193	331,560,834	53,538	6.40%
2012	6,340	347,932,860	54,879	6.60%
2013	6,557	358,051,542	54,606	3.10%
2014	6,783	370,392,498	54,606 *	3.60%
2015	6,783 **	370,392,498 ***	54,606 *	N/A

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

Year	Population <sup>a</sup>	Borough of Roseland Income Personal Income <sup>b</sup>	Essex County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2006	5,296	\$ 252,232,592	\$ 47,627	3.40%
2007	5,302	264,983,356	49,978	3.10%
2008	5,319	271,476,441	51,039	3.80%
2009	5,350	265,541,900	49,634	7.60%
2010	5,820	299,427,360	51,448	7.70%
2011	5,828	312,019,464	53,538	7.30%
2012	5,884	322,908,036	54,879	7.50%
2013	5,799	316,660,194	54,606	2.90%
2014	5,826	318,134,556	54,606 *	4.60%
2015	5,826 **	318,134,556 ***	54,606 *	N/A

\* - Latest Essex County per capita personal income available (2013) was used for calculation purposes.

\*\* - Latest population data available (2014) was used for calculation purposes.

\*\*\* - Latest available population data (2014) and latest available Essex County per capita personal income (2013) was used for calculation purposes.

N/A - Information not available

Sources:

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

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

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

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

CALDWELL-WEST CALDWELL SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS - COUNTY OF ESSEX  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

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%
	<u>107,649</u>		<u>32.39%</u>
Total Employment	<u>332,387</u>		
Employer	2005		
	Employees	Rank (Optional)	Percentage of Total Employment

INFORMATION IS NOT AVAILABLE

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

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction	134	141	147	141	143	143	146	146	146	147
Support Services:										
Student & Instruction related services	36	33	33	38	36	36	36	36	36	26
General Administrative	2	2	2	1	2	2	2	2	2	2
School Administrative Services	16	11	17	9	8	8	9	9	9	9
Central and Other Support Services	5	6	6	7	8	8	8	8	8	8
Plant Operations and Maintenance	27	32	26	27	27	27	27	26	26	28
Total	<u>220</u>	<u>225</u>	<u>231</u>	<u>223</u>	<u>224</u>	<u>224</u>	<u>228</u>	<u>227</u>	<u>227</u>	<u>220</u>

Source: School District Personnel Records

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

Fiscal Year End June 30,	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Junior High School	Senior High School				
2006	1,561	\$ 26,689,774	\$ 17,098	4.29%	N/A	N/A	N/A	1,561	N/A	1.17%	N/A
2007	1,615	29,499,502	18,266	6.83%	150	1:13	1:8	1,597	1,530	2.31%	95.80%
2008	1,604	31,513,676	19,647	7.56%	147	1:8	1:13	1,604	1,566	0.44%	97.63%
2009	1,633	31,610,115	19,357	-1.48%	146	1:11	1:18	1,633	1,583	1.81%	96.94%
2010	1,591	31,361,775	19,712	1.83%	143	1:12	1:12	1,561	1,498	-4.41%	95.96%
2011	1,589	31,176,424	19,620	-0.47%	143	1:11	1:11	1,589	1,522	1.79%	95.78%
2012	1,615	32,491,936	20,119	2.54%	146	1:11	1:11	1,615	1,573	1.64%	97.40%
2013	1,617	34,290,793	21,206	5.41%	146	1:11	1:11	1,618	1,550	0.19%	95.80%
2014	1,650	33,918,550	20,557	-3.06%	142.4	1:11	1:11	1,646	1,579	1.73%	95.93%
2015	1,651	36,378,959	22,034	7.19%	147.4	1:13	1:12	1,646	1,580	0.00%	95.99%

N/A - Not Available

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>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Middle School										
Square Feet	175,500	175,500	175,500	175,500	175,500	175,500	175,500	175,500	175,500	175,500
Capacity (students) - *	721; 892	721; 892	721; 892	721; 892	721; 892	721; 892	721; 892	721; 892	721; 892	721; 892
Enrollment	833	565	810	576	565	594	579	564	580	578
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	727	1,050	763	998	1,029	1,025	1,050	1,087	1,072	1,059

Number of Schools at June 30, 2015

  Middle School = 1

  High School = 1

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

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

Source: West Essex Regional School District Facilities Office

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>School Facilities</u>										
Senior High School	\$ 103,750	\$ 71,685	\$ 105,794	\$ 95,732	\$ 35,367	\$ 141,776	\$ 83,489	\$ 181,645	\$ 465,521	\$ 493,587
Junior High School	40,805	22,637	66,060	48,828	27,830	63,160	60,724	88,824	318,179	371,889
Total	<u>\$ 144,555</u>	<u>\$ 94,322</u>	<u>\$ 171,854</u>	<u>\$ 144,560</u>	<u>\$ 63,197</u>	<u>\$ 204,936</u>	<u>\$ 144,213</u>	<u>\$ 270,469</u>	<u>\$ 783,700</u>	<u>\$ 865,476</u>

Source: School District's Financial Statements

Exhibit J-20

WEST ESSEX REGIONAL SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2015  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package Policy - School Alliance Insurance Fund:		
<u>PROPERTY SECTION:</u>		
Blanket Building and Contents (fund limit)	\$ 250,000,000	\$ 2,500
Accounts Receivable	2,500,000	2,500
Automobile Physical Damage	In Blanket Limit	1,000
Builders Risk	25,000,000	2,500
Electronic Data Processing Equipment	In Blanket Limit	2,500
<u>LIABILITY SECTION:</u>		
Comprehensive General Liability	5,000,000	
Automobile Liability	5,000,000	
Employee Benefit Liability	5,000,000	1,000
<u>EXCESS LIABILITY:</u>		
Excludes School Board Legal Liability	5,000,000	
<u>CRIME:</u>		
Blanket Employee Dishonesty	100,000	1,000
Per Loss Aggregate Limit	400,000	
Forgery	50,000	1,000
Theft/Disappearance/Destruction:		
Inside	50,000	1,000
Outside	50,000	1,000
Umbrella Liability - Selective Mutual:		
Umbrella Policy	15,000,000	10,000
School Board Legal Liability - Selective Mutual	1,000,000	2,500
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	125,000	
Treasurer	250,000	

Source: School District records.

SINGLE AUDIT SECTION



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Report on Internal Control over Financial Reporting and  
 on Compliance and Other Matters Based on an Audit of Financial Statements  
 Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the West Essex Regional School District, in the County of Essex (the "District") as of and for the fiscal year ended June 30, 2015, 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 20, 2015.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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

### **Compliance and Other Matters**

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

### **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 20, 2015  
Mount Arlington, New Jersey

NISIVOCCIA LLP



William F. Schroeder  
Licensed Public School Accountant #2112  
Certified Public Accountant



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Report on Compliance For Each Major State Program  
and Report on Internal Control Over Compliance Required by  
OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 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**

We have audited the Board of Education of the West Essex Regional School District's (the "District's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and 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, 2015. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the District's compliance.

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2015.

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

### Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJOMB 04-04 and 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements of OMB Circular A-133 or NJOMB 04-04 and 15-08. Accordingly, this report is not suitable for any other purpose.

November 20, 2015  
Mount Arlington, New Jersey

NISIVOCCIA LLP



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WEST ESSEX REGIONAL SCHOOL DISTRICT  
SCHEDULE OF OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2014		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expendi- tures	Adjustments	Balance at June 30, 2015	
					Budgetary Accounts Receivable	Budgetary Unearned Revenue					Budgetary Accounts Receivable	Budgetary Unearned Revenue
<u>U.S. Department of Education:</u>												
<u>Special Revenue Fund:</u>												
Passed-through State Department of Education:												
No Child Left Behind:												
Title I	84.010	NCLB563015	7/1/14-6/30/15	\$ 65,072				\$ 57,001	\$ (44,877)			\$ 12,124
Title I	84.010	NCLB563014	7/1/13-6/30/14	47,267	\$ (10,986)			10,933		\$ 53		
Total Title I					(10,986)			67,934	(44,877)	53		12,124
Title IIA	84.367	NCLB563015	7/1/14-6/30/15	12,957				1,673	(7,711)		\$ (6,038)	
Title IIA	84.367	NCLB563014	7/1/13-6/30/14	15,875		\$ 2,698				(2,698)		
Total Title II						2,698		1,673	(7,711)	(2,698)	(6,038)	
Special Education Cluster:												
I.D.E.A. Part B, Basic	84.027	IDEA563015	7/1/14-6/30/15	319,805				217,522	(319,805)		(102,283)	
I.D.E.A. Part B, Basic	84.027	IDEA563014	7/1/13-6/30/14	282,704	(166,847)			166,847				
Total Special Education Cluster					(166,847)			384,369	(319,805)		(102,283)	
Subtotal - Special Revenue Fund					(177,833)	2,698		453,976	(372,393)	(2,645)	(108,321)	12,124
Total U.S. Department of Education					(177,833)	2,698		453,976	(372,393)	(2,645)	(108,321)	12,124
Total Federal Awards					\$ (177,833)	\$ 2,698	\$ -0-	\$ 453,976	\$ (372,393)	\$ (2,645)	\$ (108,321)	\$ 12,124

WEST ESSEX REGIONAL SCHOOL DISTRICT  
SCHEDULE OF OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2014			Budgetary Expenditures	Cancellation of Receivable	Repayment of Prior Years' Balances	Balance at June 30, 2015		MEMO	
				Budgetary Accounts Receivable	Due to Grantor	Cash Received				GAAP Accounts Receivable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
<b>State Department of Education:</b>													
General Fund State Aid:													
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	\$ 158,980			\$ 145,827	\$ (158,980)				\$ (13,153)	\$ 158,980	
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	811,495			744,357	(811,495)				(67,138)	811,495	
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	25,666			23,543	(25,666)				(2,123)	25,666	
Additional Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	1			1	(1)					1	
PARCC Readiness	15-495-034-5120-098	7/1/14-6/30/15	16,800			15,410	(16,800)				(1,390)	16,800	
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	16,800			15,410	(16,800)				(1,390)	16,800	
Extraordinary Special Education Costs Aid	15-100-034-5120-473	7/1/14-6/30/15	467,945				(467,945)		\$ (467,945)		(467,945)	467,945	
Excess Nonpublic Transportation Costs	15-495-034-5120-014	7/1/14-6/30/15	61,958				(61,958)			(61,958)	(61,958)	61,958	
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/14-6/30/15	1,006,803			957,673	(1,006,803)			(49,130)	(49,130)	1,006,803	
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	158,980	\$ (13,952)		13,952						158,980	
Special Education Aid	14-495-034-5120-089	7/1/13-6/30/14	811,495	(71,219)		71,219						811,495	
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	25,666	(2,253)		2,253						25,666	
Extraordinary Special Education Costs Aid	14-100-034-5120-473	7/1/13-6/30/14	387,812	(387,812)		387,812						387,812	
Excess Nonpublic Transportation Costs	14-495-034-5120-014	7/1/13-6/30/14	67,272	(67,272)		67,272						67,272	
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	7/1/13-6/30/14	1,019,341	(50,573)		50,573						1,019,341	
Subtotal - General Fund				(593,081)		2,495,302	(2,566,448)			(579,033)	(664,227)	5,037,014	
Special Revenue Fund Aid:													
Nonpublic Auxiliary Services:													
N.J. Nonpublic Textbook Aid	14-100-034-5120-064	7/1/13-6/30/14	165		\$ 165				\$ (165)				
N.J. Nonpublic Nursing Aid	14-100-034-5120-070	7/1/13-6/30/14	232		232				(232)				
N.J. Nonpublic Technology Initiative	14-100-034-5120-373	7/1/13-6/30/14	60		60				(60)				
Subtotal - Special Revenue Fund					457				(457)				
Total State Department of Education				(593,081)	457	2,495,302	(2,566,448)		(457)	(579,033)	(664,227)	5,037,014	
NJ Schools Development Authority:													
Capital Projects Fund:													
Educational Facilities Construction and Financing Act:													
Middle School Improvements	SP202761	7/1/02-6/30/16	1,115,697	(1,152,165)				\$ (200,557)		(951,608)	(951,608)	(1,115,697)	
Middle School Window Replacement	SP-3750-070-14-1003	7/1/13-6/30/16	72,520	(80,520)			(72,520)	(8,000)		(72,520)	(72,520)	72,520	
Total NJ Schools Development Authority				(1,232,685)			(72,520)	(208,557)		(1,024,128)	(1,024,128)	(1,043,177)	
Total State Awards				\$(1,825,766)	\$ 457	\$ 2,495,302	\$(2,638,968)	\$ (208,557)	\$ (457)	\$ (1,603,161)	\$ -0-	\$(1,688,355)	\$ 3,993,837

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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, 2015. The information in these schedules are presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 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. This basis of accounting is described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. 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 those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last 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. The capital projects fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition. For GAAP purposes, that revenue is recognized when expended and submitted to the School Development Authority for reimbursement.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$390,042 for the general fund and \$3,701 for the special revenue fund (of which \$39 is for local awards and is not included in the table below). See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and capital projects funds. Additionally, the schedule of expenditures of state awards does not include the TPAF On-Behalf Pension Contributions and on-behalf TPAF Post Retirement Contributions revenue of \$735,056 and \$1,166,902 respectively. 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		\$ 4,858,448	\$ 4,858,448
Special Revenue Fund	\$ 376,133		376,133
Capital Projects Funds		72,520	72,520
Total Awards	<u>\$ 376,133</u>	<u>\$ 4,930,968</u>	<u>\$ 5,307,101</u>

NOTE 4. 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 5. 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, 2015.

NOTE 6. NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANT

The District has grants in the amount of \$1,115,697 for the Middle School improvements project and \$72,520 for the Middle School window replacement project from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act. The projects are now complete and the District has submitted reimbursement requests on these projects and realized revenue on the GAAP basis in the amount of \$72,520. As of June 30, 2015, the District has a \$1,024,128 receivable on the budgetary and GAAP bases.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circulars 04-04 and 15-08 or Section 510(a) of Federal OMB Circular A-133.
- The District was not subject to the single audit provisions of Federal OMB Circular A-133 for fiscal year end June 30, 2015 as federal grant expenditures were less than the single audit threshold of \$500,000 identified in the Circular.
- The District's programs tested as major state programs for the current fiscal year consisted of the following:

	<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>State:</u>				
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	\$ 811,495	\$ 811,495
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	25,666	25,666
Additional Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	1	1
PARCC Readiness	15-495-034-5120-098	7/1/14-6/30/15	16,800	16,800
Per Pupil Growth Aid	15-495034-5120-097	7/1/14-6/30/15	16,800	16,800
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/14-6/30/15	1,006,803	1,006,803

- The threshold used for distinguishing between Type A and Type B state programs was \$300,000.
- The District was determined to be a "low-risk" auditee for state programs.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

Summary of Auditors' Results: (Cont'd)

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular and New Jersey's OMB Circulars 04-04 and 15-08.

WEST ESSEX REGIONAL SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Status of Prior Year Findings:

The District had no prior year audit findings.