

**PRELIMINARY OFFICIAL STATEMENT DATED APRIL 30, 2024**

**New Issue**

**Rating: S&P: "AA+"  
See "RATING" herein**

*In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel, assuming compliance by the School District (as defined herein) with certain tax covenants described herein, under existing law, interest on the Bonds (as defined herein) is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of the Code. Based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.*

**WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
IN THE COUNTY OF MORRIS, NEW JERSEY  
\$26,047,000 SCHOOL BONDS  
(Book-Entry-Only) (Callable)**

**Dated:** Date of Delivery

**Due:** August 15, as shown below

The \$26,047,000 School Bonds (the "Bonds") of the West Morris Regional High School District, in the County of Morris, New Jersey (the "Board" when referring to the governing body and the "School District" when referring to the legal entity and the territorial boundaries governed by the Board) will be issued in the form of one certificate for the aggregate principal amount of the Bonds maturing in each year and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, Brooklyn, New York ("DTC"), which will act as securities depository. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Interest on the Bonds will be payable semiannually on February 15 and August 15 in each year until maturity, or earlier redemption, commencing on August 15, 2024. Principal of and interest on the Bonds will be paid to DTC by the Board or its designated paying agent. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding February 1 and August 1 (the "Record Dates" for the payment of interest on the Bonds). The Bonds shall be subject to optional redemption prior to their stated maturities. See "DESCRIPTION OF THE BONDS - Redemption" herein.

The Bonds are valid and legally binding obligations of the School District and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable property within the School District for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIPS\***

<u>Maturity (August 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP*</u>	<u>Maturity (August 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP*</u>
2024	\$802,000	%	%		2034	\$1,385,000	%	%	
2025	1,600,000				2035	1,400,000			
2026	1,085,000				2036	1,400,000			
2027	1,115,000				2037	1,400,000			
2028	1,150,000				2038	1,400,000			
2029	1,185,000				2039	1,400,000			
2030	1,220,000				2040	1,400,000			
2031	1,260,000				2041	1,400,000			
2032	1,300,000				2042	1,400,000			
2033	1,345,000				2043	1,400,000			

*The Bonds are offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey and certain other conditions described herein. Phoenix Advisors, LLC, Bordentown, New Jersey has served as Municipal Advisor in connection with the issuance of the Bonds. Delivery is anticipated to be via DTC in Brooklyn, New York on or about May 22, 2024.*

**ELECTRONIC SUBMISSIONS FOR THE BONDS WILL BE RECEIVED VIA PARITY UNTIL 11:00 A.M. ON MAY 7, 2024. FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY, VIEW THE NOTICE OF SALE POSTED AT [WWW.MUNIHUB.COM](http://WWW.MUNIHUB.COM).**

\* Registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds, and the Board does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

This is a Preliminary Official Statement, complete with the exception of the specific information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission. The Board has authorized distribution of this Preliminary Official Statement to prospective purchasers and others. In accordance with Rule 15c2-12, this Preliminary Official Statement is deemed final. Upon the sale of the Bonds described herein, the Board will deliver a final Official Statement within the earlier of seven business days following such sale or in order to accompany the purchasers confirmations that request payment for the Bonds.

**WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT,  
IN THE COUNTY OF MORRIS, NEW JERSEY**

**MEMBERS OF THE BOARD**

Robert Strobel - Board President  
Lisa Woodring - Board Vice President  
Suzanne Bliesath  
Thomas Brooks  
Natasha Chandler  
Armand Czapkowski  
Peter Pappas  
John Sheppard  
Don Storms

**SUPERINTENDENT**

Barbara Sargent, Ed.D.

**BUSINESS ADMINISTRATOR/BOARD SECRETARY**

L. Douglas Pechanec

**BOARD AUDITOR**

Nisivoccia LLP  
Mount Arlington, New Jersey

**BOARD ATTORNEY**

Matthew J. Giacobbe, Esquire  
Cleary, Giacobbe, Alfieri, Jacobs LLC  
Oakland, New Jersey

**MUNICIPAL ADVISOR**

Phoenix Advisors, LLC  
Bordentown, New Jersey

**BOND COUNSEL**

McManimon, Scotland & Baumann, LLC  
Roseland, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Board to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the Board and other sources deemed reliable; however, no representation is made as to the accuracy or completeness of information from sources other than the Board. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and the expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder under any circumstances shall create any implication that there has been no change in any of the information herein since the date hereof or since the date as of which such information is given, if earlier.

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the offices of the Board during normal business hours.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

The order and placement of materials in this Official Statement, including the appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the appendices, must be considered in its entirety.

In order to facilitate the distribution of the Bonds, the Underwriter may engage in transactions intended to stabilize the price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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**OFFICIAL STATEMENT  
OF THE  
WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
IN THE COUNTY OF MORRIS, NEW JERSEY**

**\$26,047,000  
SCHOOL BONDS  
(BOOK-ENTRY-ONLY) (CALLABLE)**

**INTRODUCTION**

This Official Statement, which includes the front cover page and the appendices attached hereto, has been prepared by the West Morris Regional High School District, in the County of Morris, New Jersey (the “Board” when referring to the governing body and the “School District” when referring to the legal entity and the territorial boundaries governed by the Board) in connection with the sale and issuance of its \$26,047,000 School Bonds (the “Bonds”). This Official Statement has been executed by and on behalf of the School District by the Business Administrator/Board Secretary, and its distribution and use in connection with the sale of the Bonds have been authorized by the School District.

This Official Statement contains specific information relating to the Bonds, including their general description, certain matters affecting the financing, certain legal matters, historical financial information, and other information pertinent to this issue. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the Board from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and, but only to the extent specifically provided herein, certain projections into the immediate future and is not necessarily indicative of future or continuing trends in the financial position of the School District.

**DESCRIPTION OF THE BONDS**

The following is a summary of certain provisions of the Bonds. Reference is made to the Bonds themselves for the complete text thereof, and the discussion herein is qualified in its entirety by such reference.

**Terms and Interest Payment Dates**

The Bonds shall be dated the date of delivery and shall mature on August 15 in each of the years and in the amounts set forth on the front cover page hereof. The Bonds shall bear interest from the date of delivery, which interest shall be payable semi-annually on the fifteenth day of February and August, commencing on August 15, 2024 (each an “Interest Payment Date”), in each of the years and at the interest rates set forth on the front cover page hereof until maturity, or earlier redemption, by the Board or a duly appointed paying agent to the registered owners of the Bonds as of each February 1 and August 1 immediately preceding the respective Interest Payment Dates (the “Record Dates”). Interest on the Bonds shall be calculated on the basis of a 360-day year of twelve 30-day calendar months. So long as The Depository Trust Company, Brooklyn, New York (“DTC”) or its nominee, Cede & Co. (or any successor or assign), is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Board or a designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC Participants, which will in turn remit such payments to the beneficial owners of the Bonds. *See* “BOOK-ENTRY-ONLY SYSTEM” herein.

The Bonds will be issued in fully registered book-entry-only form without certificates. One certificate shall be issued for the aggregate principal amount of Bonds maturing in each year and, when issued, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Bonds. The certificates

will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of the individual purchasers. Individual purchases may be made in the principal amount of any multiple of \$5,000 (except that bonds maturing in any year in an amount that is not a multiple of \$5,000 shall be purchased in an amount that is a multiple of \$1,000) through book entries made on the books and the records of DTC and its participants. Individual purchasers of the Bonds will not receive certificates representing their beneficial ownership interests in the Bonds, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Bonds purchased. See “BOOK-ENTRY-ONLY SYSTEM” herein.

## **Redemption**

The Bonds maturing prior to August 15, 2032 are not subject to redemption prior to maturity. The Bonds maturing on or after August 15, 2032 shall be subject to redemption at the option of the Board, in whole or in part, on any date on or after August 15, 2031 at a price of 100% of the Bonds to be redeemed (the “Redemption Price”), plus unpaid accrued interest to the date fixed for redemption.

Notice of redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds not less than thirty (30) days, nor more than sixty (60) days prior to the date fixed for redemption. Such mailing shall be to the Owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Board or a duly appointed bond registrar. However, as long as The Depository Trust Company (or any successor thereto) acts as Securities Depository for the Bonds, notice of redemption may be sent to such Securities Depository by email or as otherwise permitted by the Securities Depository regulations. Any failure of the depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any notice of redemption shall not affect the validity of the redemption proceedings. If the Board determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by the Board; the Bonds to be redeemed having the same maturity shall be selected by the securities depository in accordance with its regulations.

If notice of redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on and after such redemption date.

## **Security for the Bonds**

The Bonds are valid and legally binding general obligations of the School District, and the School District has irrevocably pledged its full faith and credit for the payment of the principal of and interest on the Bonds. Unless paid from other sources, the principal of and interest on the Bonds are payable from *ad valorem* taxes levied upon all the taxable property within the School District without limitation as to rate or amount except to the extent that enforcement of such payment may be limited by bankruptcy, insolvency or other similar laws on equitable principles effecting the enforcement of creditors’ rights generally.

## **New Jersey School Bond Reserve Act (N.J.S.A. 18A:56-17 et seq.)**

All school bonds are secured by the School Bond Reserve (the “School Bond Reserve”) established in the Fund for the Support of Free Public Schools of the State of New Jersey (the “Fund”) in accordance with the New Jersey School Bond Reserve Act, N.J.S.A. 18A:56-17 et seq. (P.L. 1980, c. 72, approved July 16, 1980, as amended by P.L. 2003, c. 118, approved July 1, 2003 (the “Act”)). Amendments to the Act provide that the Fund will be divided into two (2) School Bond Reserve accounts. All bonds issued prior to July 1, 2003 shall be benefited by a School Bond Reserve account funded in an amount equal to 1-1/2% of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes issued prior to July 1, 2003 (the “Old School Bond Reserve Account”) and all bonds, including the Bonds, issued on or after July 1, 2003 shall be benefited

by a School Bond Reserve account equal to 1% of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes issued on or after July 1, 2003 (the “New School Bond Reserve Account”), provided such amounts do not exceed the moneys available in the Fund. If a municipality, county or school district is unable to make payment of principal of or interest on any of its bonds issued for school purposes, the trustees of the Fund will purchase such bonds at par value and will pay to the bondholders the interest due or to become due within the limits of funds available in the applicable School Bond Reserve account in accordance with the provisions of the Act.

The Act provides that the School Bond Reserve shall be composed entirely of direct obligations of the United States government or obligations guaranteed by the full faith and credit of the United States government. Securities representing at least one-third of the minimal market value to be held in the School Bond Reserve shall be due to mature within one year of issuance or purchase. Beginning with the fiscal year ending on June 30, 2003 and continuing on each June 30 thereafter, the State Treasurer shall calculate the amount necessary to fully fund the Old School Bond Reserve Account and the New School Bond Reserve Account as required pursuant to the Act. To the extent moneys are insufficient to maintain each account in the School Bond Reserve at the required levels, the State of New Jersey (the “State”) agrees that the State Treasurer shall, no later than September 15 of the fiscal year following the June 30 calculation date, pay to the trustees for deposit in the School Bond Reserve such amounts as may be necessary to maintain the Old School Bond Reserve Account and the New School Bond Reserve Account at the levels required by the Act. No moneys may be borrowed from the Fund to provide liquidity to the State unless the Old School Bond Reserve Account and the New School Bond Reserve Account each are at the levels certified as full funding on the most recent June 30 calculation date. The amount of the School Bond Reserve in each account is pledged as security for the prompt payment to holders of bonds benefited by such account of the principal of and the interest on such bonds in the event of the inability of the issuer to make such payments. In the event the amounts in either the Old School Bond Reserve Account or the New School Bond Reserve Account fall below the amount required to make payments on bonds, the amounts in both accounts are available to make payments for bonds secured by the School Bond Reserve.

The Act further provides that the amount of any payment of interest or purchase price of school bonds paid pursuant to the Act shall be deducted from the appropriation or apportionment of State aid, other than certain State aid which may be otherwise restricted pursuant to law, payable to the school district, county or municipality and shall not obligate the State to make, nor entitle the school district, county or municipality to receive any additional appropriation or apportionment. Any amount so deducted shall be applied by the State Treasurer to satisfy the obligation of the school district, county or municipality arising as a result of the payment of interest or purchase price of bonds pursuant to the Act.

## **AUTHORIZATION AND PURPOSE**

The Board is issuing the Bonds pursuant to: (i) Chapter 24 of Title 18A of the New Jersey Statutes, as amended and supplemented; (ii) a resolution duly adopted by the Board on April 29, 2024 (the “Resolution”); and (iii) a proposal adopted by the Board on December 11, 2023 and approved by a majority of the legal voters present and voting at the School District election held on March 12, 2024.

The Bonds are being issued to permanently finance renovations, alterations and improvements at the Central High School and Mendham High School, including the acquisition and installation of fixtures, furnishings, equipment, site work and related work (the “Project”). The Board is authorized to appropriate \$26,047,276 for such purposes and to issue bonds in the principal amount of \$26,047,276 for the Project. The Board expects to receive State Debt Service Aid to help support the costs of the Project. See “SUMMARY OF STATE AID TO SCHOOL DISTRICTS” herein.



## INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC AND ONGOING CONCERNS

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to, among other things, provide relief to state and local governments, including the American Rescue Plan Act of 2021 (the "Plan"). The pandemic and certain mitigation measures, which altered the behavior of businesses and people, have had and may continue to have negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level.

To date, the overall finances and operations of the Board have not been materially adversely affected by the COVID-19 pandemic. Nonetheless, there can be no assurance regarding the extent to which the COVID-19 pandemic, or any other national health crisis or pandemic, may impact the national, State or local economies in the future, nor how any such event may materially adversely impact municipalities, including the Board. The Board cannot quantify any such impacts at this time.

The Plan, signed into law on March 12, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. The Board has received \$705,725 from the Plan. The deadline to spend the funds is December 31, 2024 and such funds can only be spent on certain allowable uses as set forth in the Plan. The district has fully expended the funds on non-recurring items such as educational technology and indoor air quality.

### BOOK-ENTRY-ONLY SYSTEM<sup>1</sup>

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal and interest, and other payments on the Bonds to DTC Participants or Beneficial Owners (as defined below), confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Board. Accordingly, the Board does not make any representations concerning these matters.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks,

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<sup>1</sup> Source: The Depository Trust Company

trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks and trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has an S&P Global Ratings, acting through Standard & Poor’s Financial Services LLC, rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct Participants’ and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants or Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or the Paying Agent, disbursement of such

payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Board or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof.

THE SCHOOL DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE BONDS (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

#### **Discontinuance of Book-Entry-Only System**

If the Board, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Bonds at any time, the Board will attempt to locate another qualified securities depository. If the Board fails to find such a securities depository, or if the Board determines, in its sole discretion, that it is in the best interest of the Board or that the interest of the Beneficial Owners might be adversely affected if the book-entry-only system of transfer is continued (the Board undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination), the Board shall notify DTC of the termination of the book-entry-only system.

### **THE SCHOOL DISTRICT AND THE BOARD**

The School District is a Type II regional school district serving the Borough of Chester, the Township of Chester, the Borough of Mendham, the Township of Mendham and the Township of Washington (together, the "Constituent Municipalities") located in the County of Morris, New Jersey. The School District serves students in 9th through 12th grade.

The Board consists of nine (9) elected members. Pursuant to State statute, the Board appoints a Superintendent and a Business Administrator/Board Secretary. See "APPENDIX A – Certain Economic and Demographic Information About the Constituent Municipalities and the West Morris Regional High School District."

### **THE STATE'S ROLE IN PUBLIC EDUCATION**

The Constitution of the State provides that the legislature of the State shall provide for the maintenance and support of a thorough and efficient system of free public schools for the instruction of all children in the State between the ages of 5 and 18 years. Federal law has expanded the responsibility to include children between the ages of 3 and 21.

The responsibilities of the State with respect to the general supervision and control of public education have been delegated to the New Jersey Department of Education (the “Department”), which is a part of the executive branch of the State government and was created by the State Legislature. The Department is governed and guided by the policies set forth by the New Jersey State Board of Education (the “State Board”). The State Board is responsible for the general supervision and control of public education and is obligated to formulate plans and to make recommendations for the unified, continuous and efficient development of public education of all people of all ages within the State. To fulfill these responsibilities, the State Board has the power, inter alia, to adopt rules and regulations that have the effect of law and that are binding upon school districts.

The Commissioner of Education (the “Commissioner”) is the chief executive and administrative officer of the Department. The Commissioner is appointed by the Governor of the State with the advice and consent of the State Senate and serves at the pleasure of the Governor during the Governor’s term of office. The Commissioner is Secretary and Chief Executive Officer of the State Board and is responsible for the supervision of all school districts in the State and is obligated to enforce the rules and regulations of the State Board. The Commissioner has the authority to recommend the withholding of State financial aid and the Commissioner’s consent is required for authorization to sell school bonds that exceed the debt limit of the municipality in which the school district is located and may also set the amount to be raised by taxation for a school district if a school budget has not been adopted by a board of school estimate or by the voters.

An Executive County Superintendent of Schools (the “County Superintendent”) is appointed for each county in the State by the Governor, upon the recommendation of the Commissioner and with the advice and consent of the State Senate. The County Superintendent reports to the Commissioner or a person designated by the Commissioner. The County Superintendent is responsible for the supervision of the school districts in the county and is charged with the enforcement of rules pertaining to the certification of teachers, pupil registers and financial reports and the review of budgets. Under the Uniform Shared Services and Consolidation Act, P.L. 2007, c. 63 approved April 3, 2007 (A4), the role of the County Superintendent was changed to create the post of the Executive County Superintendent with expanded powers for the operation and management of school districts to, among other things, promote administrative and operational efficiencies, eliminate non-operating school districts and recommend a school district consolidation plan to eliminate school districts through the establishment or enlargement of regional school districts, subject to voter approval.

## **STRUCTURE OF SCHOOL DISTRICTS IN NEW JERSEY**

### **Categories of School Districts**

State school districts are characterized by the manner in which the board of education or the governing body takes office. School districts are principally categorized in the following categories:

(1) Type I, in which the mayor or chief executive officer (“CEO”) of a municipality appoints the members of a board of education and a board of school estimate, which board of school estimate consists of two (2) members of the board of education, two (2) members of the governing body of the municipality and the mayor or CEO of the municipality comprising the school district, approves fiscal matters;

(2) Type II, in which the registered voters in a school district elect the members of a board of education and either (a) the registered voters may also vote upon fiscal matters, or (b) a board of school estimate, consisting of two (2) members of the governing body of and the CEO of each municipality within the school district and the president of and one member of the board of education, approves all fiscal matters;

(3) Regional and consolidated school districts comprising the territorial boundaries of more than one municipality in which the registered voters in the school district elect members of the board of education and may vote upon fiscal matters. Regional school districts may be “All Purpose Regional School Districts” or “Limited Purpose Regional School Districts”;

(4) State operated school districts created by the State Board, pursuant to State law, when a local board of education cannot or will not correct severe educational deficiencies;

(5) County vocational school districts have boards of education consisting of the County Superintendent and four (4) members unless it is a county of the first class, which adopted an ordinance, in which case it can have a board consisting of seven (7) appointed members which the board of chosen freeholders of the county appoints. Such vocational school districts shall also have a board of school estimate, consisting of two (2) members appointed by the board of education of the school district, two (2) members appointed by the board of chosen freeholders and a fifth member being the county executive or the director of the board of chosen freeholders of the county, which approves fiscal matters; and

(6) County special services school districts have boards of education consisting of the County Superintendent and six (6) persons appointed by the board of chosen freeholders of the county. Such special services school districts shall also have a board of school estimate, consisting of two (2) members appointed by the board of education of the school district, two (2) members appointed by the board of chosen freeholders and a fifth member being the freeholder-director of the board of chosen freeholders, which approves all fiscal matters.

There is a procedure whereby a Type I school district or a Type II school district may change from one type to the other after an approving public referendum. Such a public referendum must be held whenever directed by the municipal governing body or board of education in a Type I school district, or the board of education in a Type II school district, or when petitioned for by fifteen percent (15%) of the voters of any school district. The School District is a Type II school district.

Under the Uniform Services and Consolidation Act, the Executive County Superintendent is required to eliminate non-operating school districts and to recommend consolidation to eliminate school districts through the establishment or enlargement of regional school districts, subject to voter approval.

### **School Budgetary Process (N.J.S.A. 18A:22-1 et seq.)**

In a Type I school district, a separate body from the school district, known as the board of school estimate, examines the budget requests and fixes the appropriation amounts for the next year's operating budget at or after a public hearing. This board, whose composition is fixed by statute, certifies the budget to the municipal governing body or board of education. If the board of education disagrees with the certified budget of the board of school estimate, then it can appeal to the Commissioner to request changes.

In a Type II school district, the elected board of education develops the budget proposal and, at or after a public hearing, submits it for voter approval unless the board has moved its annual election to November as discussed below. Debt service provisions are not subject to public referendum. If approved, the budget goes into effect. If defeated, the governing body of the municipality must develop the school budget by May 19 of each year. Should the governing body be unable to do so, the Commissioner establishes the local school budget.

The Budget Election Law (P.L. 2011, c.202, effective January 17, 2012) established procedures that allow the date of the annual school election of a Type II school district, without a board of school estimate, to be moved from April to the first Tuesday after the first Monday in November, to be held simultaneously with the general election. Such change in the annual school election date must be authorized by resolution of either the board of education or the governing body of the municipality, or by an affirmative vote of a majority of the voters whenever a petition, signed by at least 15% of the legally qualified voters, is filed with the board of education. Once the annual school election is moved to November, such election may not be changed back to an April annual school election for four (4) years.

School districts that opt to move the annual school election to November are no longer required to submit the budget to the voters for approval if the budget is at or below the 2% property tax levy cap as provided for by the 2% Tax Levy Cap Law. For school districts that opt to change the annual school election date to November,

proposals to spend above the 2% property tax levy cap would be presented to voters at the annual school election in November.

The Board conducts its annual election in November.

### **Spending Growth Limitation**

CEIFA (as hereinafter defined) places limits on the amount school districts can increase their annual current expenses and capital outlay budgets, and such limits are known as a school district's spending growth limitation amount (the "Spending Growth Limitation"). See "SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF SCHOOL DEBT" herein.

## **SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF SCHOOL DEBT**

### **Levy and Collection of Taxes**

School districts in the State do not levy or collect taxes to pay those budgeted amounts that are not provided by the State. The municipality within which a school district is situated levies or collects the required taxes and must remit them in full to the school district.

### **Budgets and Appropriations**

School districts in the State must operate on an annual cash basis budget. Each school district must adopt an annual budget in such detail and upon forms as prescribed by the Commissioner, to which must be attached an itemized statement showing revenues, including State and federal aid, and expenditures. The Commissioner must approve a budget prior to its final adoption and has the power to increase or decrease individual line items in a budget. Any amendments to a school district's budget must be approved by the board of education or the board of school estimate, as the case may be. Every budget submitted must provide no less than the minimum permissible amount deemed necessary under State law to provide for a thorough and efficient education as mandated by the State constitution. The Commissioner may not approve any budget unless the Commissioner is satisfied that the school district has adequately implemented within the budget the Core Curriculum Content Standards required by State law. If necessary, the Commissioner is authorized to order changes in the local school district's budget. The Commissioner will also ensure that other provisions of law are met including the limitations on taxes and spending explained below.

### **Tax and Spending Limitations**

The Public School Education Act of 1975, N.J.S.A. 18A:7A-1 et seq., P.L. 1975, c. 212 (as amended and partially repealed) first limited the amount of funds that could be raised by a local school district. It limited the annual increase of any school district's net current expense budget. The budgetary limitation was known as a "CAP" on expenditures. The "CAP" was intended to control the growth in local property taxes. Subsequently there have been numerous legislative changes as to how the spending limitations would be applied.

The Quality Education Act of 1990, N.J.S.A. 18A:7D-1 et seq., P.L. 1990, c. 52 ("QEA") (now repealed) also limited the annual increase in the school district's current expense and capital outlay budgets by a statutory formula linked to the annual percentage increase in per capita income. The QEA was amended and revised by Chapter 62 of the Laws of New Jersey of 1991, and further amended by Chapter 7 of the Laws of New Jersey of 1993.

The Comprehensive Educational Improvement and Financing Act of 1996, N.J.S.A. 18A:7F-1 et seq., P.L. 1996, c. 138 (“CEIFA”) (as amended by P.L. 2004, c.73, effective July 1, 2004), which followed QEA, also limited the annual increase in a school district’s net budget by a spending growth limitation. CEIFA limited the amount school districts could increase their annual current expenses and capital outlay budgets, defined as a school district’s “Spending Growth Limitation”. Generally, budgets could increase by either a set percent or the consumer price index, whichever was greater. Amendments to CEIFA lowered the budget cap to 2.5% from 3%. Budgets could also increase because of certain adjustments for enrollment increases, certain capital outlay expenditures, pupil transportation costs, and special education costs that exceeded \$40,000 per pupil. Waivers were available from the Commissioner based on increasing enrollments and other fairly narrow grounds and increases higher than the cap could be approved by a vote of 60% at the annual school election.

P.L. 2007, c. 62, effective April 3, 2007 (Assembly Bill A1), provided additional limitations on school district spending by limiting the amount a school district could raise for school district purposes through the property tax levy by 4% over the prior budget year’s tax levy. P.L. 2007, c. 62 provided for adjustments to the cap for increases in enrollment, reductions in State aid and increased health care costs and for certain other extraordinary cost increases that required approval by the Commissioner. The bill granted discretion to the Commissioner to grant other waivers from the cap for increases in special education costs, capital outlay, and tuition charges. The Commissioner also had the ability to grant extraordinary waivers to the tax levy cap for certain other cost increases beginning in fiscal year 2009 through 2012.

P.L. 2007, c. 62 was deemed to supersede the prior limitations on the amount school districts could increase their annual current expenses and capital outlay budgets, created by CEIFA (as amended by P.L. 2004, c.73, effective July 1, 2004). However, Chapter 62 was in effect only through fiscal year 2012. Without an extension of Chapter 62 by the legislature, the Spending Growth Limitations on the general fund and capital outlay budget would be in effect.

Debt service was not limited either by the Spending Growth Limitations or the 4% cap on the tax levy increase imposed by Chapter 62.

The previous legislation was amended by P.L. 2010, c. 44, approved July 13, 2010, and became applicable to the next local budget year following enactment. This law limits the school district tax levy for the general fund budget to increases of 2% over the prior budget year with exceptions only for enrollment increases, increases for certain normal and accrued liability for pension contributions in excess of 2%, certain healthcare increases, and amounts approved by a simple majority of voters voting at a special election (the “Tax Levy Cap Law”). Additionally, also becoming effective in the 2011-2012 fiscal year, a school district that has not been granted approval to exceed the tax levy CAP by a separate proposal to bank the unused tax levy for use in any of the next three (3) succeeding budget years. A school district can request a use of “banked CAP” only after it has fully exhausted all eligible statute spending authority in the budget year. The process for obtaining waivers from the Commissioner for additional increases over the tax levy cap or Spending Growth Limitations was eliminated under Chapter 44. Notwithstanding the foregoing, under P.L. 2018, c. 67, approved July 24, 2018, which increases State school aid to underfunded school districts and decreases State school aid to over funded school districts, during the 2018-2019 through 2024-2025 fiscal years, SDA Districts, which are certain urban school districts formerly referred to as Abbott Districts referred to herein under “SUMMARY OF STATE AID TO SCHOOL DISTRICTS”, are permitted increases in the tax levy over the 2% limit to raise a general fund tax levy to an amount that does not exceed its local share of the adequacy budget.

The restrictions are solely on the tax levy for the general fund and are not applicable to the debt service fund. There are no restrictions on a local school district’s ability to raise funds for debt service, and nothing would limit the obligation of a school district to levy *ad valorem* taxes upon all taxable property within the school district to pay debt service on its bonds or notes with one exception. School districts are subject to GAAP accounting, and under GAAP interest on obligations maturing within one year must be treated as operating expenses. Accordingly, under the Department of Education’s Chart of Accounts, interest on notes is raised in the General Fund of a school district and therefore is counted within its 2% tax levy cap on spending.

## **Issuance of Debt**

Among the provisions for the issuance of school debt are the following requirements: (i) bonds must mature in serial installments within the statutory period of usefulness of the projects being financed but not exceeding forty (40) years; (ii) bonds shall be issued pursuant to an ordinance adopted by the governing body of the municipality comprised within the school district for a Type I school district; (iii) for Type II school districts (without boards of school estimate) bonds shall be issued by board of education resolution approving the bond proposal and by approval of the legally qualified voters of the school district; (iv) debt must be authorized by a resolution of a board of education (and approved by a board of school estimate in a Type I school district); and (v) there must be filed with the State by each municipality comprising a school district a supplemental debt statement and a school debt statement setting forth the amount of bonds and notes authorized but unissued and outstanding for such school district.

## **Annual Audit (N.J.S.A. 18A:23-1 et seq.)**

Every board of education is required to provide an annual audit of the school district's accounts and financial transactions. Beginning with the fiscal year ended June 30, 2010, a licensed public school accountant must complete the annual audit no later than five (5) months after the end of the fiscal year. P.L. 2010, c. 49 amended N.J.S.A. 18A:23-1 to provide an additional month for the completion of a school district's audit. Previously the audit was required to be completed within four (4) months. The audit, in conformity with statutory requirements, must be filed with the board of education and the Commissioner. Additionally, the audit must be summarized and discussed at a regular public meeting of the local board of education within thirty (30) days following receipt of the annual audit by such board of education.

## **Temporary Financing (N.J.S.A. 18A:24-3)**

Temporary notes may be issued in anticipation of the issuance of permanent bonds for a capital improvement or capital project. Such temporary notes may not exceed in the aggregate the amount of bonds authorized for such improvement or project. A school district's temporary notes may be issued for one (1) year periods, with the final maturity not exceeding five (5) years from the date of original issuance; provided, however, that no such notes shall be renewed beyond the third and fourth anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which said notes are issued, is paid and retired subsequent to such third anniversary date from funds other than the proceeds of obligations.

## **Refunding Bonds**

Notwithstanding limitations regarding the issuance of debt, including debt limits and voter referendums, school districts may authorize and issue refunding bonds for the purpose of paying any refunded bonds, together with the costs of issuing the refunding bonds.

## **Debt Limitation (N.J.S.A. 18A:24-19)**

Except as provided below, no additional debt shall be authorized if the principal amount, when added to the net debt previously authorized, exceeds a statutory percentage of the average equalized valuation of taxable property in a school district. As a grade nine (9) - twelve (12) school district, the School District can borrow up to 3% of the average equalized valuation of taxable property in the School District. The Board has not exceeded its 3% debt limit. *See* "APPENDIX A – Debt Limit of the Board."



## **Exceptions to Debt Limitation**

A Type II school district (other than a regional school district) may also utilize its constituent municipality's remaining statutory borrowing power (i.e., the excess of 3.5% of the average equalized valuation of taxable property within the constituent municipality over the constituent municipality's net debt). A school district may also authorize debt in excess of this limit with the consent of the Commissioner and the Local Finance Board (as hereinafter defined).

## **Capital Lease Financing**

School districts are permitted to enter into lease purchase agreements for the acquisition of equipment or for the improvement of school buildings. Generally, lease purchase financings must mature within five (5) years except for certain lease purchase financings of energy savings equipment and other energy conservation measures, which may mature within fifteen (15) years and in certain cases twenty (20) years from the date the project is placed in service, if paid from energy savings (see "Energy Savings Obligations" below). Facilities lease purchase agreements, which may only be financed for a term of five (5) years or less, must be approved by the Commissioner. The Educational Facilities Construction and Financing Act, P.L. 2000, c. 72, effective July 18, 2000, as amended ("EFCFA") repealed the authorization to enter into facilities leases for a term in excess of five (5) years. The payment of rent is treated as a current expense and within the school district's Spending Growth Limitation and tax levy cap, and the payment of rent on an ordinary equipment lease and on a five (5) year and under facilities lease is subject to annual appropriation. Lease purchase payments on leases in excess of five (5) years entered into under prior law (CEIFA) are treated as debt service payments and, therefore, will receive debt service aid if the school district is entitled and are outside the school district's Spending Growth Limitation and tax levy cap.

## **Energy Saving Obligations**

Under N.J.S.A. 18A:18A-4.6 (P.L. 2009, c. 4, effective March 23, 2009, as amended by P.L. 2012, c. 55, effective September 19, 2013), the Energy Savings Improvement Program Law or the "ESIP Law," school districts may issue energy savings obligations as refunding bonds without voter approval or lease purchase agreements to fund certain improvements that result in reduced energy use, facilities for production of renewable energy or water conservation improvements, provided that the value of the savings will cover the cost of the measures. The lease purchase financings for such measures must mature within 15 years, or in certain instances 20 years, from the date the projects are placed in service. These energy savings refunding bonds or leases are payable from the general fund. Such payments are within the school district's Spending Growth Limitation and tax levy cap but are not necessarily subject to annual appropriation.

## **Promissory Notes for Cash Flow Purposes**

N.J.S.A. 18A:22-44.1 permits school districts to issue promissory notes in an amount not exceeding ½ the amount appropriated for current general fund expenses. These promissory notes are not considered debt and are used for cash flow purposes including funding in anticipation of the receipt of taxes, other revenues or grants.

N.J.S.A. 18A:20-44.2 permits borrowing in anticipation of State aid payments deferred by the State until the next fiscal year when needed upon application of the school district and with approval of the Commissioner.

## **Investment of School Funds**

Investment of funds by State school districts is governed by State statute. Pursuant to N.J.S.A. 18A:20-37, school districts are limited to purchasing the following 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 invested in U.S. Government securities or obligations of New Jersey school districts, municipalities, counties and entities subject to State regulation ("local obligations"); (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 obligations bear a fixed rate of interest not dependent on any index or other external factor; (4) bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located; (5) bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase constituting local obligations or approved by the Division of Investment in the Department of the Treasury for investment by school districts; (6) local government investment pools, rated in the highest rating category, investing in U.S. government securities, local obligations and repurchase agreements fully collateralized by securities set forth in (1), (3) and (5) above; (7) deposits with the State of New Jersey Cash Management Fund (created pursuant to N.J.S.A. 52:18A-90.4; the “Cash Management Fund”); and (8) repurchase agreements with a maximum 30 day maturity fully collateralized by securities set forth in (1) and (3) above or local obligations. School districts are required to deposit their funds in interest-bearing bank accounts in banks satisfying certain security requirements set forth in N.J.S.A. 17:9-41 et seq. or invest in permitted investments to the extent practicable, and may invest in bank certificates of deposit.

The Cash Management Fund is governed by regulations of the State Investment Council, a nonpartisan oversight body, and is not permitted to invest in derivatives. The Cash Management Fund is permitted to invest in Government Obligations, Federal Government Agency obligations, certain short term investment-grade corporate obligations, commercial paper rated “prime”, certificates of deposit, repurchase agreements involving Government Obligations and Federal Government Agency obligations and certain other types of instruments. The average maturity of these securities in the Cash Management Fund must be one year or less, and only a quarter of the securities are permitted to mature in as much as two years.

The School District has no investments in derivatives.

## SUMMARY OF STATE AID TO SCHOOL DISTRICTS

In 1973, the Supreme Court of the State (the “Court”) first ruled in Robinson v. Cahill that the method then used to finance public education principally through property taxation was unconstitutional. Pursuant to the Court’s ruling, the State Legislature enacted the Public School Education Act of 1975, N.J.S.A. 18A:7A-1 et seq. (P.L. 1975, c. 212) (the “Public School Education Act”) (since amended and partially repealed), which required funding of the State’s school aid through the New Jersey Gross Income Tax Act, P.L. 1976, c. 47, since amended and supplemented, enacted for the purpose of providing property tax relief.

On June 5, 1990, the Court ruled in Abbott v. Burke that the school aid formula enacted under the Public School Education Act was unconstitutional as applied. The Court found that poorer urban school districts were significantly disadvantaged under that school funding formula because school revenues were derived primarily from property taxes. The Court found that wealthy school districts were able to spend more, yet tax less for educational purposes.

Since that time there has been much litigation and many cases affecting the State’s responsibilities to fund public education and many legislative attempts to distribute State aid in accordance with the court cases and the constitutional requirement. The cases addressed not only current operating fund aid but also addressed the requirement to provide facilities aid as well. The legislation has included the QEA (now repealed), CEIFA and EFCFA, which became law on July 18, 2000. For many years, aid has simply been determined in the State Budget, which itself is an act of the legislature, based upon amounts provided in prior years. The school funding formula provided in the School Funding Reform Act of 2008, P.L. 2007, c. 260, approved January 1, 2008 (A500), removed the special status given to certain school districts known as Abbott Districts after the school funding cases and instead has funding follow students with certain needs and provides aid in a way that takes into account the ability of the local school district to raise local funds to support the budget in amounts deemed adequate to provide for a thorough and efficient education as required by the State constitution. This legislation was challenged in the Court, and the Court held that the State’s then current plan for school aid was a “constitutionally adequate scheme”. However, the State continued to underfund certain school districts and to overfund other school districts in its

budgets based on the statutory scheme. In its budget process for FY 2019 and with the enactment of P.L. 2018, c. 67, approved July 24, 2018, the State is moving the school districts toward the intent of the statutory scheme by increasing funding for underfunded school districts and decreasing funding for overfunded school districts over the next six (6) years.

Pursuant to Public Law 2018, c.67, signed into law by the Governor of the State on July 24, 2018, the School Funding Reform Act has been modified to adjust the distribution of State aid to school districts in the State (“SFRA Modification Law”). In particular, the SFRA Modification Law revises the School Funding Reform Act so that, after calculating the amount of State aid available per pupil, State aid will be distributed to each school district based on student enrollment. The SFRA Modification Law also eliminates the application of the State aid growth limit and adjustment aid, but includes a transition period for school districts that will receive less State aid. Under the SFRA Modification Law, most school districts that will receive reduced State aid resulting from the revised funding formula will be provided a transition period from the 2019-2020 school year through the 2024-2025 school year during which funding will be reduced. For those school districts where State aid will increase under the SFRA Modification Law, the transition period to increase funding will be one-year.

After over 35 years of litigation, the State provides State aid to school districts of the State in amounts provided in the State Budget each year. These now include equalization aid, educational adequacy aid, special education categorical aid, transportation aid, preschool education aid, school choice aid, security aid, adjustment aid and other aid determined in the discretion of the Commissioner.

State law requires that the State will provide aid for the construction of school facilities in an amount equal to the greater of the district aid percentage or 40% times the eligible costs determined by the Commissioner either in the form of a grant or debt service aid as determined under the EFCFA. The amount of the aid to which a school district is entitled is established prior to the authorization of the project. Grant funding is provided by the State up front and debt service aid must be appropriated annually by the State. The Commissioner of Education has determined the final eligible costs of the Projects being financed by the Bonds are \$23,480,321, and the district aid percentage for the School District will equal 40.00%.

The State reduced debt service aid by fifteen percent (15%) for the fiscal years 2011 through 2024. As a result of the debt service aid reduction for those fiscal years, school districts received eighty-five percent (85%) of the debt service aid that they would have otherwise received. In addition, school districts which received grants under the EFCFA, which grants were financed through the New Jersey Economic Development Authority (the “EDA”), were assessed an amount in their fiscal years 2011 through 2024 budgets representing 15% of the school district’s proportionate share of the principal and interest payments on the outstanding EDA bonds issued to fund such grants.

From time to time, including the present, the State has deferred one or more State Aid payments to school districts in the last month of its fiscal year until the following fiscal year and permitted borrowing in anticipation of such amounts for any cash flow deficit caused by such deferral.

## **SUMMARY OF FEDERAL AID TO SCHOOL DISTRICTS**

Federal funds are available for certain programs approved by the federal government with allocation decided by the State, which assigns a proportion to each local school district. The Every Student Succeeds Act of 2015, enacted December 10, 2015, is a federal assistance program for which a school district qualifies to receive aid. A remedial enrichment program for children of low income families is available under Chapter 1 Aid. Such federal aid is generally received in the form of block grants. Aid is also provided under the Individuals with Disabilities Education Act although never in the amounts federal law required.

## **MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES**

### **Local Bond Law (N. J. S. A. 40A:2-1 et seq.)**

The Local Bond Law governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes subject to a number of exceptions. All bonds and notes issued by the Constituent Municipalities are general full faith and credit obligations.

The authorized bonded indebtedness of a municipality for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3.5% of its average equalized valuation basis. See “SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF SCHOOL DEBT – Debt Limitation (N.J.S.A. 18A:24-19) and Exception to Debt Limitation.”

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit, including school bonds that do not exceed the school bond borrowing margin and certain debt that may be deemed self-liquidating.

A municipality may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency (the “Local Finance Board”), and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the municipality may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the municipality or substantially reduce the ability of the municipality to meet its obligations or to provide essential public improvements and services, or if it makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by a municipality to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

A municipality may sell short-term “bond anticipation notes” to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. A local unit’s bond anticipation notes must mature within one year, but may be renewed or rolled over. Bond anticipation notes, including renewals, must mature and be paid no later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. For bond ordinances adopted on or after February 3, 2003, notes may only be renewed beyond the third anniversary date of the original notes if a minimum payment equal to the first year’s required principal payment on the bonds is paid to retire a portion of the notes on or before each subsequent anniversary date from funds other than the proceeds of bonds or notes. For bond ordinances adopted prior to February 3, 2003, the governing body may elect to make such minimum principal payment only when the notes are renewed beyond the third and fourth anniversary dates. Generally, bond anticipation notes may not be outstanding for longer than ten (10) years. An additional period may be available following the tenth anniversary date equal to the period from the notes’ maturity to the end of the tenth fiscal year in which the notes mature plus four (4) months in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum required for the first year’s principal payment for a bond issue.

### **Local Budget Law (N. J. S. A. 40A:4-1 et seq.)**

The foundation of the State local finance system is the annual cash basis budget. The Constituent Municipalities, which operate on a calendar year (January 1 to December 31), must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). Certain items of revenue and appropriation are regulated by law and the proposed budget must be

certified by the director of the Division (the “Director”) prior to final adoption. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations, among others, for certification.

Tax Anticipation Notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit’s expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year’s budget.

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may be included as an anticipated revenue in the budget in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

No budget or budget amendment may be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality’s calendar year. However, grant revenue is generally not realized until received in cash.

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the local unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also, the local unit is required to make an appropriation for a “reserve for uncollected taxes” in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by the last day of that fiscal year. The budget also must provide for any cash deficits of the prior year.

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of the local unit. However, with minor exceptions, such appropriations must be included in full in the following year’s budget. When such appropriations exceed 3% of the adopted operating budget, consent of the Director must be obtained.

Under legislation recently enacted to address the COVID-19 emergency, P.L. 2020, c. 60 (A4175) (the “New Jersey COVID-19 Emergency Bond Act”), a municipality may adopt an emergency appropriation to fund certain deficits resulting from COVID-19 with approval of the Director and may either fund it as a deferred charge or issue special emergency notes to fund it payable by 1/5 each year beginning in the year after the year in which the deferred charge appears in the financial statements so it is paid off no later than the last day of the sixth fiscal year following the end of the fiscal year in which the application is made. If there is a showing of fiscal distress, that may be extended to ten years. The Director may also promulgate guidelines modifying the standard for anticipated revenues when the amount realized in cash from the same source during the next preceding fiscal year experienced reductions due to COVID-19. Also, local units may be able to issue refunding bonds with Local Finance Board approval to repay a Federal Management Agency Community Disaster Loan for which it executed a promissory note in 2013.

The exceptions are certain enumerated quasi-capital projects (“special emergencies”) such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three (3) years, and tax map preparation, revaluation programs, revision and codification of ordinances, master plan preparations, and drainage map

preparation for flood control purposes, which may be amortized over five (5) years. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two (2) months of the year. Appropriation reserves may also be transferred during the first three (3) months of the year, to the previous year's budget. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a "CAP" budget, no transfers may be made from excluded from "CAP" appropriations to within "CAP" appropriations nor can transfers be made between excluded from "CAP" appropriations.

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 *et seq.*) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate". The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation, and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior year's tax levy in years when the Index Rate is 2.5% or less.

Additionally, legislation constituting P.L. 2007, c. 62, effective April 3, 2007, imposed a 4% cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit included increases required to be raised for debt service and certain lease payments to county improvement authorities, increases to replace certain lost State aid, increases in certain pension contributions, increases in the reserve for uncollected taxes required for municipalities, and certain increases in health care costs over 4%. The Local Finance Board was able to approve waivers for certain extraordinary costs identified by the statute, and voters could approve increases above 4% not otherwise permitted by a vote of 60% of the voters voting on a public question.

This legislation has now been amended by P.L. 2010, c. 44, approved July 13, 2010 and applicable to the next local budget year following enactment to limit tax levy increases for those local units to two percent (2%) with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in excess of two percent (2%), certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election. Chapter 44 eliminates the process for obtaining waivers for additional spending under the tax levy limitation.

Neither the tax levy limitation nor the "Cap Law" limits, including the provisions of the recent legislation, would limit the obligation of a municipality to levy *ad valorem* taxes upon all taxable property within a municipality to pay debt service on its bonds or notes.

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six (6) years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of

funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next six (6) years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

### **Tax Assessment and Collection Procedure**

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income, where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values.

Upon the filing of certified adopted budgets by the local unit and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, the levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June by the Tax Collector. The taxes are due August 1 and November 1, respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00. These interest penalties are the highest permitted under State statutes. If a delinquency is in excess of \$10,000.00 and remains in arrears after December 31st, an additional penalty of 6% shall be charged. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes.

### **Tax Appeals**

The State Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the municipality must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Board of Taxation on or before April 1 for review. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement, and any losses in tax collections from prior years are charged directly to operations.

### **Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)**

This law regulates the non-budgetary financial activities of local governments. The chief financial officer of every local unit must file annually, with the Director, a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of its submission.

## **FINANCIAL STATEMENTS**

Excerpts from financial statements of the School District for the fiscal year ended June 30, 2023 are presented in Appendix B to this Official Statement (the “Financial Statements”). The Financial Statements have been audited by Nisivoccia LLP, Mount Arlington, New Jersey, an independent auditor (the “Board Auditor”), as stated in its report appearing in Appendix B to this Official Statement. See “APPENDIX B – Excerpts from Financial Statements of the School District”. Such Financial Statements are included herein for informational purposes only, and the information contained in the Financial Statements should not be used to modify the description of the Bonds contained herein.

## **LITIGATION**

To the knowledge of the Board Attorney, Matthew J. Giacobbe, Esquire of Cleary, Giacobbe, Alfieri, Jacobs LLC, Oakland, New Jersey (the “Board Attorney”) there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the School District or the title of any of the present officers. To the knowledge of the Board Attorney and confirmed by the Business Administrator/Board Secretary, no litigation is presently pending or threatened that, in the opinion of the Board Attorney, would have a material adverse impact on the financial condition of the School District if adversely decided. A certificate to such effect will be executed by the Board Attorney and delivered to the Underwriter (as hereinafter defined) of the Bonds at the closing.

## **TAX MATTERS**

### **Exclusion of Interest on the Bonds From Gross Income for Federal Tax Purposes**

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Bonds in order to assure that interest on the Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the Board to comply with such requirements may cause interest on the Bonds to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Bonds. The Board will make certain representations in its Arbitrage and Tax Certificate, which will be executed on the date of issuance of the Bonds, as to various tax requirements. The Board has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or fail to take any action that would cause interest on the Bonds to lose the exclusion from gross income under Section 103 of the Code. Bond Counsel (as defined herein) will rely upon the representations made in the Arbitrage and Tax Certificate and will assume continuing compliance by the Board with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes and with respect to the treatment of interest on the Bonds for the purposes of alternative minimum tax.

Assuming the Board observes its covenants with respect to compliance with the Code, McManimon, Scotland & Baumann, LLC, Bond Counsel to the School District (“Bond Counsel”), is of the opinion that, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to alternative minimum tax under Section 55 of the Code.



The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and enforcement of the Code or those regulations by the IRS.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the School District or the owners of the Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the School District as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including, but not limited to, selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Bonds.

Payments of interest on tax-exempt obligations, including the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

### **Original Issue Discount**

Certain maturities of the Bonds may be sold at an initial offering price less than the principal amount payable on such Bonds at maturity (the "Discount Bonds"). The difference between the initial public offering price of the Discount Bonds at which a substantial amount of each of the Discount Bonds was sold and the principal amount payable at maturity of each of the Discount Bonds constitutes the original issue discount. Bond Counsel is of the opinion that the appropriate portion of the original issue discount allocable to the original and each subsequent owner of the Discount Bonds will be treated for federal income tax purposes as interest not includable in gross income under Section 103 of the Code to the same extent as stated interest on the Discount Bonds. Under Section 1288 of the Code, the original issue discount on the Discount Bonds accrues on the basis of economic accrual. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bonds will be increased by the amount of such accrued discount. Owners of the Discount Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of the original issue discount properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest.

### **Original Issue Premium**

Certain maturities of the Bonds may be sold at an initial offering price in excess of the amount payable at the maturity date (the "Premium Bonds"). The excess, if any, of the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds as inventory, as stock-in-trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner's tax cost of the Premium Bonds used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner's original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Owners of the Premium Bonds should consult their own tax advisors with respect to the calculation of the amount of bond premium that will be treated for federal income tax

purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Premium Bonds.

### **Bank-Qualification**

The Bonds will not be designated as qualified under Section 265 of the Code by the Board for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

The Code denies the interest deduction for certain indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of 100% of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues that are eligible to be designated, and that are designated, by the issuer as qualified under Section 265 of the Code, 80% of such interest may be deducted as a business expense by such institutions.

### **Additional Federal Income Tax Consequences of Holding the Bonds**

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations.

Bond Counsel expresses no opinion regarding any federal tax consequences other than its opinion with regard to the exclusion of interest on the Bonds from gross income pursuant to Section 103 of the Code and interest on the Bonds not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Bonds should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Bonds.

### **Changes in Federal Tax Law Regarding the Bonds**

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax) or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

### **State Taxation**

Bond Counsel is of the opinion that, based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act.

THE OPINIONS EXPRESSED BY BOND COUNSEL WITH RESPECT TO THE BONDS ARE BASED UPON EXISTING LAWS AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY CHANGES AS OF THE DATE OF ISSUANCE OF THE BONDS, AND BOND COUNSEL HAS EXPRESSED NO OPINION WITH RESPECT TO ANY LEGISLATION, REGULATORY CHANGES OR LITIGATION ENACTED, ADOPTED OR DECIDED SUBSEQUENT THERETO. PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE

POTENTIAL IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION, REGULATIONS OR LITIGATION.

### **MUNICIPAL BANKRUPTCY**

The undertakings of the School District should be considered with reference to 11 U.S.C. 401 et seq., as amended and supplemented (the “Bankruptcy Code”), and other bankruptcy laws affecting creditors’ rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner’s creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants certain priority to debt owed for services or material; and provides that the plan must be accepted in writing by or on behalf of classes of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of such class. The Bankruptcy Code specifically does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, any such lien, other than municipal betterment assessments, shall be subject to the necessary operating expenses of such project or system. Furthermore, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may not be avoided pursuant to certain preferential transfer provisions set forth in such Bankruptcy Code.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a local unit has the power to file a petition in bankruptcy with any United States Court or court in bankruptcy under the provisions of the Bankruptcy Code, for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts; provided, however, the approval of the Municipal Finance Commission must be obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board.

REFERENCE TO THE BANKRUPTCY CODE OR THE STATE STATUTE SHOULD NOT CREATE ANY IMPLICATION THAT THE SCHOOL DISTRICT EXPECTS TO UTILIZE THE BENEFITS OF THEIR PROVISIONS.

### **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds are subject to the approval of Bond Counsel to the School District, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as Appendix C hereto. Certain legal matters may be passed on to the School District for review by the Board Attorney.

### **PREPARATION OF OFFICIAL STATEMENT**

The Board hereby states that the descriptions and statements herein, including the Financial Statements, are true and correct in all material respects, and it will confirm same to the Underwriter (as hereinafter defined) by a certificate signed by the Board President and the Business Administrator/Board Secretary, that, to their knowledge, such descriptions and statements, as of the date of this Official Statement and as of the date of delivery of the Bonds, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state

a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

The Board Auditor takes responsibility for the Audited Financial Statements to the extent specified in their Independent Auditor’s Report and has not participated in the preparation of this Official Statement.

The Municipal Advisor (as hereinafter defined) has participated in the preparation and review of this Official Statement. However, it has not verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto.

Bond Counsel has participated in the review of this Official Statement but has not participated in the preparation of this Official Statement or in the collection of financial, statistical or demographic information contained in this Official Statement, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

All other information has been obtained from sources that the Board considers to be reliable, and it makes no warranty, guaranty or other representation with respect to the accuracy and the completeness of such information.

### **RATING**

S&P Global Ratings, acting through Standard & Poor’s Financial Services LLC (the “Rating Agency”), has assigned an underlying rating of “AA+” to the Bonds based upon the underlying credit of the School District. The Bonds also receive a program rating based upon the additional security provided by the Act.

The rating reflects only the views of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency. The Board furnished to the Rating Agency certain information and materials concerning the Bonds and the School District. There can be no assurance that the rating will be maintained for any given period of time or that the rating may not be raised, lowered or withdrawn entirely, if in the Rating Agency’s judgment, circumstances so warrant. Any downward change in, or withdrawal of, such rating may have an adverse effect on the marketability or market price of the Bonds.

### **UNDERWRITING**

The Bonds have been purchased from the School District at a public sale by \_\_\_\_\_ (the “Underwriter”) at a price of \$\_\_\_\_\_.

The Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the front cover of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investments trusts) at yields higher than the public offering yields set forth on the front cover of this Official Statement, and such yields may be changed, from time to time, by the Underwriter without prior notice.

### **MUNICIPAL ADVISOR**

Phoenix Advisors, LLC, Bordentown, New Jersey has served as Municipal Advisor to the School District (the “Municipal Advisor”) with respect to the issuance of the Bonds. This Official Statement has been prepared with the assistance of the Municipal Advisor. Certain information set forth herein has been obtained from the School District and other sources, which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the

assumptions or estimates contained herein will be realized. The Municipal Advisor is an independent Municipal Advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## SECONDARY MARKET DISCLOSURE

Solely for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the “Rule”), and provided that the Bonds are not exempt from the Rule and provided that the Bonds are not exempt from the following requirements in accordance with paragraph (d) of the Rule, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the School District shall provide for the benefit of the holders of the Bonds and the beneficial owners thereof:

(a) On or prior to February 1 of each year, beginning February 1, 2025, electronically to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“EMMA”) system or such other repository designated by the SEC to be an authorized repository for filing secondary market disclosure information, if any, annual financial information with respect to the School District consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available) of the School District and certain financial information and operating data consisting of (1) School District indebtedness; (2) property valuation information; and (3) tax rate, levy and collection data. The audited financial statements will be prepared in accordance with generally accepted accounting principles as modified by governmental accounting standards as may be required by State law.

(b) If any of the following events occur regarding the Bonds, a timely notice not in excess of ten (10) business days after the occurrence of the event sent to EMMA:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to the rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the School District;
- (13) The consummation of a merger, consolidation or acquisition involving the School District or the sale of all or substantially all of the assets of the School District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the School District, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation, any of which affect holders of the Bonds, if material; and

- (16) Default, event of acceleration, termination event, modification of terms or other similar events under a Financial Obligation of the School District, if any such event reflects financial difficulties.

For the purposes of the event identified in subparagraph (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the School District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the School District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the School District.

The term “Financial Obligation” as used in subparagraphs (b)(15) and (b)(16) above means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation or (iii) guarantee of (i) or (ii); provided, however, that the term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Notice of failure of the School District to provide required annual financial information on or before the date specified in the Resolution shall be sent in a timely manner to EMMA.

If all or any part of the Rule ceases to be in effect for any reason, then the information required to be provided under the Resolution, insofar as the provisions of the Rule no longer in effect required the provision of such information, shall no longer be required to be provided.

The Business Administrator/Board Secretary shall determine, in consultation with Bond Counsel, the application of the Rule or the exemption from the Rule for each issue of obligations of the School District prior to their offering. Such officer is authorized to enter into additional written contracts or undertakings to implement the Rule and is further authorized to amend such contracts or undertakings or the undertakings set forth in the Resolution, provided such amendment is, in the opinion of nationally recognized bond counsel, in compliance with the Rule.

In the event that the School District fails to comply with the above-described undertaking and covenants, the School District shall not be liable for any monetary damages, remedy of the beneficial owners of the Bonds being specifically limited in the undertaking to specific performance of the covenants.

Within the five years immediately preceding the date of this Official Statement, the Board previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements, audited financial information and operating data for the fiscal year ending June 30, 2020. The Board appointed Phoenix Advisors, LLC in April of 2015 to serve as continuing disclosure agent.

### **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to L. Douglas Pechanec, Business Administrator/Board Secretary, at 10 South Four Bridges Road, Chester, NJ 07930, (908) 879-6404, or to the Municipal Advisor at 625 Farnsworth Avenue, Bordentown, New Jersey 08505, (609) 291-0130.

## **CERTIFICATE WITH RESPECT TO THE OFFICIAL STATEMENT**

At the time of the original delivery of the Bonds, the School District will deliver a certificate of one of its authorized officials to the effect that such official has examined this Official Statement (including the appendices) and the financial and other data concerning the School District contained herein and that, to the best of such official's knowledge and belief, (i) this Official Statement, both as of its date and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading and (ii) between the date of this Official Statement and the date of delivery of the Bonds there has been no material adverse change in the affairs (financial or otherwise), financial condition or results or operations of the School District except as set forth in or contemplated by this Official Statement.

### **MISCELLANEOUS**

This Official Statement is not to be construed as a contract or agreement among the School District, the Underwriter and the holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the School District since the date hereof. The information contained in this Official Statement is not guaranteed as to accuracy or completeness.

**WEST MORRIS REGIONAL HIGH SCHOOL  
DISTRICT, IN THE COUNTY OF MORRIS, NEW  
JERSEY**

**By:** \_\_\_\_\_  
**L. Douglas Pechanec**  
**Business Administrator/Board Secretary**

**Date:** May \_\_, 2024

**APPENDIX A**

**CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT  
THE CONSTITUENT MUNICIPALITIES AND  
THE WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT**



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WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
STATISTICAL INFORMATION  
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**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.

A-1 thru A-10

**Revenue Capacity**

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

A-11 thru A-23

**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.

A-24 thru A-31

**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.

A-32 thru A-35

**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.

A-36 thru A-41

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

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

UNAUDITED

*(Accrual Basis of Accounting)*

	June 30,				
	2019	2020	2021	2022	2023
Governmental Activities:					
Net Investment in Capital Assets	\$ 40,490,868	\$ 42,372,781	\$ 42,135,862	\$ 43,164,091	\$ 43,348,925
Restricted	7,109,764	9,082,855	8,756,183	7,878,011	13,000,937
Unrestricted/(Deficit)	<u>(10,714,005)</u>	<u>(11,219,673)</u>	<u>(5,690,299)</u>	<u>(4,394,243)</u>	<u>(6,657,428)</u>
Total Governmental Activities Net Position	<u>\$ 36,886,627</u>	<u>\$ 40,235,963</u>	<u>\$ 45,201,746</u>	<u>\$ 46,647,859</u>	<u>\$ 49,692,434</u>
Business-Type Activities:					
Investment in Capital Assets	\$ 19,648	\$ 16,147	\$ 12,851	\$ 9,554	\$ 6,257
Unrestricted	<u>51,209</u>	<u>60,486</u>	<u>13,910</u>	<u>23,499</u>	<u>43,727</u>
Total Business-Type Activities Net Position	<u>\$ 70,857</u>	<u>\$ 76,633</u>	<u>\$ 26,761</u>	<u>\$ 33,053</u>	<u>\$ 49,984</u>
District-Wide:					
Net Investment in Capital Assets	\$ 40,510,516	\$ 42,388,928	\$ 42,148,713	\$ 43,173,645	\$ 43,355,182
Restricted	7,109,764	9,082,855	8,756,183	7,878,011	13,000,937
Unrestricted/(Deficit)	<u>(10,662,796)</u>	<u>(11,159,187)</u>	<u>(5,676,389)</u>	<u>(4,370,744)</u>	<u>(6,613,701)</u>
Total District-Wide Net Position	<u>\$ 36,957,484</u>	<u>\$ 40,312,596</u>	<u>\$ 45,228,507</u>	<u>\$ 46,680,912</u>	<u>\$ 49,742,418</u>

Source: West Morris Regional High School District records.

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

	June 30,				
	2014	2015	2016	2017	2018
Governmental Activities:					
Net Investment in Capital Assets	\$ 34,368,305	\$ 34,396,725	\$ 35,713,071	\$ 37,775,826	\$ 35,979,627
Restricted	6,439,065	5,244,474	5,489,939	6,792,605	7,803,701
Unrestricted/(Deficit)	(10,448,680)	(8,660,307)	(10,251,581)	(11,507,492)	(8,774,509)
Total Governmental Activities Net Position	\$ 30,358,690	\$ 30,980,892	\$ 30,951,429	\$ 33,060,939	\$ 35,008,819
Business-Type Activities:					
Investment in Capital Assets	\$ 38,034	\$ 32,541	\$ 27,555	\$ 22,962	\$ 21,473
Unrestricted		16,110	21,321	22,067	19,550
Total Business-Type Activities Net Position	\$ 38,034	\$ 48,651	\$ 48,876	\$ 45,029	\$ 41,023
District-Wide:					
Net Investment in Capital Assets	\$ 34,406,339	\$ 34,429,266	\$ 35,740,626	\$ 37,798,788	\$ 36,001,100
Restricted	6,439,065	5,244,474	5,489,939	6,792,605	7,803,701
Unrestricted/(Deficit)	(10,448,680)	(8,644,197)	(10,230,260)	(11,485,425)	(8,754,959)
Total District-Wide Net Position	\$ 30,396,724	\$ 31,029,543	\$ 31,000,305	\$ 33,105,968	\$ 35,049,842

Source: West Morris Regional High School District records.

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Accrual Basis of Accounting)*

Expenses:	Fiscal Year Ended June 30,				
	2019	2020	2021	2022	2023
Governmental Activities:					
Instruction:					
Regular	\$ 26,692,095	\$ 25,355,368	\$ 25,451,289	\$ 22,634,294	\$ 21,025,590
Special Education	5,021,062	5,056,548	5,799,528	5,018,914	4,735,681
Other Instruction	3,801,939	3,854,268	3,941,655	3,759,915	3,595,517
Support Services:					
Tuition	3,794,789	4,825,985	5,089,566	5,105,929	4,745,106
Student and Instruction Related Service	8,631,567	8,335,870	9,340,145	8,656,469	8,386,974
General Administration Services	1,082,688	1,075,116	1,106,379	1,389,612	1,416,377
School Administration Services	3,059,432	3,010,431	3,065,885	2,691,433	2,622,237
Central Services	604,359	620,695	633,495	661,382	738,817
Administrative Information Technology	519,913	654,804	763,674	2,005,597	1,422,983
Plant Operations and Maintenance	4,336,243	4,120,195	4,403,391	6,434,112	4,691,026
Pupil Transportation	3,918,831	4,364,495	3,925,786	5,037,244	5,495,399
Interest on Long-Term Debt	450,269	383,235	167,387	17,859	5,429
Unallocated Depreciation	2,238,163	2,297,026	2,344,097	2,344,097	2,344,097
Total Governmental Activities Expenses	<u>64,151,350</u>	<u>63,954,036</u>	<u>66,032,277</u>	<u>65,756,857</u>	<u>61,225,233</u>
Business-Type Activities:					
Enterprise Funds	<u>625,422</u>	<u>541,455</u>	<u>96,614</u>	<u>684,619</u>	<u>903,738</u>
Total Business-Type Activities Expense	<u>625,422</u>	<u>541,455</u>	<u>96,614</u>	<u>684,619</u>	<u>903,738</u>
Total District-Wide Expenses	<u>\$ 64,776,772</u>	<u>\$ 64,495,491</u>	<u>\$ 66,128,891</u>	<u>\$ 66,441,476</u>	<u>\$ 62,128,971</u>
Program Revenues:					
Governmental Activities:					
Charges for Services:					
Tuition	\$ 274,918	\$ 274,918	\$ 313,332	\$ 144,224	\$ 221,282
Student & Instruction Related Services			303,518	588,639	527,746
Operating Grants and Contributions	16,962,186	16,962,186	19,177,249	14,734,494	11,317,999
Capital Grants and Contributions	23,120	23,120		784,314	59,911
Total Governmental Activities	<u>17,260,224</u>	<u>17,260,224</u>	<u>19,794,099</u>	<u>16,251,671</u>	<u>12,126,938</u>
Business-Type Activities:					
Charges for Services:					
Food Service Fund	<u>683,675</u>	<u>683,675</u>	<u>3,177</u>	<u>690,898</u>	<u>920,281</u>
Total Business Type Activities	<u>683,675</u>	<u>683,675</u>	<u>3,177</u>	<u>690,898</u>	<u>920,281</u>
Total District-Wide Program Revenues	<u>\$ 17,943,899</u>	<u>\$ 17,943,899</u>	<u>\$ 19,797,276</u>	<u>\$ 16,942,569</u>	<u>\$ 13,047,219</u>

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Accrual Basis of Accounting)*

	Fiscal Year Ended June 30,				
	2019	2020	2021	2022	2023
Net (Expense)/Revenue:					
Governmental Activities	\$ (46,891,126)	\$ (46,693,812)	\$ (46,238,178)	\$ (49,505,186)	\$ (49,098,295)
Business-Type Activities	58,253	142,220	(93,437)	6,279	16,543
Total District-Wide Net Expense/(Revenue)	<u>\$ (46,832,873)</u>	<u>\$ (46,551,592)</u>	<u>\$ (46,331,615)</u>	<u>\$ (49,498,907)</u>	<u>\$ (49,081,752)</u>
General Revenues & Other Changes in Net Position:					
Governmental Activities:					
Property Taxes Levied for General Purposes, Net	\$ 44,490,948	\$ 45,269,541	\$ 46,061,758	\$ 46,752,684	\$ 48,378,298
Taxes Levied for Debt Service	2,269,475	2,270,250	2,269,175	2,107,380	2,102,626
Federal and State Aid Not Restricted	895,450	856,184	722,731	599,213	486,240
Investment Earnings	207,487	118,170	18,965	15,549	290,045
Miscellaneous Income	876,853	886,857	840,794	1,476,473	885,661
Transfers	28,721	15,265	(43,561)		
Total Governmental Activities	<u>48,768,934</u>	<u>49,416,267</u>	<u>49,869,862</u>	<u>50,951,299</u>	<u>52,142,870</u>
Business-Type Activities:					
Investment Earnings	302	247	4	13	388
Transfers	(28,721)	(15,265)	43,561		
Other Item - FSMC Contribution					
Total Business-Type Activities	<u>(28,419)</u>	<u>(15,018)</u>	<u>43,565</u>	<u>13</u>	<u>388</u>
Total District-Wide Revenues & Other Changes in Net Position	<u>\$ 48,740,515</u>	<u>\$ 49,401,249</u>	<u>\$ 49,913,427</u>	<u>\$ 50,951,312</u>	<u>\$ 52,143,258</u>
Change in Net Position					
Governmental Activities	\$ 1,877,808	\$ 2,722,455	\$ 3,631,684	\$ 1,446,113	\$ 3,044,575
Business-Type Activities	29,834	127,202	(49,872)	6,292	16,931
Total District-Wide Change in Net Position	<u>\$ 1,907,642</u>	<u>\$ 2,849,657</u>	<u>\$ 3,581,812</u>	<u>\$ 1,452,405</u>	<u>\$ 3,061,506</u>

Source: West Morris Regional High School District records.

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Accrual Basis of Accounting)*

Expenses:	Fiscal Year Ended June 30,				
	2014	2015	2016	2017	2018
Governmental Activities:					
Instruction:					
Regular	\$ 21,969,083	\$ 24,814,290	\$ 26,287,983	\$ 28,124,143	\$ 27,287,001
Special Education	3,809,040	4,306,828	5,086,659	5,023,866	5,208,030
Other Special Instruction					
Other Instruction	3,088,277	3,508,063	3,837,507	3,813,738	4,313,690
Support Services:					
Tuition	2,803,150	3,300,090	3,674,161	4,004,449	3,966,700
Student & Instruction Related Services	6,219,532	7,608,338	8,170,208	9,458,104	9,639,764
General Administration Services	1,112,496	991,618	1,007,236	1,008,933	1,076,809
School Administration Services	2,361,168	2,550,334	3,079,417	3,236,507	3,224,906
Central Services	562,932	566,463	569,971	605,852	606,281
Administrative Information Technology	865,858	835,980	858,061	683,203	596,194
Plant Operations and Maintenance	3,612,729	3,667,203	3,520,619	3,810,907	4,195,645
Pupil Transportation	3,153,997	3,299,484	3,313,190	3,486,250	3,487,483
Interest on Long-Term Debt	783,095	721,298	668,437	590,665	524,744
Unallocated Depreciation	1,932,450	1,946,031	1,960,634	2,067,011	2,119,788
Total Governmental Activities Expenses	<u>52,273,807</u>	<u>58,116,020</u>	<u>62,034,083</u>	<u>65,913,628</u>	<u>66,247,035</u>
Business-Type Activities:					
Enterprise Funds	707,857	640,492	579,674	569,042	587,218
Total Business-Type Activities Expense	<u>707,857</u>	<u>640,492</u>	<u>579,674</u>	<u>569,042</u>	<u>587,218</u>
Total District-Wide Expenses	<u>\$ 52,981,664</u>	<u>\$ 58,756,512</u>	<u>\$ 62,613,757</u>	<u>\$ 66,482,670</u>	<u>\$ 66,834,253</u>
Program Revenues:					
Governmental Activities:					
Charges for Services:					
Tuition	\$ 42,269	\$ 80,615	\$ 73,169	\$ 120,688	\$ 274,918
Student & Instruction Related Services					
Operating Grants and Contributions	8,391,960	7,939,395	13,529,836	16,008,812	19,998,923
Capital Grants and Contributions	39,222	(795)	155,800		14,411
Total Governmental Activities	<u>8,473,451</u>	<u>8,019,215</u>	<u>13,758,805</u>	<u>16,129,500</u>	<u>20,288,252</u>
Business-Type Activities:					
Charges for Services:					
Food Service Fund	737,156	655,801	616,779	546,202	572,320
Total Business Type Activities	<u>737,156</u>	<u>655,801</u>	<u>616,779</u>	<u>546,202</u>	<u>572,320</u>
Total District-Wide Program Revenues	<u>\$ 9,210,607</u>	<u>\$ 8,675,016</u>	<u>\$ 14,375,584</u>	<u>\$ 16,675,702</u>	<u>\$ 20,860,572</u>

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Accrual Basis of Accounting)*

	Fiscal Year Ended June 30,				
	2014	2015	2016	2017	2018
Net (Expense)/Revenue:					
Governmental Activities	\$ (43,800,356)	\$ (50,096,805)	\$ (48,275,278)	\$ (45,066,593)	\$ (45,958,783)
Business-Type Activities	29,299	15,309	37,105	(37,424)	(14,898)
Total District-Wide Net Expense/(Revenue)	<u>\$ (43,771,057)</u>	<u>\$ (50,081,496)</u>	<u>\$ (48,238,173)</u>	<u>\$ (45,104,017)</u>	<u>\$ (45,973,681)</u>
General Revenues & Other Changes in Net Position:					
Governmental Activities:					
Property Taxes Levied for General Purposes, Net	\$ 40,071,143	\$ 40,804,192	\$ 41,620,275	\$ 42,763,310	\$ 43,618,576
Taxes Levied for Debt Service	2,229,437	2,273,550	2,271,050	2,264,800	2,266,000
Federal and State Aid Not Restricted	1,272,751	1,323,519	1,328,846	1,341,965	1,264,103
Investment Earnings	21,072	21,863	37,385	42,898	86,444
Miscellaneous Income	378,413	556,293	617,564	763,130	674,581
Transfers	(15,265)				(3,041)
Total Governmental Activities	<u>43,957,551</u>	<u>44,979,417</u>	<u>45,875,120</u>	<u>47,176,103</u>	<u>47,906,663</u>
Business-Type Activities:					
Investment Earnings	87	91	180	282	600
Transfers	45,756	34,239			3,041
Other Item - FSMC Contribution			33,517	33,295	7,251
Total Business-Type Activities	<u>45,843</u>	<u>34,330</u>	<u>33,697</u>	<u>33,577</u>	<u>10,892</u>
Total District-Wide Revenues & Other Changes in Net Position	<u>\$ 44,003,394</u>	<u>\$ 45,013,747</u>	<u>\$ 45,908,817</u>	<u>\$ 47,209,680</u>	<u>\$ 47,917,555</u>
Change in Net Position					
Governmental Activities	\$ 157,195	\$ (5,117,388)	\$ (2,400,158)	\$ 2,109,510	\$ 1,947,880
Business-Type Activities	75,142	49,639	70,802	(3,847)	(4,006)
Total District-Wide Change in Net Position	<u>\$ 232,337</u>	<u>\$ (5,067,749)</u>	<u>\$ (2,329,356)</u>	<u>\$ 2,105,663</u>	<u>\$ 1,943,874</u>

Source: West Morris Regional High School District records.



WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

UNAUDITED

*(Modified Accrual Basis of Accounting)*

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Restricted	\$ 6,439,065	\$ 5,244,474	\$ 5,489,939	\$ 6,792,605	\$ 7,803,701	\$ 7,109,764	\$ 8,384,964	\$ 7,978,445	\$ 7,015,034	\$ 12,111,917
Assigned	277,124	440,239	456,931	628,992	829,360	1,222,312	573,378	1,618,339	2,680,760	1,341,632
Unassigned	859,501	943,630	1,033,138	1,005,975	995,068	1,225,686	1,239,327	2,666,619	2,962,980	1,767,707
<b>Total General Fund</b>	<b>\$ 7,575,690</b>	<b>\$ 6,628,343</b>	<b>\$ 6,980,008</b>	<b>\$ 8,427,572</b>	<b>\$ 9,628,129</b>	<b>\$ 9,557,762</b>	<b>\$ 10,197,669</b>	<b>\$ 12,263,403</b>	<b>\$ 12,658,774</b>	<b>\$ 15,221,256</b>
Other Governmental Funds:										
Committed	\$ 425,955	\$ 1,537,387	\$ 1,156,103	\$ 129,433	\$ 2,921,883	\$ 335,407	\$ 136,253	\$ 2,732,593	\$ 1,358,484	\$ 284,245
Restricted							697,891	771,738	862,977	889,020
<b>Total Other Governmental Funds</b>	<b>\$ 425,955</b>	<b>\$ 1,537,387</b>	<b>\$ 1,156,103</b>	<b>\$ 129,433</b>	<b>\$ 2,921,883</b>	<b>\$ 335,407</b>	<b>\$ 834,144</b>	<b>\$ 3,510,331</b>	<b>\$ 2,221,461</b>	<b>\$ 1,173,265</b>
<b>Total Governmental Funds</b>	<b>\$ 8,001,645</b>	<b>\$ 8,165,730</b>	<b>\$ 8,136,111</b>	<b>\$ 8,557,005</b>	<b>\$ 12,550,012</b>	<b>\$ 9,893,169</b>	<b>\$ 11,031,813</b>	<b>\$ 15,773,734</b>	<b>\$ 14,880,235</b>	<b>\$ 16,394,521</b>

Source: West Morris Regional High School District records.

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS

UNAUDITED

(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues:</b>										
Tax Levy	\$ 42,300,580	\$ 43,077,742	\$ 43,891,325	\$ 45,028,110	\$ 45,884,576	\$ 46,760,423	\$ 47,539,791	\$ 48,330,933	\$ 48,860,064	\$ 50,480,924
Tuition Charges	80,615	73,169	120,688	226,239	263,007	274,918	263,876	313,332	144,224	221,282
Interest Earned on Investments	16,564	17,621	30,688	36,818	75,533	143,494	164,300	169,720	172,686	155,547
Interest Earned on Capital Reserve Funds	1,975	1,617	1,929	2,236	7,017	26,339	6,677	2,973	2,705	20,840
Interest Earned on Maintenance Reserve Funds	2,533	2,625	4,769	3,786	3,823	6,554	5,410	3,694	996	
Miscellaneous - Restricted									1,878,288	1,446,100
Miscellaneous - Unrestricted	400,923	589,790	648,384	805,990	688,152	947,463	875,587	683,372	47,287	113,658
State Sources	8,633,141	9,472,191	10,175,935	11,246,569	11,298,359	12,023,390	12,177,242	13,645,174	16,414,597	15,751,050
Federal Sources	555,700	565,267	555,798	563,470	424,125	553,662	636,631	1,061,460	1,721,011	849,378
<b>Total Revenue</b>	<b>51,992,031</b>	<b>53,800,022</b>	<b>55,429,516</b>	<b>57,913,218</b>	<b>58,644,592</b>	<b>60,736,243</b>	<b>61,669,514</b>	<b>64,552,226</b>	<b>69,241,858</b>	<b>69,038,779</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	15,811,116	15,490,130	15,697,450	15,100,661	14,867,539	15,346,206	14,979,177	14,762,866	15,228,302	14,547,448
Special Education Instruction	2,731,114	2,645,917	3,016,121	2,718,031	2,829,147	2,904,968	2,950,535	3,222,465	3,203,814	3,229,235
Other Instruction	2,291,024	2,285,678	2,377,362	2,167,330	2,328,808	2,385,308	2,421,648	2,342,312	2,565,474	2,583,429
<b>Support Services:</b>										
Tuition	2,803,150	3,300,090	3,674,161	4,004,449	3,966,700	3,794,789	4,825,985	5,089,566	5,105,929	4,745,106
Student and Instruction Related Services	4,542,457	4,897,689	5,156,775	5,455,988	5,535,316	5,512,822	5,280,412	5,911,125	6,070,971	6,171,626
General Administration Services	1,002,854	889,528	894,256	891,625	971,292	957,863	975,467	973,295	1,284,739	1,313,201
School Administration Services	1,631,257	1,663,484	1,734,588	1,742,234	1,755,462	1,758,902	1,763,419	1,722,072	1,719,033	1,801,124
Central Services	453,434	454,065	459,489	482,611	496,030	490,657	507,939	512,836	550,380	604,735
Administrative Information Technology	679,835	664,752	672,822	522,264	463,824	333,301	391,880	380,593	410,862	519,625
Plant Operations and Maintenance	3,109,468	3,167,809	2,972,604	3,300,249	3,621,086	3,931,266	3,816,875	4,041,405	4,188,186	4,229,197
Pupil Transportation	3,072,734	3,230,246	3,220,094	3,408,620	3,417,677	3,843,521	4,256,053	3,837,259	4,781,419	5,298,541

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

UNAUDITED  
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenditures:										
Unallocated Benefits	\$ 11,144,672	\$ 11,787,867	\$ 12,476,212	\$ 12,442,539	\$ 12,935,660	\$ 14,011,697	\$ 13,931,559	\$ 15,610,951	\$ 18,342,688	\$ 18,736,044
Debt Service:										
Principal	1,455,000	1,475,000	1,525,000	1,595,000	1,660,000	1,740,000	1,805,000	2,030,000	2,070,000	2,080,000
Interest and Other Charges	862,206	798,550	746,050	669,800	606,000	529,475	465,250	238,000	37,380	24,960
Capital Outlay	435,598	1,101,533	836,151	2,990,923	2,941,938	7,057,753	3,426,523	4,019,753	5,958,232	2,851,353
Total Expenditures	52,025,919	53,852,338	55,459,135	57,492,324	58,396,479	64,598,528	61,797,722	64,694,498	71,517,409	68,735,624
Excess (Deficiency) of Revenues Over (Under) Expenditures	(33,888)	(52,316)	(29,619)	420,894	248,113	(3,862,285)	(128,208)	(142,272)	(2,275,551)	303,155
Other Financing Sources (Uses)										
Financed Purchases (Non-Budgeted)		216,401			501,168	727,911	566,862	1,533,095	677,100	1,330,000
Cancellation of Financed Purchase Proceeds							(149,079)	3,393,500	(22,548)	(118,869)
Lease Proceeds					3,246,767	448,810		6,375,000	727,500	
School Refunding Bonds Issued								(6,165,000)		
School Bonds Defeased								(55,688)		
Bond Issuance Costs								(153,153)		
Deferred Bond Interest								1,006,390	1,355,052	1,293,163
Transfers In	573,161	1,455,477	153,496	445,179	910,071	2,343,143	1,643,508	(1,049,951)	(1,355,052)	(1,293,163)
Transfers Out	(588,426)	(1,455,477)	(153,496)	(445,179)	(913,112)	(2,314,422)	(1,628,243)	(1,049,951)	(1,355,052)	(1,293,163)
Total Other Financing Sources (Uses)	(15,265)	216,401			3,744,894	1,205,442	433,048	4,884,193	1,382,052	1,211,131
Net Change in Fund Balances	\$ (49,153)	\$ 164,085	\$ (29,619)	\$ 420,894	\$ 3,993,007	\$ (2,656,843)	\$ 304,840	\$ 4,741,921	\$ (893,499)	\$ 1,514,286
Debt Service as a Percentage of Noncapital Expenditures	4.49%	4.31%	4.15%	4.15%	4.06%	3.87%	3.82%	3.70%	3.13%	3.16%

Source: West Morris Regional High School District records.

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

Fiscal Year Ended June 30,	Tuition	Interest on Investments	Rentals - Use of Facilities	Other	Total
2014	\$ 80,615	\$ 21,069	\$ 35,292	\$ 343,121	\$ 480,097
2015	73,169	21,855	66,602	489,691	651,317
2016	120,688	37,379	105,777	511,787	775,631
2017	226,239	42,840	50,475	712,655	1,032,209
2018	263,007	86,373	82,775	591,806	1,023,961
2019	274,918	176,387	66,965	809,888	1,328,158
2020	263,876	117,213	10,046	876,811	1,267,946
2021	313,332	18,792	1,990	838,804	1,172,918
2022	144,224	15,316		1,476,473	1,636,013
2023	221,282	241,098	8,319	877,342	1,348,041

Source: West Morris Regional High School District records.

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN YEARS  
UNAUDITED

Chester 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	Tax-Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2013	\$ 3,369,700	\$ 207,567,300	\$ 1,160,100	\$ 55,800	\$ 155,137,100	\$ -	\$ 1,795,300	\$ 369,085,300	\$ -	\$ 369,085,300	\$ 40,893,000	\$ 0.40	\$ 402,175,524
2014	3,114,800	214,814,100	1,180,100	55,800	156,563,800	-	1,849,100	377,577,700	-	377,577,700	41,616,200	0.40	387,561,161
2015	3,114,800	219,171,300	1,050,100	56,000	153,604,100	-	1,886,300	378,882,600	-	378,882,600	42,395,400	0.49	420,032,831
2016	3,240,300	227,449,100	1,103,100	56,600	164,299,800	-	-	396,148,900	-	396,148,900	44,611,500	0.48	390,553,627
2017	3,165,300	227,107,400	1,098,300	56,600	168,664,100	-	-	400,091,700	-	400,091,700	44,456,000	0.47	401,322,238
2018	3,880,300	229,846,900	976,500	56,600	166,399,800	-	-	401,160,100	-	401,160,100	44,706,800	0.52	390,482,174
2019	3,346,800	227,975,900	977,000	56,600	164,343,300	-	1,656,800	398,556,400	-	398,556,400	43,860,700	0.53	386,693,610
2020	3,281,000	230,073,900	988,600	54,800	167,602,200	-	1,658,500	403,659,000	9,727	403,668,727	44,737,700	0.55	394,020,984
2021	4,146,500	236,886,400	1,004,700	53,800	160,501,500	-	1,605,000	404,197,900	-	404,197,900	46,031,500	0.56	398,392,411
2022	4,066,300	243,393,300	1,018,900	53,800	178,920,400	-	2,434,500	429,887,200	9,420	429,896,620	48,529,600	0.52	409,127,202

Chester 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	Tax-Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2013	\$ 14,619,500	\$ 1,664,309,100	\$ 88,383,100	\$ 1,228,000	\$ 48,990,700	\$ 2,469,700	\$ 835,200	\$ 1,820,835,300	\$ 442,529	\$ 1,821,277,829	\$ 232,195,400	\$ 0.55	\$ 1,917,321,277
2014	13,704,800	1,663,455,100	88,665,800	1,224,900	48,804,500	2,469,700	835,200	1,819,160,000	372,270	1,819,532,270	234,237,700	0.56	1,894,076,792
2015	13,628,900	1,664,376,400	87,702,100	1,241,000	47,568,100	2,543,100	835,200	1,817,894,800	373,557	1,818,268,357	235,597,400	0.55	1,873,066,565
2016	12,701,600	1,669,012,300	87,901,300	1,302,000	47,594,400	2,543,100	835,200	1,821,889,900	351,836	1,822,241,736	236,678,600	0.57	1,900,570,563
2017	12,608,600	1,676,159,700	88,503,500	1,301,700	47,379,800	2,543,100	835,200	1,829,331,600	358,200	1,829,689,800	235,706,700	0.56	1,908,814,522
2018	12,175,700	1,679,019,100	83,877,300	1,298,100	47,009,900	2,543,100	835,200	1,826,758,400	375,919	1,827,134,319	254,511,400	0.56	1,906,637,867
2019	11,492,800	1,677,775,800	85,274,600	1,309,700	47,632,600	2,543,100	835,200	1,826,863,800	400,440	1,827,264,240	254,511,400	0.57	1,917,551,952
2020	11,243,000	1,668,967,500	86,080,500	1,327,700	49,898,800	2,543,100	-	1,820,060,600	409,774	1,820,470,374	257,537,000	0.57	1,876,249,396
2021	10,438,500	1,664,946,400	85,356,400	1,293,700	50,681,800	2,525,300	-	1,815,242,100	442,490	1,815,684,590	258,289,000	0.60	1,844,349,447
2022	9,803,700	1,666,904,100	85,366,100	1,258,500	49,186,400	2,525,300	1,500,000	1,816,544,100	431,464	1,816,975,564	258,694,900	0.63	1,897,117,625

Mendham 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	Tax-Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2013	\$ 7,771,700	\$ 1,097,277,400	\$ 66,897,700	\$ 397,100	\$ 105,202,000	\$ -	\$ 2,342,200	\$ 1,279,888,100	\$ 2,287,733	\$ 1,282,175,833	\$ 124,763,600	\$ 0.48	\$ 1,354,282,340
2014	8,207,800	1,100,795,200	66,843,500	400,500	103,997,100	-	2,342,200	1,282,586,300	1,927,735	1,284,514,035	124,763,600	0.52	1,361,837,683
2015	9,745,800	1,097,432,700	69,620,400	403,900	102,337,700	-	2,342,200	1,281,882,700	1,927,735	1,283,810,435	124,865,000	0.53	1,403,066,919
2016	9,704,800	1,096,676,700	69,686,700	403,900	102,337,700	-	2,342,200	1,281,152,000	1,954,098	1,283,106,098	125,425,900	0.55	1,370,993,717
2017	9,704,800	1,096,803,000	69,563,800	403,900	101,655,100	-	2,342,200	1,280,472,800	1,939,588	1,282,412,388	124,867,500	0.57	1,377,174,538
2018	8,769,600	1,098,793,700	69,130,100	351,800	101,575,300	-	2,342,200	1,280,962,700	2,007,273	1,282,969,973	125,379,300	0.58	1,377,413,257
2019	8,306,100	1,095,646,700	65,860,900	348,400	100,209,700	-	2,342,200	1,272,714,000	2,123,156	1,274,837,156	130,379,300	0.58	1,363,844,456
2020	8,110,700	1,095,960,000	63,823,500	348,400	98,555,600	-	2,342,200	1,269,140,300	2,123,156	1,271,263,456	131,042,600	0.61	1,367,265,859
2021	7,036,400	1,088,589,100	63,228,100	548,000	98,368,300	-	2,342,200	1,260,112,100	2,390,052	1,262,502,152	131,044,800	0.61	1,314,880,091
2022	7,606,900	1,089,356,100	65,850,100	366,400	97,853,700	-	2,342,200	1,263,375,400	2,333,706	1,265,709,106	131,226,000	0.63	1,371,561,973

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

**Mendham 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	Tax-Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2013	\$ 26,692,700	\$ 1,743,151,500	\$ 104,058,700	\$ 622,500	\$ 10,162,400	\$ 2,100	\$ -	\$ 1,884,689,900	\$ 1,537,902	\$ 1,886,227,802	\$ 152,592,200	\$ 0.52	\$ 1,951,547,561
2014	23,995,000	1,733,473,800	109,314,900	617,800	10,162,400	2,100	-	1,877,566,000	1,239,350	1,878,805,350	152,605,300	0.52	1,895,672,519
2015	22,888,000	1,729,916,200	111,919,200	624,700	10,162,400	2,100	-	1,875,512,600	1,226,793	1,876,739,393	152,605,300	0.55	1,963,385,307
2016	23,331,400	1,726,534,100	112,663,100	624,700	10,162,400	2,100	-	1,873,317,800	1,240,960	1,874,558,760	152,605,300	0.55	1,942,042,113
2017	21,865,300	1,726,778,500	115,993,000	606,300	10,039,000	2,100	-	1,875,284,200	1,244,391	1,876,528,591	152,589,500	0.55	1,959,468,151
2018	21,643,900	1,719,760,500	122,730,600	520,300	10,123,500	2,100	-	1,874,780,900	1,250,037	1,876,030,937	152,607,500	0.56	1,938,936,548
2019	24,051,500	1,713,009,200	127,004,700	521,800	10,123,500	2,100	-	1,874,712,800	1,326,546	1,876,039,346	151,071,800	0.56	1,918,523,996
2020	22,318,800	1,704,252,900	124,563,700	505,900	14,073,500	2,100	-	1,865,716,900	1,382,402	1,867,099,302	142,890,500	0.57	1,883,588,522
2021	22,803,600	1,697,602,100	122,993,400	506,400	14,073,500	2,100	-	1,857,981,100	1,428,181	1,859,409,281	142,578,700	0.55	1,823,998,116
2022	20,442,000	1,770,239,600	140,221,600	513,700	15,423,700	2,700	9,127,700	1,955,971,000	1,456,656	1,957,427,656	194,547,900	0.50	1,904,237,283

**Washington 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	Tax-Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2013	\$ 31,560,000	\$ 2,478,920,800	\$ 115,230,000	\$ 4,334,500	\$ 119,232,700	\$ 34,966,400	\$ 35,358,200	\$ 2,819,602,600	\$ 1,383,066	\$ 2,820,985,666	\$ 252,694,900	\$ 0.52	\$ 2,896,200,018
2014	30,285,400	2,473,660,800	115,685,500	4,434,000	119,360,900	32,800,100	35,358,200	2,811,584,900	939,069	2,812,523,969	253,470,500	0.52	2,812,947,929
2015	29,652,600	2,472,018,300	114,769,000	4,412,000	115,548,400	32,800,100	35,358,200	2,804,558,600	935,217	2,805,493,817	254,218,200	0.51	2,793,349,767
2016	31,061,500	2,470,631,400	116,338,400	4,359,800	123,464,900	32,800,100	35,358,200	2,814,014,300	830,887	2,814,845,187	254,082,500	0.53	2,857,587,207
2017	29,395,800	2,478,120,100	116,160,600	4,353,600	122,738,600	32,238,700	35,054,600	2,818,062,000	-	2,818,062,000	254,082,300	0.56	2,896,024,012
2018	26,217,500	2,489,033,400	116,986,400	4,320,600	122,170,100	32,238,700	35,461,400	2,826,428,100	-	2,826,428,100	256,473,800	0.57	2,906,311,191
2019	25,652,900	2,485,591,200	117,377,100	4,350,900	118,219,200	30,938,700	35,461,400	2,817,591,400	-	2,817,591,400	259,513,500	0.59	2,890,035,246
2020	27,731,800	2,486,474,400	118,781,800	4,317,800	119,241,300	30,938,700	35,461,400	2,822,947,200	-	2,822,947,200	259,612,500	0.60	2,890,388,607
2021	24,270,700	2,486,001,600	119,325,300	4,505,300	118,254,600	30,938,700	35,461,400	2,818,757,600	-	2,818,757,600	260,038,400	0.61	2,891,663,641
2022	21,800,700	2,488,721,200	118,113,800	4,354,300	115,792,200	30,938,700	35,461,400	2,815,182,300	-	2,815,182,300	259,873,900	0.64	2,993,591,721

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

<sup>a</sup> - Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

<sup>b</sup> - Tax rates are per \$100 of assessed valuation.

Source: Municipal Tax Assessors.

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

**Chester Borough**

Year Ended December 31,	West Morris Regional High School			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Direct Rate			Chester			
	Basic Rate <sup>a</sup>	Obligation Debt <sup>b</sup>	Total Direct	Borough	Borough Schools	Morris County	
2013	\$ 0.38	\$ 0.02	\$ 0.40	\$ 0.90	\$ 0.96	\$ 0.28	\$ 2.54
2014	0.38	0.02	0.40	0.90	0.94	0.26	2.50
2015	0.47	0.02	0.49	0.92	0.98	0.27	2.66
2016	0.45	0.03	0.48	0.84	0.95	0.34	2.61
2017	0.45	0.02	0.47	0.93	0.93	0.26	2.59
2018	0.49	0.03	0.52	0.93	0.93	0.25	2.63
2019	0.50	0.03	0.53	0.95	0.92	0.25	2.65
2020	0.53	0.02	0.55	0.96	0.94	0.25	2.70
2021	0.53	0.03	0.56	0.97	0.94	0.26	2.73
2022	0.50	0.02	0.52	0.91	0.93	0.25	2.61

**Chester Township**

Year Ended December 31,	West Morris Regional High School			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Direct Rate			Chester			
	Basic Rate <sup>a</sup>	Obligation Debt <sup>b</sup>	Total Direct	Township	Township Schools	Morris County	
2013	\$ 0.52	\$ 0.03	\$ 0.55	\$ 0.52	\$ 0.93	\$ 0.27	\$ 2.27
2014	0.53	0.03	0.56	0.52	0.95	0.27	2.30
2015	0.52	0.03	0.55	0.52	0.96	0.26	2.29
2016	0.54	0.03	0.57	0.52	0.96	0.27	2.32
2017	0.53	0.03	0.56	0.52	0.98	0.27	2.33
2018	0.53	0.03	0.56	0.53	0.98	0.27	2.34
2019	0.54	0.03	0.57	0.53	0.99	0.27	2.36
2020	0.54	0.03	0.57	0.53	1.00	0.27	2.37
2021	0.57	0.03	0.60	0.53	1.01	0.27	2.41
2022	0.60	0.03	0.63	0.54	1.03	0.27	2.47

Source: Municipal Tax Collectors and School Business Administrator.

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

**Mendham Borough**

Year Ended December 31,	West Morris Regional High School			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Direct Rate			Mendham			
	Basic Rate <sup>a</sup>	Obligation Debt <sup>b</sup>	Total Direct	Mendham Borough	Borough Schools	Morris County	
2013	\$ 0.45	\$ 0.03	\$ 0.48	\$ 0.43	\$ 0.77	\$ 0.27	\$ 1.95
2014	0.49	0.03	0.52	0.45	0.78	0.27	2.02
2015	0.50	0.03	0.53	0.45	0.81	0.28	2.07
2016	0.52	0.03	0.55	0.46	0.84	0.27	2.12
2017	0.54	0.03	0.57	0.47	0.86	0.28	2.18
2018	0.55	0.03	0.58	0.48	0.88	0.28	2.22
2019	0.55	0.03	0.58	0.47	0.89	0.28	2.22
2020	0.58	0.03	0.61	0.50	0.91	0.28	2.30
2021	0.58	0.03	0.61	0.52	0.94	0.27	2.34
2022	0.60	0.03	0.63	0.52	0.95	0.28	2.38

**Mendham Township**

Year Ended December 31,	West Morris Regional High School			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Direct Rate			Mendham			
	Basic Rate <sup>a</sup>	Obligation Debt <sup>b</sup>	Total Direct	Mendham Township	Township Schools	Morris County	
2013	\$ 0.49	\$ 0.03	\$ 0.52	\$ 0.36	\$ 0.80	\$ 0.26	\$ 1.94
2014	0.49	0.03	0.52	0.38	0.82	0.26	1.98
2015	0.52	0.03	0.55	0.39	0.83	0.26	2.03
2016	0.52	0.03	0.55	0.42	0.83	0.27	2.07
2017	0.52	0.03	0.55	0.44	0.81	0.27	2.07
2018	0.53	0.03	0.56	0.44	0.85	0.27	2.12
2019	0.53	0.03	0.56	0.45	0.88	0.27	2.16
2020	0.54	0.03	0.57	0.45	0.92	0.26	2.20
2021	0.52	0.03	0.55	0.45	0.96	0.25	2.21
2022	0.48	0.02	0.50	0.43	0.93	0.25	2.11

Source: Municipal Tax Collectors and School Business Administrator.



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

**Washington Township**

Year Ended December 31,	West Morris Regional High School			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Direct Rate			Washington			
	Basic Rate <sup>a</sup>	Obligation Debt <sup>b</sup>	Total Direct	Washington Township	Township Schools	Morris County	
2013	\$ 0.49	\$ 0.03	\$ 0.52	\$ 0.42	\$ 1.13	\$ 0.26	\$ 2.33
2014	0.49	0.03	0.52	0.43	1.15	0.26	2.36
2015	0.48	0.03	0.51	0.44	1.17	0.25	2.37
2016	0.50	0.03	0.53	0.44	1.19	0.26	2.42
2017	0.53	0.03	0.56	0.45	1.22	0.27	2.50
2018	0.54	0.03	0.57	0.46	1.25	0.27	2.55
2019	0.56	0.03	0.59	0.46	1.29	0.27	2.61
2020	0.57	0.03	0.60	0.47	1.31	0.26	2.64
2021	0.58	0.03	0.61	0.48	1.33	0.26	2.68
2022	0.61	0.03	0.64	0.49	1.36	0.27	2.76

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 year net budget by more than the spending growth limitation calculation.

<sup>a</sup> The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

<sup>b</sup> Rates for debt service are based on each year's requirements.

Source: Municipal Tax Collectors and School Business Administrator.

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

**Chester Borough**

	2022			2013		
	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
DPF Chester LLC		\$45,489,900	10.58%	Chester Springs, LLC	\$ 34,533,100	9.36%
CPP Streets of Chester, LLC		21,895,900	5.09%	Continental Chester, LLC	26,000,000	7.04%
Savro/Chester Shopping Mall		6,500,000	1.51%	NS-MPG, Inc.	8,900,000	2.41%
Williamson Associates		3,732,000	0.87%	Savro/Chester Shopping Mall	8,296,000	2.25%
2-4 Mill Ridge, LLC		3,602,200	0.84%	Williamson Associates	4,413,400	1.20%
95 West Main Associates, LLC		3,160,700	0.74%	95 West Main Associates	3,698,500	1.00%
Moon Street LLC		2,589,600	0.60%	Individual Taxpayer #1	3,354,800	0.91%
Group 6 Assoc. (Little Falls Shoprite)		2,562,300	0.60%	Individual Taxpayer #2	2,713,300	0.74%
Chester Franklin Associates		2,031,500	0.47%	Turkey Farm Acquisition	2,587,400	0.70%
MGHC Group LLC		1,955,700	0.45%	Group 206 North Associates	2,434,100	0.66%
<b>Total</b>		<b>\$93,519,800</b>	<b>21.75%</b>	<b>Total</b>	<b>\$ 96,930,600</b>	<b>26.27%</b>

NOTE: Individual Taxpayers are numbered in the year assessed; however, they may be not be the same individual taxpayers in the two years presented.

Source: Chester Borough Tax Assessor.

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

Chester Township

	2022			2013		
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	
Welkind Rehabilitation Hospital, Inc.	\$ 6,476,600	0.36%	Individual Taxpayer #1	\$ 4,883,200	0.27%	
Individual Taxpayer #1	3,739,400	0.21%	Individual Taxpayer #2	3,767,900	0.21%	
Individual Taxpayer #2	3,140,800	0.17%	Individual Taxpayer #3	3,732,500	0.20%	
Individual Taxpayer #3	3,008,300	0.17%	Individual Taxpayer #4	3,485,100	0.19%	
Individual Taxpayer #4	2,968,600	0.16%	Individual Taxpayer #5	3,008,300	0.17%	
Inganamort Gladstone Realty Holding	2,833,600	0.16%	Individual Taxpayer #6	2,739,200	0.15%	
Individual Taxpayer #5	2,728,200	0.15%	Individual Taxpayer #7	2,732,100	0.15%	
Pottersville Road Holding LLC	2,715,400	0.15%	Individual Taxpayer #8	1,731,000	0.10%	
Individual Taxpayer #6	2,593,400	0.14%	Individual Taxpayer #9	2,621,700	0.14%	
Individual Taxpayer #7	2,536,100	0.14%	Individual Taxpayer #10	2,570,000	0.14%	
Total	\$32,740,400	1.81%	Total	\$ 31,271,000	1.71%	

NOTE: Individual Taxpayers are numbered in the year assessed; however, they may be not be the same individual taxpayers in the two years presented.

Source: Chester Township Tax Assessor.

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

**Mendham Borough**

	2022			2013		
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	
V-Fee Realty	\$22,000,000	1.74%	V-Fee Realty	\$ 22,000,000	1.72%	
Individual Taxpayer #1	8,564,900	0.68%	Roxiticus Golf Club	11,082,300	0.86%	
Holly Manor	8,558,600	0.68%	Holly Manor	8,558,600	0.67%	
Roxiticus Golf Club	8,003,500	0.63%	Individual Taxpayer #1	6,430,800	0.50%	
Individual Taxpayer #2	5,682,500	0.45%	Individual Taxpayer #2	5,652,500	0.44%	
Individual Taxpayer #3	5,652,500	0.45%	Individual Taxpayer #3	5,379,200	0.42%	
Individual Taxpayer #4	5,201,700	0.41%	Individual Taxpayer #4	5,224,100	0.41%	
Individual Taxpayer #5	5,000,000	0.40%	Individual Taxpayer #5	4,607,900	0.36%	
Individual Taxpayer #6	4,779,200	0.38%	MTWOL associates, LLC	4,563,200	0.36%	
Individual Taxpayer #7	4,396,300	0.35%	Individual Taxpayer #6	4,397,100	0.34%	
Total	<u>\$77,839,200</u>	<u>6.16%</u>	Total	<u>\$ 77,895,700</u>	<u>6.09%</u>	

NOTE: Individual Taxpayers are numbered in the year assessed; however, they may be not be the same individual taxpayers in the two years presented.

Source: Mendham Borough Tax Assessor.

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

Mendham Township

	2022		2013	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Shemy, LLC	\$ 8,445,900	0.43%	\$ 8,135,000	0.43%
Woodland Lakes, Inc.	8,148,000	0.42%	5,942,800	0.32%
Mendham Golf & Tennis Club	6,700,300	0.34%	5,770,400	0.31%
Southeast Morris County MUA	4,870,100	0.25%	5,640,700	0.30%
Individual Taxpayer #1	4,099,600	0.21%	5,124,500	0.27%
Individual Taxpayer #2	3,985,300	0.20%	5,083,400	0.27%
Hospitality Resources-Hillandale, LLC	3,950,000	0.20%	4,985,600	0.26%
Desiree Farm, LLC	3,850,000	0.20%	4,640,300	0.25%
Individual Taxpayer #3	3,800,000	0.19%	4,448,800	0.24%
Individual Taxpayer #4	3,704,000	0.19%	4,353,600	0.23%
Total	<u>\$51,553,200</u>	<u>2.62%</u>	<u>\$ 54,125,100</u>	<u>2.88%</u>

NOTE: Individual Taxpayers are numbered in the year assessed; however, they may not be the same individual taxpayers in the two years presented.

Source: Mendham Township Tax Assessor.

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

Washington Township

	2022			2013		
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	
Heath Village	\$21,864,400	0.78%	Heath Village	\$ 21,761,200	0.77%	
Target Corp	13,650,000	0.48%	Target Corp	15,900,000	0.56%	
Hackettstown 57 MP RK6 LLC	11,694,100	0.42%	2085 Realty Partners	12,519,100	0.44%	
Peachtree Village	10,250,000	0.36%	Peachtree Village	10,250,000	0.36%	
Bay Ridge Motor Sales	7,940,000	0.28%	Bay Ridge Motor Sales	7,940,000	0.28%	
GPT Hackettstown Owner LLC	6,841,200	0.24%	Transistor Devices	7,605,500	0.27%	
Amerace ESNA Corp	6,178,400	0.22%	Kings Hwy Invest Co	7,399,000	0.26%	
Columbia Gas Transmission	5,872,300	0.21%	Amerace ESNA Corp	6,178,400	0.22%	
Long Valley Shopping Center	4,800,000	0.17%	Columbia Gas Transmission	5,872,300	0.21%	
100 Mile Northeast LLC	4,570,800	0.16%	Long Valley Shopping Center	5,500,000	0.19%	
Total	\$93,661,200	3.32%	Total	\$100,925,500	3.56%	

Source: Washington Township Tax Assessor.

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
UNAUDITED

**Chester Borough**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 1,381,831	\$ 1,381,831	100.00%	\$ - 0 -
2015	1,602,084	1,602,084	100.00%	- 0 -
2016	2,132,052	2,132,052	100.00%	- 0 -
2017	1,708,775	1,708,775	100.00%	- 0 -
2018	2,011,072	2,011,072	100.00%	- 0 -
2019	2,128,812	2,128,812	100.00%	- 0 -
2020	2,078,486	2,078,486	100.00%	- 0 -
2021	2,341,706	2,341,706	100.00%	- 0 -
2022	2,172,729	2,171,330	99.94%	1,399
2023	2,253,939	2,253,939	100.00%	- 0 -

**Chester Township**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 10,309,802	\$ 10,309,802	100.00%	\$ - 0 -
2015	10,047,830	10,047,830	100.00%	- 0 -
2016	10,079,678	10,079,678	100.00%	- 0 -
2017	10,612,283	10,612,283	100.00%	- 0 -
2018	9,934,236	9,934,236	100.00%	- 0 -
2019	10,572,990	10,572,990	100.00%	- 0 -
2020	10,340,820	10,340,820	100.00%	- 0 -
2021	10,576,288	10,576,288	100.00%	- 0 -
2022	11,341,675	11,334,371	99.94%	7,304
2023	11,643,985	11,643,985	100.00%	- 0 -

Source: West Morris Regional High School District records including the Certificate and Report of School Taxes (A4F Form).

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
UNAUDITED

**Mendham Borough**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 6,423,969	\$ 6,423,969	100.00%	\$ - 0 -
2015	6,871,925	6,871,925	100.00%	- 0 -
2016	6,864,576	6,864,576	100.00%	- 0 -
2017	7,147,715	7,147,715	100.00%	- 0 -
2018	7,520,243	6,924,505	92.08%	595,738
2019	7,366,776	6,782,674	92.07%	584,102
2020	7,532,942	6,935,175	92.06%	597,767
2021	8,115,979	7,471,402	92.06%	644,577
2022	7,738,952	7,733,968	99.94%	4,984
2023	8,322,375	8,322,375	100.00%	- 0 -

**Mendham Township**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 9,681,323	\$ 9,681,323	100.00%	\$ - 0 -
2015	10,029,619	10,029,619	100.00%	- 0 -
2016	10,414,087	10,414,087	100.00%	- 0 -
2017	10,228,121	9,418,648	92.09%	809,473
2018	10,356,695	10,356,695	100.00%	- 0 -
2019	10,477,898	10,477,898	100.00%	- 0 -
2020	10,719,500	10,719,500	100.00%	- 0 -
2021	10,534,742	9,698,065	92.06%	836,677
2022	9,942,954	9,936,550	99.94%	6,404
2023	9,891,266	9,101,327	92.01%	789,939

Source: West Morris Regional High School District records including the Certificate and Report of School Taxes (A4F Form).



WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
UNAUDITED

**Washington Township**

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy<sup>a</sup></u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2014	\$ 14,503,655	\$ 14,503,655	100.00%	\$ - 0 -
2015	14,526,284	14,526,284	100.00%	- 0 -
2016	14,400,932	14,400,932	100.00%	- 0 -
2017	15,331,216	15,331,216	100.00%	- 0 -
2018	16,062,330	16,062,330	100.00%	- 0 -
2019	16,213,947	16,213,947	100.00%	- 0 -
2020	16,868,044	16,868,044	100.00%	- 0 -
2021	16,762,218	15,430,950	92.06%	1,331,268
2022	17,663,754	16,243,889	91.96%	1,419,865
2023	18,369,359	16,902,339	92.01%	1,467,020

<sup>a</sup> School taxes are collected by the 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.

Source: West Morris Regional High School District records including the Certificate and Report of School Taxes (A4F Form).

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

**Chester Borough**

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Financed Purchases/ Leases			
2014	\$ 583,105	\$ - 0 -	\$ - 0 -	\$ 583,105	0.42%	\$ 351.06
2015	608,995	- 0 -	6,371	615,366	0.42%	371.37
2016	721,349	- 0 -	6,305	727,654	0.48%	440.47
2017	503,015	- 0 -	3,318	506,333	0.33%	307.24
2018	508,197	- 0 -	159,026	667,223	0.42%	406.84
2019	448,658	- 0 -	187,977	636,635	0.40%	392.26
2020	351,954	- 0 -	171,314	523,268	0.32%	323.00
2021	301,853	- 0 -	359,904	661,757	0.37%	395.79
2022	184,988	- 0 -	322,679	507,667	0.28%	303.08
2023	92,871	- 0 -	309,808	402,679	0.22%	240.41

**Chester Township**

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Financed Purchases/ Leases			
2014	\$ 4,350,530	\$ - 0 -	\$ - 0 -	\$ 4,350,530	0.66%	\$ 553.36
2015	3,819,449	- 0 -	39,956	3,859,405	0.56%	491.46
2016	3,410,315	- 0 -	29,810	3,440,125	0.48%	439.58
2017	3,123,955	- 0 -	20,606	3,144,561	0.43%	402.99
2018	2,510,374	- 0 -	785,553	3,295,927	0.44%	425.17
2019	2,228,312	- 0 -	933,608	3,161,920	0.42%	412.73
2020	1,751,030	- 0 -	852,315	2,603,345	0.33%	341.69
2021	1,363,315	- 0 -	1,625,503	2,988,818	0.36%	387.71
2022	965,643	- 0 -	1,684,390	2,650,033	0.32%	343.31
2023	479,775	- 0 -	1,600,487	2,080,262	0.25%	269.50

Source: West Morris Regional High School District records.

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

**Mendham Borough**

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Financed Purchases/ Leases			
2014	\$ 2,710,787	\$ - 0 -	\$ - 0 -	\$ 2,710,787	0.65%	\$ 544.44
2015	2,612,202	- 0 -	27,327	2,639,529	0.60%	532.06
2016	2,322,531	- 0 -	20,301	2,342,832	0.52%	473.78
2017	2,104,085	- 0 -	13,879	2,117,964	0.46%	430.13
2018	1,900,360	- 0 -	594,666	2,495,026	0.52%	509.19
2019	1,552,586	- 0 -	650,496	2,203,082	0.46%	454.71
2020	1,275,567	- 0 -	620,883	1,896,450	0.38%	392.15
2021	1,046,174	- 0 -	1,247,370	2,293,544	0.43%	461.20
2022	658,903	- 0 -	1,149,338	1,808,241	0.34%	364.71
2023	342,912	- 0 -	1,143,926	1,486,838	0.28%	299.89

**Mendham Township**

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Financed Purchases/ Leases			
2014	\$ 4,085,325	\$ - 0 -	\$ - 0 -	\$ 4,085,325	0.83%	\$ 698.70
2015	3,812,526	- 0 -	39,884	3,852,410	0.75%	660.34
2016	3,523,457	- 0 -	30,798	3,554,255	0.67%	612.27
2017	3,010,869	- 0 -	19,860	3,030,729	0.56%	524.71
2018	2,617,130	- 0 -	818,959	3,436,089	0.62%	599.67
2019	2,208,271	- 0 -	925,211	3,133,482	0.56%	553.52
2020	1,815,152	- 0 -	883,526	2,698,678	0.47%	479.08
2021	1,357,959	- 0 -	1,619,118	2,977,077	0.46%	495.68
2022	846,554	- 0 -	1,476,662	2,323,216	0.36%	386.30
2023	407,557	- 0 -	1,359,573	1,767,130	0.27%	293.84

Source: West Morris Regional High School District records.

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

**Washington Township**

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Financed Purchases/ Leases			
2014	\$ 6,120,253	\$ - 0 -	\$ - 0 -	\$ 6,120,253	0.39%	\$ 329.49
2015	5,521,828	- 0 -	57,765	5,579,593	0.34%	300.61
2016	4,872,348	- 0 -	42,589	4,914,937	0.29%	265.36
2017	4,513,076	- 0 -	29,768	4,542,844	0.26%	245.41
2018	4,058,939	- 0 -	1,270,135	5,329,074	0.30%	290.35
2019	3,417,173	- 0 -	1,431,712	4,848,885	0.27%	267.30
2020	2,856,297	- 0 -	1,390,303	4,246,600	0.23%	235.41
2021	2,160,699	- 0 -	2,576,238	4,736,937	0.24%	260.76
2022	1,503,912	- 0 -	2,623,303	4,127,215	0.21%	227.21
2023	756,885	- 0 -	2,524,903	3,281,788	0.17%	180.67

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

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

Source: West Morris Regional High School District records.

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

**Chester Borough**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding				
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Net Valuation Taxable <sup>a</sup>	Per Capita <sup>b</sup>
2014	\$ 583,105	\$ - 0 -	\$ 583,105	0.154%	\$ 351.06
2015	608,995	- 0 -	608,995	0.161%	367.53
2016	721,349	- 0 -	721,349	0.182%	436.65
2017	503,015	- 0 -	503,015	0.126%	305.23
2018	508,197	- 0 -	508,197	0.127%	309.88
2019	448,658	- 0 -	448,658	0.113%	276.44
2020	351,954	- 0 -	351,954	0.087%	217.26
2021	301,853	- 0 -	301,853	0.075%	180.53
2022	184,988	- 0 -	184,988	0.043%	110.44
2023	92,871	- 0 -	92,871	0.022%	55.45

**Chester Township**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding				
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Net Valuation Taxable <sup>a</sup>	Per Capita <sup>b</sup>
2014	\$ 4,350,530	\$ - 0 -	\$ 4,350,530	0.239%	\$ 553.36
2015	3,819,449	- 0 -	3,819,449	0.210%	486.37
2016	3,410,315	- 0 -	3,410,315	0.187%	435.77
2017	3,123,955	- 0 -	3,123,955	0.171%	400.35
2018	2,510,374	- 0 -	2,510,374	0.137%	323.84
2019	2,228,312	- 0 -	2,228,312	0.122%	290.86
2020	1,751,030	- 0 -	1,751,030	0.096%	229.82
2021	1,363,315	- 0 -	1,363,315	0.075%	176.85
2022	965,643	- 0 -	965,643	0.053%	125.10
2023	479,775	- 0 -	479,775	0.026%	62.16

Source: West Morris Regional High School District records.

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

**Mendham Borough**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Net Valuation Taxable <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2014	\$ 2,710,787	\$ - 0 -	\$ 2,710,787	0.211%	\$ 544.44
2015	2,612,202	- 0 -	2,612,202	0.203%	526.55
2016	2,322,531	- 0 -	2,322,531	0.181%	469.67
2017	2,104,085	- 0 -	2,104,085	0.164%	427.31
2018	1,900,360	- 0 -	1,900,360	0.148%	387.83
2019	1,552,586	- 0 -	1,552,586	0.122%	320.45
2020	1,275,567	- 0 -	1,275,567	0.100%	263.76
2021	1,046,174	- 0 -	1,046,174	0.083%	210.37
2022	658,903	- 0 -	658,903	0.052%	132.90
2023	342,912	- 0 -	342,912	0.027%	69.16

**Mendham Township**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Net Valuation Taxable <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2014	\$ 4,085,325	\$ - 0 -	\$ 4,085,325	0.217%	\$ 698.70
2015	3,812,526	- 0 -	3,812,526	0.203%	653.50
2016	3,523,457	- 0 -	3,523,457	0.188%	606.97
2017	3,010,869	- 0 -	3,010,869	0.160%	521.27
2018	2,617,130	- 0 -	2,617,130	0.140%	456.74
2019	2,208,271	- 0 -	2,208,271	0.118%	390.08
2020	1,815,152	- 0 -	1,815,152	0.097%	322.24
2021	1,357,959	- 0 -	1,357,959	0.073%	226.10
2022	846,554	- 0 -	846,554	0.043%	140.76
2023	407,557	- 0 -	407,557	0.021%	67.77

Source: West Morris Regional High School District records.

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

**Washington Township**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding				
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Net Valuation Taxable <sup>a</sup>	Per Capita <sup>b</sup>
2014	\$ 6,120,253	\$ - 0 -	\$ 6,120,253	0.218%	\$ 329.49
2015	5,521,828	- 0 -	5,521,828	0.197%	297.50
2016	4,872,348	- 0 -	4,872,348	0.173%	263.06
2017	4,513,076	- 0 -	4,513,076	0.160%	243.81
2018	4,058,939	- 0 -	4,058,939	0.144%	221.15
2019	3,417,173	- 0 -	3,417,173	0.121%	188.38
2020	2,856,297	- 0 -	2,856,297	0.101%	158.34
2021	2,160,699	- 0 -	2,160,699	0.077%	118.94
2022	1,503,912	- 0 -	1,503,912	0.053%	82.79
2023	756,885	- 0 -	756,885	0.027%	41.67

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

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

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

Source: West Morris Regional High School District records.

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2022  
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 Chester	\$ 3,206,300	100.00%	\$ 3,206,300
Township of Chester	14,221,905	100.00%	14,221,905
Borough of Mendham	889,237	100.00%	889,237
Township of Mendham	13,960,999	100.00%	13,960,999
Township of Washington	9,801,500	100.00%	9,801,500
County of Morris General Obligation Debt (all constituent municipalities)	253,387,954	8.49%	<u>21,511,862</u>
Subtotal, Overlapping Debt			63,591,803
West Morris Regional School District Direct Debt			<u>4,160,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 67,751,803</u></u>

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 units that is borne by the residents and businesses of the municipalities comprising the West Morris Regional High School District. This process recognizes that when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping unit.

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

Source: Assessed value data used to estimate applicable percentages provided by the Morris County Board of Taxation; Debt outstanding data provided by each governmental unit.



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

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt Limit	\$ 257,201,826	\$ 253,650,778	\$ 253,032,514	\$ 254,342,414	\$ 254,406,183
Total Net Debt Applicable to Limit	17,850,000	16,375,000	14,850,000	13,255,000	11,595,000
Legal Debt Margin	<u>\$ 239,351,826</u>	<u>\$ 237,275,778</u>	<u>\$ 238,182,514</u>	<u>\$ 241,087,414</u>	<u>\$ 242,811,183</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	6.94%	6.46%	5.87%	5.21%	4.56%

	Fiscal Year				
	2019	2020	2021	2022	2023
Debt Limit	\$ 254,843,729	\$ 253,898,898	\$ 251,755,855	\$ 252,497,211	\$ 260,436,455
Total Net Debt Applicable to Limit	9,855,000	8,050,000	6,230,000	4,160,000	2,080,000
Legal Debt Margin	<u>\$ 244,988,729</u>	<u>\$ 245,848,898</u>	<u>\$ 245,525,855</u>	<u>\$ 248,337,211</u>	<u>\$ 258,356,455</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	3.87%	3.17%	2.47%	1.65%	0.80%

Legal Debt Margin Calculation for Fiscal Year 2023

Year Ended December 31,	Chester Borough	Chester Township	Mendham Borough	Mendham Township	Washington Township	Equalized Valuation Basis
2020	\$ 397,106,739	\$1,846,652,394	\$1,319,684,205	\$1,829,492,940	\$2,891,771,358	\$ 8,284,707,636
2021	407,006,243	1,893,243,742	1,363,610,107	1,896,479,637	2,993,264,946	8,553,604,675
2022	436,300,822	2,015,694,740	1,420,959,847	2,084,590,216	3,247,787,610	9,205,333,235
	<u>\$ 1,240,413,804</u>	<u>\$5,755,590,876</u>	<u>\$4,104,254,159</u>	<u>\$5,810,562,793</u>	<u>\$9,132,823,914</u>	<u>\$26,043,645,546</u>
	Average Equalized Valuation of Taxable Property					<u>\$ 8,681,215,182</u>
	Debt Limit <sup>a</sup> (3% of Average Equalization Value)					\$ 260,436,455
	Net Bonded School Debt					<u>2,080,000</u>
	Legal Debt Margin					<u>\$ 258,356,455</u>

a - Limit set by NJSA 18A:24-19 for a regional high school 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 MORRIS REGIONAL HIGH SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

**Chester Borough**

<u>Year</u>	<u>Borough Population<sup>a</sup></u>	<u>Morris County Per Capita Personal Income<sup>b</sup></u>	<u>Borough Personal Income<sup>c</sup></u>	<u>Borough Unemployment Rate<sup>d</sup></u>
2013	1,662	\$ 81,026	\$ 134,665,212	6.50%
2014	1,661	84,287	140,000,707	3.80%
2015	1,657	88,298	146,309,786	3.70%
2016	1,652	91,252	150,748,304	3.30%
2017	1,648	93,544	154,160,512	3.40%
2018	1,640	97,244	159,480,160	2.30%
2019	1,623	99,140	160,904,220	2.00%
2020	1,620	102,227	165,607,740	5.60%
2021	1,672	107,767	180,186,424	3.90%
2022	1,675	107,767 *	180,509,725	2.60%

**Chester Township**

<u>Year</u>	<u>Township Population<sup>a</sup></u>	<u>Morris County Per Capita Personal Income<sup>b</sup></u>	<u>Township Personal Income<sup>c</sup></u>	<u>Township Unemployment Rate<sup>d</sup></u>
2013	7,887	\$ 81,026	\$ 639,052,062	5.80%
2014	7,862	84,287	662,664,394	4.40%
2015	7,853	88,298	693,404,194	3.70%
2016	7,826	91,252	714,138,152	3.40%
2017	7,803	93,544	729,923,832	3.20%
2018	7,752	97,244	753,835,488	3.00%
2019	7,661	99,140	759,511,540	2.50%
2020	7,619	102,227	778,867,513	5.90%
2021	7,709	107,767	830,775,803	4.50%
2022	7,719	107,767 *	831,853,473	2.90%

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

**Mendham Borough**

Year	Borough Population <sup>a</sup>	Morris County Per Capita Personal Income <sup>b</sup>	Borough Personal Income <sup>c</sup>	Borough Unemployment Rate <sup>d</sup>
2013	5,001	\$ 81,026	\$ 405,211,026	6.70%
2014	4,979	84,287	419,664,973	4.70%
2015	4,961	88,298	438,046,378	3.70%
2016	4,945	91,252	451,241,140	3.80%
2017	4,924	93,544	460,610,656	3.60%
2018	4,900	97,244	476,495,600	3.50%
2019	4,845	99,140	480,333,300	3.00%
2020	4,836	102,227	494,369,772	6.20%
2021	4,973	107,767	535,925,291	4.80%
2022	4,958	107,767 *	534,308,786	3.00%

**Mendham Township**

Year	Township Population <sup>a</sup>	Morris County Per Capita Personal Income <sup>b</sup>	Township Personal Income <sup>c</sup>	Township Unemployment Rate <sup>d</sup>
2013	5,871	\$ 81,026	\$ 475,703,646	2.00%
2014	5,847	84,287	492,826,089	4.00%
2015	5,834	88,298	515,130,532	3.30%
2016	5,805	91,252	529,717,860	3.20%
2017	5,776	93,544	540,310,144	3.10%
2018	5,730	97,244	557,208,120	2.70%
2019	5,661	99,140	561,231,540	2.40%
2020	5,633	102,227	575,844,691	5.30%
2021	6,006	107,767	647,248,602	3.90%
2022	6,014	107,767 *	648,110,738	2.70%

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

**Washington Township**

<u>Year</u>	<u>Township Population<sup>a</sup></u>	<u>Morris County Per Capita Personal Income<sup>b</sup></u>	<u>Township Personal Income<sup>c</sup></u>	<u>Township Unemployment Rate<sup>d</sup></u>
2013	18,634	\$ 81,026	\$ 1,509,838,484	5.00%
2014	18,575	84,287	1,565,631,025	4.60%
2015	18,561	88,298	1,638,899,178	4.30%
2016	18,522	91,252	1,690,169,544	3.50%
2017	18,511	93,544	1,731,592,984	3.40%
2018	18,354	97,244	1,784,816,376	3.20%
2019	18,140	99,140	1,798,399,600	2.70%
2020	18,039	102,227	1,844,072,853	6.60%
2021	18,166	107,767	1,957,695,322	4.80%
2022	18,165	107,767 *	1,957,587,555	3.10%

\* - Latest Morris County per capita personal income available (2021) was used for calculation purposes.

Sources:

- a Population information provided by the NJ Department of Labor and Workforce Development.
- b Per capita personal income by municipality estimated based upon the 2020 Census published by the US Bureau of Economic Analysis.
- c Personal income has been estimated based upon the municipal population and per capita personal income presented.
- d Unemployment data provided by the NJ Department of Labor and Workforce Development.

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS - MORRIS COUNTY  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

	2022		2013			
	Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Atlantic Health System		10,552	3.93%	U.S Army Aramament R&D	5,841	2.27%
Novartis		6,500	2.42%	Novartis	5,035	1.96%
Picatinny Arsenal		6,000	2.23%	Atlantic Health System	4,463	1.74%
Barclays		3,374	1.26%	ADP	2,060	0.80%
ADP		2,400	0.89%	Bayer Healthcare, LLC	1,900	0.74%
Accenture		2,344	0.87%	County of Morris	1,674	0.65%
PricewaterhouseCoopers		2,095	0.78%	Wyndham Worldwide Corporation	1,653	0.64%
Cigna		1,686	0.63%	St Clare's	1,642	0.64%
Deloitte & Touche		1,646	0.61%	BASF Corporation	1,500	0.58%
Saint Clare's Health		1,473	0.55%	Accenture	1,480	0.58%
		<u>38,070</u>	<u>14.17%</u>		<u>27,248</u>	<u>10.60%</u>
Total Employment *		<u>268,713</u>			<u>257,024</u>	

\* - Employment data provided by the NJ Department of Labor and Workforce Development.

Source: Morris County Treasurer's Office.

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

UNAUDITED

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Instruction:										
Regular	177.20	179.60	174.40	169.40	169.80	168.60	167.00	161.40	149.00	145.00
Special Education	40.40	39.40	41.20	37.80	36.40	38.90	35.80	37.80	40.80	38.40
Support Services:										
Student & Instruction-Related Services	49.00	48.00	46.00	51.00	52.00	51.88	55.00	54.00	52.50	52.00
General Administration	8.00	8.00	8.00	7.00	7.20	5.90	5.90	6.20	6.20	6.20
School Administration	20.50	20.50	21.30	21.60	19.60	19.30	20.80	18.50	17.50	18.50
Central Services	4.00	5.80	5.60	5.80	5.60	5.20	5.20	5.20	5.40	5.40
Administrative Information Technology	5.60	5.00	5.00	7.00	7.00	8.00	7.00	7.00	7.00	7.00
Plant Operations/Maintenance	30.00	30.00	30.10	30.00	31.00	30.00	30.00	30.00	31.50	28.50
Student Transportation	2.80	2.80	2.80	2.80	2.80	2.90	2.80	2.90	4.20	6.30
<b>Total</b>	<b>337.50</b>	<b>339.10</b>	<b>334.40</b>	<b>332.40</b>	<b>331.40</b>	<b>330.68</b>	<b>329.50</b>	<b>323.00</b>	<b>314.10</b>	<b>307.30</b>

Source: West Morris Regional High School District records.

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Year	Enrollment	Operating Expenditures <sup>a</sup>	Costs 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
						Senior High School	School				
2014	2,735	\$ 49,273,115	\$ 18,016	2.97%	240	11.4:1	11.4:1	2,741	2,599	-1.20%	94.82%
2015	2,722	50,477,255	18,544	2.93%	240	11.3:1	11.3:1	2,659	2,524	-2.98%	94.92%
2016	2,663	52,351,934	19,659	6.01%	236	11.3:1	11.3:1	2,598	2,477	-2.29%	95.34%
2017	2,635	52,236,601	19,824	0.84%	231	11.4:1	11.4:1	2,574	2,438	-0.92%	94.72%
2018	2,524	53,188,541	21,073	6.30%	228	11.1:1	11.1:1	2,462	2,353	-4.35%	95.57%
2019	2,495	55,271,300	22,153	5.12%	226	11.0:1	11.0:1	2,428	2,310	-1.38%	95.14%
2020	2,431	56,100,949	23,077	4.17%	225	10.8:1	10.8:1	2,364	2,247	-2.64%	95.05%
2021	2,241	58,406,745	26,063	12.94%	217	10.3:1	10.3:1	2,217	2,136	-6.22%	96.35%
2022	2,239	63,451,797	28,339	22.80%	208	10.8:1	10.8:1	2,178	2,067	-1.76%	94.90%
2023	2,114	63,779,311	30,170	6.46%	207	10.8:1	10.8:1	2,059	1,956	-5.46%	95.00%

Note: Enrollment based on annual October District count (ASSA full-time students on roll).

<sup>a</sup> Operating expenditures equal total expenditures less debt service and capital outlay.

<sup>b</sup> Teaching staff includes only full-time equivalents of certificated staff.

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

<sup>d</sup> Costs per pupil is calculated based upon the operating costs and enrollment presented which may differ from other per pupil cost calculations.

Source: West Morris Regional High School District records.

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

District Buildings	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
West Morris Central High School (1958, 2008)	212,605	212,605	212,605	212,605	212,605	212,605	212,605	212,605	212,605	212,605
Square Feet	212,605	212,605	212,605	212,605	212,605	212,605	212,605	212,605	212,605	212,605
Capacity (Students)	1,455	1,455	1,455	1,455	1,455	1,455	1,455	1,455	1,455	1,455
Enrollment	1,318	1,315	1,304	1,318	1,260	1,251	1,193	1,099	1,114	1,017
West Morris Mendham High School (1970, 2008)	198,553	198,553	198,553	198,553	198,553	198,553	198,553	198,553	198,553	198,553
Square Feet	198,553	198,553	198,553	198,553	198,553	198,553	198,553	198,553	198,553	198,553
Capacity (Students)	1,308	1,308	1,308	1,308	1,308	1,308	1,308	1,308	1,308	1,308
Enrollment	1,417	1,407	1,359	1,317	1,264	1,244	1,238	1,142	1,125	1,097
Administration Building (1975)	3,840	3,840	3,840	3,840	3,840	3,840	3,840	3,840	3,840	3,840
West Morris Central Field House (1990)	23,280	23,280	23,280	23,280	23,280	23,280	23,280	23,280	23,280	23,280
Square Feet	23,280	23,280	23,280	23,280	23,280	23,280	23,280	23,280	23,280	23,280
West Morris Mendham Field House (1990)	23,280	23,280	23,280	23,280	23,280	23,280	23,280	23,280	23,280	23,280
Square Feet	23,280	23,280	23,280	23,280	23,280	23,280	23,280	23,280	23,280	23,280
West Morris Central Maintenance Garage #1 (2000)	4,080	4,080	4,080	4,080	4,080	4,080	4,080	4,080	4,080	4,080
Square Feet	4,080	4,080	4,080	4,080	4,080	4,080	4,080	4,080	4,080	4,080
West Morris Central Maintenance Garage #2 (2001)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Square Feet	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
West Morris Central Storage Building (1985)	1,128	1,128	1,128	1,128	1,128	1,128	1,128	1,128	1,128	1,128
Square Feet	1,128	1,128	1,128	1,128	1,128	1,128	1,128	1,128	1,128	1,128
West Morris Mendham Maintenance Garage (1970)	4,960	4,960	4,960	4,960	4,960	4,960	4,960	4,960	4,960	4,960
Square Feet	4,960	4,960	4,960	4,960	4,960	4,960	4,960	4,960	4,960	4,960
West Morris Mendham Storage Building (1980)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Square Feet	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000

Number of Schools at June 30, 2023:  
High Schools = 2

Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October District count.

Source: West Morris Regional High School District Business Office.



WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST TEN FISCAL YEARS  
UNAUDITED

Undistributed Expenditures - Required Maintenance for School Facilities\*

Account # 11-000-261-xxx

Fiscal Year Ended June 30	Central High School	Mendham High School	Total School Facilities*
2014	\$ 107,405	\$ 134,770	\$ 242,175
2015	138,782	136,786	275,568
2016	104,388	115,870	220,258
2017	122,955	128,078	251,033
2018	147,438	161,108	308,546
2019	162,994	126,134	289,128
2020	120,920	130,756	251,676
2021	199,506	196,074	395,580
2022	276,474	200,093	476,567
2023	260,363	261,750	522,113

\* - School facilities as defined under EFCFA (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3).

Source: West Morris Regional High School District records.

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2023  
UNAUDITED

Type of Policy	Insurance Company	Policy Limits	Deductible
PROPERTY:	American Alternative Ins. Co.		
Property - Blanket and Contents			
School Limit Per Statement of Values		\$ 151,309,053	\$ 5,000
Flood:			
Zones C + Unshaded X		50,000,000	50,000
Per Event		10,000,000	
Earthquake		5,000,000	100,000
Business Income and Extra Expense		5,000,000	(72 Hours)
Contractors Equipment (\$10,000 Per Item Limit)		250,000	1,000
Musical Instruments, Athletic Equipment, Band Uniforms and Theatrical Equipment		250,000	1,000
Valuable Papers		5,000,000	1,000
Electronic Data Processing Equipment		2,500,000	5,000
Accounts Receivable		100,000	1,000
BOILER & MACHINERY:	American Alternative Ins. Co.		
Property Damage (Blanket)		151,309,053	5,000
GENERAL LIABILITY:	American Alternative Ins. Co.		
General Aggregate		2,000,000	
Each Occurrence		1,000,000	
COMMERCIAL AUTOMOBILE LIABILITY:	American Alternative Ins. Co.		
Liability		1,000,000	
Comprehensive			1,000
Collision			1,000
COMMERCIAL UMBRELLA	American Alternative Ins. Co.	10,000,000	10,000
EXCESS COMMERCIAL UMBRELLA	Fireman's Fund		
(Note: Shared Limits)			
Per Occurrence		25,000	
Aggregate		25,000	
EXCESS COMMERCIAL LIABILITY			
(Note: Shared Limits)	Fireman's Fund		
Per Occurrence		25,000,000	
Aggregate		25,000,000	
(Note: Unshared Limits)	Allied/Hudson/Evanston		
Aggregate		30,000,000	

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2023  
UNAUDITED

Type of Policy	Insurance Company	Policy Limits	Deductible
CYBER & TECHNOLOGY LIABILITY	CFC - Lloyd's		
07/01/2022-01/01/2023	6-Month Policy	\$ 1,000,000	\$ 15,000
01/01/2023-07/01/2024	18-Month Policy	1,000,000	15,000
WORKERS' COMPENSATION:	Morris Essex Insurance Group		
Limit of Indemnity Per Occurrence:	Self-Insured up to \$500,000		
(1) Part-One Workers' Compensation	Star Insurance Group		500,000
(2) Part-Two - Employer's Liability		5,000,000	500,000
CRIME:	American Alternative Ins. Co.		
Employee Theft		500,000	5,000
Forgery and Alterations		250,000	5,000
SCHOOL BOARD LEGAL AND EMPLOYMENT PRACTICES LIABILITY:	XL Catlin		
Aggregate		1,000,000	10,000
School Board Legal Liability			20,000
INDIVIDUAL SURETY BONDS:			
Business Administrator/Board Secretary	Selective Insurance Company	500,000	
Treasurer	Selective Insurance Company	300,000	

Source: West Morris Regional High School District records.

**APPENDIX B**

**EXCERPTS FROM FINANCIAL STATEMENTS OF THE SCHOOL DISTRICT**

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
FINANCIAL STATEMENTS  
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**Audited Financial Statements for the Year Ended June 30, 2023**

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## **INTRODUCTORY STATEMENT**

Pursuant to N.J.S.A. 18:23-1 et seq., every board of education is required to provide an annual audit of the district's accounts and financial transactions. The audit must be performed by a licensed public school accountant within five months of the end of the fiscal year and filed with the State Commissioner of Education in Trenton. The financial statements included in Appendix B are excerpts from the audit performed in accordance with the statute for the school fiscal year ended June 30, 2023. The Board represents that the information contained in the excerpts is accurate. Complete copies of the audit are on file with the Board of Education and the State Department of Education in Trenton.

## Independent Auditors' Report

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the West Morris Regional High School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the remaining aggregate fund information of the District, as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

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

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

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

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

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

November 10, 2023  
Mt. Arlington, New Jersey

NISIVOCIA, LLP

*Nisivoccia, LLP*

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WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 9,102,863	\$ 71,217	\$ 9,174,080
Receivables from Other Governments	3,664,198		3,664,198
Internal Balances	(9,725)	9,725	
Other Receivables	375	2,221	2,596
Inventory		12,083	12,083
Restricted Assets - Cash and Cash Equivalents	4,834,924		4,834,924
Capital Assets, Net:			
Sites (Land) and Construction in Progress	4,121,869		4,121,869
Depreciable Buildings and Building Improvements, Site Improvements, Machinery & Equipment	46,967,929	6,257	46,974,186
Lease Assets, Net	1,073,060		1,073,060
<b>Total Assets</b>	<b>69,755,493</b>	<b>101,503</b>	<b>69,856,996</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Refunding	204,764		204,764
Deferred Outflows of Resources Related to Pensions	1,658,218		1,658,218
<b>Total Deferred Outflows of Resources</b>	<b>1,862,982</b>		<b>1,862,982</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts Payable	1,799,208	16,637	1,815,845
Accrued Interest Expense	2,080		2,080
Payable to State Government	29,782		29,782
Unearned Revenue	85,717	29,882	115,599
<b>Noncurrent Liabilities:</b>			
Due Within One Year	4,092,110		4,092,110
Due Beyond One Year	14,423,073	5,000	14,428,073
<b>Total Liabilities</b>	<b>20,431,970</b>	<b>51,519</b>	<b>20,483,489</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows of Resources Related to Pensions	1,494,071		1,494,071
<b>Total Deferred Inflows of Resources</b>	<b>1,494,071</b>		<b>1,494,071</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	43,348,925	6,257	43,355,182
Restricted for:			
Capital Projects	3,735,938		3,735,938
Maintenance	996		996
Excess Surplus	8,166,013		8,166,013
Unemployment Compensation	208,970		208,970
Student Activities	384,370		384,370
Scholarships	67,118		67,118
Laptop Replacement	437,532		437,532
Unrestricted (Deficit)	(6,657,428)	43,727	(6,613,701)
<b>Total Net Position</b>	<b>\$ 49,692,434</b>	<b>\$ 49,984</b>	<b>\$ 49,742,418</b>

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

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Program Revenues			Net (Expenses)/Revenues and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>						
<b>Instruction:</b>						
Regular	\$ 21,025,590	\$ 3,156,315		\$ (17,869,275)		\$ (17,869,275)
Special Education	4,735,681	3,877,746		(857,935)		(857,935)
Other Instruction	3,595,517	488,538		(3,106,979)		(3,106,979)
<b>Support Services:</b>						
Tuition	4,745,106	709,167		(3,814,657)		(3,814,657)
Student & Instruction Related Services	8,386,974	1,224,205		(6,635,023)		(6,635,023)
General Administration Services	1,416,377	405,947		(1,416,377)		(1,416,377)
School Administration Services	2,622,237			(2,216,290)		(2,216,290)
Central Services	738,817			(738,817)		(738,817)
Administrative Information Technology	1,422,983			(1,422,983)		(1,422,983)
Plant Operations and Maintenance	4,691,026		\$ 59,911	(4,631,115)		(4,631,115)
Pupil Transportation	5,495,399	1,456,081		(4,039,318)		(4,039,318)
Interest on Long-Term Debt	5,429			(5,429)		(5,429)
Unallocated Depreciation	2,344,097			(2,344,097)		(2,344,097)
<b>Total Governmental Activities</b>	<b>61,225,233</b>	<b>749,028</b>	<b>59,911</b>	<b>(49,098,295)</b>		<b>(49,098,295)</b>

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Program Revenues				Net (Expenses)/Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities: Food Service	\$ 903,738	\$ 920,281			\$ 16,543	\$ 16,543	16,543
Total Business-Type Activities	903,738	920,281			16,543	16,543	16,543
Total Primary Government	\$ 62,128,971	\$ 1,669,309	\$ 11,317,999	\$ 59,911	\$ (49,098,295)	16,543	(49,081,752)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					48,378,298		48,378,298
Taxes Levied for Debt Service					2,102,626		2,102,626
Federal and State Aid Not Restricted					486,240		486,240
Investment Earnings					290,045	388	290,433
Other Miscellaneous Income					885,661		885,661
Total General Revenues					52,142,870	388	52,143,258
Change in Net Position					3,044,575	16,931	3,061,506
Net Position - Beginning					46,647,859	33,053	46,680,912
Net Position - Ending					\$ 49,692,434	\$ 49,984	\$ 49,742,418

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

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 8,840,348		\$ 262,515	\$ 9,102,863
Receivables from Federal Government		\$ 317,846		317,846
Receivables from State Government	1,029,482	59,911		1,089,393
Tax Levy Receivable	2,256,959			2,256,959
Other Receivables		375		375
Interfund Receivable	255,753		44,278	300,031
Restricted Cash and Cash Equivalents	3,945,904	889,020		4,834,924
<b>Total Assets</b>	<b>\$ 16,328,446</b>	<b>\$ 1,267,152</b>	<b>\$ 306,793</b>	<b>\$ 17,902,391</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 1,053,187	\$ 6,880	\$ 22,548	\$ 1,082,615
Payable to State Government		29,782		29,782
Interfund Payable	54,003	255,753		309,756
Unearned Revenue		85,717		85,717
<b>Total Liabilities</b>	<b>1,107,190</b>	<b>378,132</b>	<b>22,548</b>	<b>1,507,870</b>
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Capital Reserve	3,735,938			3,735,938
Maintenance Reserve	996			996
Excess Surplus (For 2024-2025)	4,867,599			4,867,599
Excess Surplus (For 2023-2024)	3,298,414			3,298,414
Unemployment Compensation	208,970			208,970
Student Activities		384,370		384,370
Scholarships		67,118		67,118
Laptop Replacement		437,532		437,532
Committed			284,245	284,245
<b>Assigned:</b>				
Year-End Encumbrances	143,575			143,575
For Subsequent Year's Expenditures	1,198,057			1,198,057
Unassigned	1,767,707			1,767,707
<b>Total Fund Balances</b>	<b>15,221,256</b>	<b>889,020</b>	<b>284,245</b>	<b>16,394,521</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 16,328,446</b>	<b>\$ 1,267,152</b>	<b>\$ 306,793</b>	<b>\$ 17,902,391</b>

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

Total Fund Balances - Governmental Funds (Above)	\$ 16,394,521
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds	51,089,798
Leased Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds	1,073,060
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Deferred Outflows of Resources Related to Pensions, Excluding District Contribution Subsequent to the Measurement Date	941,625
Deferred Inflows of Resources Related to Pensions	(1,494,071)
Deferred Amount on Refunding is not reported as an expenditure in the Governmental Funds in the year of the expenditure	204,764
Interest on Long-Term Debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due.	(2,080)
Long-Term Liabilities, including Bonds and Net Pension Liability Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(18,515,183)
<b>Net Position of Governmental Activities (Exhibit A-1)</b>	<b>\$ 49,692,434</b>

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

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUE:</b>					
Local Sources:					
Local Tax Levy	\$ 48,378,298			\$ 2,102,626	\$ 50,480,924
Tuition Revenue	221,282				221,282
Miscellaneous - Restricted	885,661	\$ 560,439			1,446,100
Miscellaneous - Unrestricted	241,098		\$ 48,947		290,045
Total - Local Sources	49,726,339	560,439	48,947	2,102,626	52,438,351
State Sources	15,591,070	159,980			15,751,050
Federal Sources	5,583	843,795			849,378
Total Revenue	65,322,992	1,564,214	48,947	2,102,626	69,038,779
<b>EXPENDITURES:</b>					
Current:					
Regular Instruction	14,547,448				14,547,448
Special Education Instruction	3,126,812	102,423			3,229,235
Other Instruction	2,583,429				2,583,429
Support Services and Undistributed Costs:					
Tuition	4,035,939	709,167			4,745,106
Student & Instruction Related Services	5,514,216	657,410			6,171,626
General Administration Services	1,313,201				1,313,201
School Administration Services	1,801,124				1,801,124
Central Services	604,735				604,735
Administrative Information Technology	519,625				519,625
Plant Operations and Maintenance	4,229,197				4,229,197
Pupil Transportation	5,291,615	6,926			5,298,541
Unallocated Benefits	18,736,044				18,736,044

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>EXPENDITURES (Cont'd):</b>					
Debt Service:					
Principal				\$ 2,080,000	\$ 2,080,000
Interest and Other Charges				24,960	24,960
Capital Outlay	\$ 1,791,486	\$ 59,911	\$ 999,956		2,851,353
Total Expenditures	64,094,871	1,535,837	999,956	2,104,960	68,735,624
Excess/(Deficit) of Revenue Over/(Under) Expenditures	1,228,121	28,377	(951,009)	(2,334)	303,155
<b>OTHER FINANCING SOURCES/(USES):</b>					
Financed Purchases (Non-Budgeted)	430,000		900,000		1,330,000
Cancellation of Financed Purchase Proceeds			(118,869)		(118,869)
Transfers In	1,098,762		194,401		1,293,163
Transfers Out	(194,401)		(1,098,762)		(1,293,163)
Total Other Financing Sources/(Uses)	1,334,361	- 0 -	(123,230)	- 0 -	1,211,131
Net Change in Fund Balances	2,562,482	28,377	(1,074,239)	(2,334)	1,514,286
Fund Balance—July 1	12,658,774	860,643	1,358,484	2,334	14,880,235
Fund Balance—June 30	\$ 15,221,256	\$ 889,020	\$ 284,245	\$ - 0 -	\$ 16,394,521

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 1,514,286

Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit 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 depreciation and disposals of capital assets differ from capital outlays in the period.

Depreciation Expense	\$ (2,949,814)
Capital Outlays	2,021,068
Disposal of Capital Assets, Net of Accumulated Depreciation	<u>(603,300)</u>
	(1,532,046)

Capital outlays related to lease assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the shorter of their estimated useful lives or lease term as amortization expense. This is the amount by which amortization differs from capital outlays in the period.

Amortization expense	(476,031)
Lease asset additions	<u>- 0 -</u>
	(476,031)

Financed purchases entered into by the District are an other financing source in the governmental funds, but the acquisition increases long-term liabilities in the statement of net position and is not reported in the statement of activities.

(1,330,000)

Repayment of financed purchases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

1,166,831

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Repayment of leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

\$ 480,844

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

(1,928,166)

Change in Deferred Outflows of Resources Related to Pensions

305,131

Change in Deferred Inflows of Resources Related to Pensions

2,620,207

In the Statement of Activities, certain operating expenses, e.g., compensated absences (sick and vacation) 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 (+).

123,988

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.

2,080,000

In the Statement of Activities, interest on long-term debt is accrued, regardless of when it is due. In the Governmental Funds, interest is reported when it is due. The accrued interest is an addition in the reconciliation. (+)

2,080

The Governmental Funds report the effect of bond issuance premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities (+)

222,215

The Governmental Funds report the effect of the deferred amount on refunding when debt is first issued, whereas this amount is deferred and amortized in the Statement of Activities (-)

(204,764)

Change in Net Position of Governmental Activities (Exhibit A-2)

\$ 3,044,575

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



WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2023

	<u>Business-type Activities - Enterprise Funds</u>
	<u>Food Service</u>
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 71,217
Inventories	12,083
Interfund Receivable - General Fund	9,725
Other Accounts Receivable	<u>2,221</u>
Total Current Assets	<u>95,246</u>
Non-Current Assets:	
Capital Assets	152,944
Less: Accumulated Depreciation	<u>(146,687)</u>
Total Non-Current Assets	<u>6,257</u>
Total Assets	<u>101,503</u>
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable - Vendors	16,637
Unearned Revenue	<u>29,882</u>
Total Current Liabilities	<u>46,519</u>
Non-Current Liabilities:	
Accrued Compensated Absences Payable	<u>5,000</u>
Total Liabilities	<u>51,519</u>
<b>NET POSITION:</b>	
Investment in Capital Assets	6,257
Unrestricted	<u>43,727</u>
Total Net Position	<u><u>\$ 49,984</u></u>

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

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Funds
	Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Non-reimbursable Programs	\$ 917,137
Special Events	3,144
Total Operating Revenue	920,281
Operating Expenses:	
Cost of Sales - Non-Reimbursable Programs	362,435
Salaries, Benefits & Payroll Taxes	404,828
Supplies, Insurance and Other Costs	133,178
Depreciation Expense	3,297
Total Operating Expenses	903,738
Operating Income	16,543
Non-Operating Revenue:	
Interest Income	388
Total Non-Operating Revenue	388
Change in Net Position	16,931
Net Position - Beginning of Year	33,053
Net Position - End of Year	\$ 49,984

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

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Business-type Activities - <u>Enterprise Funds</u> Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 918,574
Payments to Food Service Vendor	(860,233)
Payments to Employees	(35,758)
Payments to Suppliers	(4,207)
	18,376
Net Cash Provided by Operating Activities	18,376
Cash Flows from Investing Activities:	
Interest Income	388
	388
Net Cash Provided by Investing Activities	388
Net Increase in Cash and Cash Equivalents	18,764
Cash and Cash Equivalents, July 1	52,453
Cash and Cash Equivalents, June 30	\$ 71,217
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 16,543
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	3,297
Changes in Assets and Liabilities:	
Decrease in Inventory	870
(Increase) in Other Accounts Receivable	(2,221)
Decrease in Interfund Receivable	2,029
(Decrease) in Accounts Payable	(435)
(Decrease) in Unearned Revenue	(1,707)
	(1,707)
Net Cash Provided by Operating Activities	\$ 18,376

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

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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.

Fund Financial Statements:

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

The District reports the following governmental funds:

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

As required by the 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 capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expenses by board resolution.

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following governmental funds: (Cont'd)

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

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

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

C. Measurement Focus and Basis of Accounting:

The district-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange 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.

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

C. Measurement Focus and Basis of Accounting: (Cont'd)

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset, lease asset or subscription asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under financed purchases or 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, 2023 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 fiscal year).

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

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis except for student activities, scholarships and laptop replacement costs. 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.

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 65,309,887	\$ 1,557,459
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.		6,755
State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes (Prior Year)	380,409	
State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements (Current Year)	<u>(367,304)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 65,322,992</u>	<u>\$ 1,564,214</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 64,094,871	\$ 1,529,082
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.		<u>6,755</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 64,094,871</u>	<u>\$ 1,535,837</u>



WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

E. Cash and Cash Equivalents, and Investments:

Cash and cash equivalents include petty cash, change funds, amount in deposits, and short-term investments with maturities of one year or less.

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

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

N.J.S.A. 17:9-41 et 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 a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Government 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 funds. 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.

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, committed and/or assigned fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as expenditure during the fiscal 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, 2023.

K. Capital Assets:

During the fiscal year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

K. Capital Assets: (Cont'd)

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

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

L. Lease Assets:

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

M. Subscription Assets:

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

N. Long Term Liabilities:

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premiums 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.

O. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year; therefore, there are no accrued salaries and wages for this purpose as of June 30, 2023.

P. Compensated Absences:

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

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

P. Compensated Absences: (Cont'd)

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy or employee agreements. Upon termination, an employee is reimbursed for accumulated unused sick and personal time based upon the employee's age and years of service. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after ten years of service.

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

Q. Leases Payable:

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

R. Subscriptions Payable:

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

S. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the Special Revenue Fund.

T. Fund Balance Appropriated:

General Fund: Of the \$15,221,256 General Fund balance at June 30, 2023, \$3,735,938 is restricted in the capital reserve account; \$996 is restricted in the maintenance reserve account; \$208,970 restricted for Unemployment Compensation; \$1,198,057 is assigned and included as anticipated revenue for the fiscal year ending June 30, 2024; 143,575 is assigned for encumbrances; \$8,166,013 is restricted for excess surplus in accordance with N.J.S.A. 18A:7F-7, as amended (\$3,298,414 is prior fiscal year excess surplus and is included as anticipated revenue for the fiscal year ending June 30, 2024 and the remaining \$4,867,599 is current fiscal year excess surplus and will be included as anticipated revenue for the fiscal year ending June 30, 2025); and \$1,767,707 is unassigned which is \$367,304 less on the GAAP basis than the calculated maximum unassigned fund balance (budgetary basis) due to the June state aid payments which are not recognized until the fiscal year ended June 30, 2024.

Special Revenue Fund: The Special Revenue Fund balance at June 30, 2023 of \$889,020 is restricted for student activities, scholarships, and laptop replacement costs.

Capital Projects Fund: The Capital Projects Fund balance at June 30, 2023 of \$284,245 is committed for capital projects.

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

T. Fund Balance Appropriated: (Cont'd)

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended, 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 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 fiscal year's budget. The District had excess surplus at June 30, 2023 as outlined above.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$367,304 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event one or more state school aid payments are not made until the following school budget year, districts must record the June 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 June state aid payments in the subsequent fiscal year, the school district cannot recognize the June 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 June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

U. 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. The District had deferred outflows of resources at June 30, 2023 of \$1,862,982 for the deferred amount on refunding of debt related to the District's 2011 and 2021 refunding bonds and the deferred outflows of resources related to 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, 2023 of \$1,494,071 for the deferred inflows of resources related to pensions.

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

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

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

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

U. Net Position: (Cont'd)

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.

V. Deficit Net Position:

The District has a \$6,657,428 deficit in unrestricted net position in governmental activities as of June 30, 2023 primarily due to the non-recognition of the June state aid payments as explained in Note 1T on the previous page, unamortized bond premiums, compensated absences and interest payable, deferred inflows of resources related to pensions and net pension liability, offset by deferred outflows of resources related to pensions, excluding District contribution subsequent to the measurement date, and Governmental Funds unassigned, committed and assigned fund balances. This deficit does not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

W. Fund Balance Restrictions, Commitments, Assignments and Non-Spendable Fund Balance:

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

Fund balance restrictions have been established for a capital reserve, a maintenance reserve, excess surplus, unemployment compensation, student activities, scholarships and laptop replacement as defined by State law.

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 \$284,245 of committed resources in the Capital Projects Fund at June 30, 2023.

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 of \$143,575 for year-end encumbrances and \$1,198,057 for amounts designated for the subsequent fiscal year's expenditures in the General Fund at June 30, 2023.

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

W. Fund Balance Restrictions, Commitments, Assignments and Non-Spendable Fund Balance: (Cont'd)

Nonspendable fund balance includes resources that are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include but not limited to inventories, prepaid amounts, and property held for resale.

X. Revenue - Exchange and Nonexchange Transactions:

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal 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.

Y. Operating Revenue and Expenses:

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

Z. Management Estimates:

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

AA. Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS) 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 MORRIS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(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.

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

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

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

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the investments section of this note.

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

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan 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 5% of the average daily balance of public funds on deposit, and

In addition to the above collateral requirement, if 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%.



WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

Deposits: (Cont'd)

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.). ;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

Investments: (Cont'd)

New Jersey statutes permit the Board to purchase the following types of securities: (Cont'd)

- (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
- (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
  - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
  - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
  - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
  - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2023, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents		
	Unrestricted	Restricted	Total
Checking/Savings Accounts	\$ 8,985,530	\$ 4,829,174	\$ 13,814,704
New Jersey Cash Management Fund	188,550	5,750	194,300
	\$ 9,174,080	\$ 4,834,924	\$ 14,009,004

During the period ended June 30, 2023, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2023 was \$14,009,004 and the bank balance was \$14,634,236. The \$194,300 with New Jersey Cash Management Fund is uninsured and unregistered.

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the West Morris Regional High School District by inclusion of \$300,000 on June 30, 2001 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 fiscal 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.

The activity of the capital reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022	\$ 2,579,717
Interest Earnings	20,840
Unexpended Funds Returned - Capital Outlay	25,231
Unexpended Funds Returned - Capital Projects Fund	1,049,815
Board Approved Increase - Resolution Dated June 26, 2023	1,000,000
Budgeted Withdrawal	<u>(939,665)</u>
Ending Balance, June 30, 2023	<u>\$ 3,735,938</u>

The balance in the capital reserve account at June 30, 2023 does not exceed the balance of local support costs of uncompleted capital projects in the District’s Long Range Facilities Plan (“LRFP”). 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 in the amount of \$500,000 was established by Board resolution on June 27, 2011. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

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

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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

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

The activity of the maintenance reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022	\$ <u>996</u>
Ending Balance, June 30, 2023	\$ <u>996</u>

NOTE 6: TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2023, the District transferred \$60,186 to the capital outlay accounts for equipment which did not require County Superintendent approval and \$-0- to the capital outlay accounts for facilities acquisition and construction services.

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2023 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 130,448			\$ 130,448
Construction in Progress	3,991,421			3,991,421
Total Capital Assets Not Being Depreciated	<u>4,121,869</u>			<u>4,121,869</u>
Capital Assets Being Depreciated:				
Site Improvements	7,056,257	\$ 691,512		7,747,769
Buildings and Building Improvements	81,179,565	308,444	\$ (186,838)	81,301,171
Machinery and Equipment	4,537,000	1,021,112	(2,383,865)	3,174,247
Total Capital Assets Being Depreciated	<u>92,772,822</u>	<u>2,021,068</u>	<u>(2,570,703)</u>	<u>92,223,187</u>
Governmental Activities Capital Assets	<u>96,894,691</u>	<u>2,021,068</u>	<u>(2,570,703)</u>	<u>96,345,056</u>
Less Accumulated Depreciation for:				
Site Improvements	(2,848,702)	(336,456)		(3,185,158)
Buildings and Building Improvements	(38,097,315)	(1,959,730)	112,103	(39,944,942)
Machinery and Equipment	(3,326,830)	(653,628)	1,855,300	(2,125,158)
	<u>(44,272,847)</u>	<u>(2,949,814)</u>	<u>1,967,403</u>	<u>(45,255,258)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 52,621,844</u>	<u>\$ (928,746)</u>	<u>\$ (603,300)</u>	<u>\$ 51,089,798</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 152,944			\$ 152,944
Less Accumulated Depreciation	(143,390)	\$ (3,297)		(146,687)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 9,554</u>	<u>\$ (3,297)</u>	<u>\$ - 0 -</u>	<u>\$ 6,257</u>

The District had active construction projects totaling \$1,094,401 with unexpended balances of \$284,245 as of June 30, 2023 which included \$25,055 in outstanding construction commitments at June 30, 2023.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 12,818
Student and Instruction Related Services	9,219
Administrative Information Technology	353,365
Plant Operations and Maintenance	187,966
Transportation	42,349
Unallocated	<u>2,344,097</u>
Total Depreciation - Governmental Activities	<u>\$ 2,949,814</u>

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 8. LEASE ASSETS

Lease asset balances and activity for the fiscal year ended June 30, 2023 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Lease Assets Being Amortized:				
Machinery and Equipment	\$ 2,049,620		\$ (235,996)	\$ 1,813,624
Total Lease Assets Being Amortized	<u>2,049,620</u>		<u>(235,996)</u>	<u>1,813,624</u>
Governmental Activities Lease Assets	<u>2,049,620</u>		<u>(235,996)</u>	<u>1,813,624</u>
Less Accumulated Amortization for:				
Machinery and Equipment	(500,529)	\$ (476,031)	235,996	(740,564)
	<u>(500,529)</u>	<u>(476,031)</u>	<u>235,996</u>	<u>(740,564)</u>
Governmental Activities Lease Assets, Net of Accumulated Amortization	<u>\$ 1,549,091</u>	<u>\$ (476,031)</u>	<u>\$ - 0 -</u>	<u>\$ 1,073,060</u>

Amortization expense was charged to governmental functions as follows:

Regular Instruction	<u>\$ 476,031</u>
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NOTE 9. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2023, the following changes occurred in liabilities reported in the District-wide financial statements:

	<u>Balance 6/30/2022</u>	<u>Issued/ Added</u>	<u>Retired</u>	<u>Balance 6/30/2023</u>
Serial Bonds Payable	\$ 4,160,000		\$ 2,080,000	\$ 2,080,000
Unamortized Bond Premiums	444,430		222,215	222,215
Financed Purchases Payable	5,702,150	\$ 1,330,000	1,166,831	5,865,319
Leases Payable	1,554,222		480,844	1,073,378
Net Pension Liability	6,037,635	1,928,166		7,965,801
Compensated Absences Payable:				
Governmental Funds	1,432,458	19,812	143,800	1,308,470
Proprietary Funds	<u>5,000</u>			<u>5,000</u>
	<u>\$ 19,335,895</u>	<u>\$ 3,277,978</u>	<u>\$ 4,093,690</u>	<u>\$ 18,520,183</u>

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

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 and will be retired through the Debt Service Fund.

The District had bonds outstanding as of June 30, 2023 as follows:

<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
Refunding School Bonds	05/01/2024	0.60%	<u>\$ 2,080,000</u>

The current portion of bonds payable at June 30, 2023 is \$2,080,000 and the long-term portion is \$-0-.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	<u>\$ 2,080,000</u>	<u>\$ 12,480</u>	<u>\$ 2,092,480</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2023, the Board has no bonds authorized but not issued.

C. Leases Payable:

The District had leases outstanding as of June 30, 2023 as follows:

<u>Purpose</u>	<u>Frequency of Payment</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Classroom Technology Equipment	Annual	08/15/23	1.2540%	\$ 52,559
Classroom Technology Equipment	Annual	08/15/24	1.3500%	136,662
Classroom Technology Equipment	Annual	08/15/24	0.6870%	303,872
Classroom Technology Equipment	Annual	08/15/26	1.4980%	<u>580,285</u>
				<u>\$ 1,073,378</u>

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

C. Leases Payable: (Cont'd)

Principal and interest due on leases outstanding will be liquidated through the General Fund and are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 413,700	\$ 13,285
2025	365,221	8,544
2026	146,134	4,411
2027	<u>148,323</u>	<u>2,222</u>
	<u>\$ 1,073,378</u>	<u>\$ 28,462</u>

D. Financed Purchases Payable:

In fiscal year 2023, the District entered a financed purchase in the amount of \$1,330,000 for buses, vans, utility vehicles and field turf replacement. The District has seven financed purchases totaling \$9,251,917 of which \$3,386,598 has been liquidated as of June 30, 2023. Except for the ESIP financed purchase which is for fifteen years with the final payment occurring in fiscal year 2032-33, all financed purchases are for three to five years. The schedule of the future minimum financed purchase payments under the District's financed purchases and the present value of the net minimum financed purchase payments at June 30, 2023 are detailed below.

<u>Year</u>	<u>Amount</u>
2024	\$ 1,503,961
2025	1,211,270
2026	1,211,257
2027	648,715
2028	523,075
2029-2033	<u>1,355,717</u>
	6,453,995
Less: Amount representing interest	<u>(588,676)</u>
Present value of net minimum financed purchase payments	<u>\$ 5,865,319</u>

The current portion of financed purchases payable at June 30, 2023 is \$1,376,195 and the long-term portion is \$4,489,124. The General Fund will be used to liquidate financed purchases payable.



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NOTE 9. LONG-TERM LIABILITIES (Cont'd)

E. Unamortized Bond Premiums:

Unamortized bond premiums of the governmental fund types are recorded in the noncurrent liabilities of the Governmental Activities. As of June 30, 2023, the current portion of the liability is \$222,215, and the long-term portion is \$-0-.

F. Compensated Absences Payable:

The liability for compensated absences of the Governmental Fund types as of June 30, 2023 is recorded in the current and long-term liabilities. The compensated absences balance in Governmental Activities of \$1,308,470 is reported as a long-term portion. The General Fund will be used to liquidate the Governmental Activities Compensated Absences Payable.

The liability for vested compensated absences of the Proprietary Fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2023, the entire \$5,000 of compensated absences is reported as a long-term portion and will be liquidated through the Food Service Enterprise Fund.

G. 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, 2023 is \$-0- and the long-term portion is \$7,965,801. See Note 10 for further information on the PERS.

NOTE 10. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

The following represents the membership tiers for PERS:

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. 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 \$665,629 for the current fiscal year. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$16,760 to the PERS for normal pension benefits on behalf of the District.

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

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Special Funding Situation

A special funding situation exists for certain local employers of the PERS. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by local employers Chapter 133, P.L. 2001. The special funding situation for Chapter 133, P.L. 2001 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2022, there is no net pension liability associated with this special funding situation and there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State special funding situation for the fiscal year ending June 30, 2022, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

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

At June 30, 2023, the District reported a liability of \$7,965,801 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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, 2022, the District's proportion was 0.05278%, which was an increase of 0.00182% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the District recognized an actual pension benefit of \$331,544. Additionally, for the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$16,760 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

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

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources detailed on the following page.

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

	<u>Deferral Year</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions:	2018	5.63		\$ 191,482
	2019	5.21		239,289
	2020	5.16		703,638
	2021	5.13		58,388
	2022	5.04	\$ 24,681	
Subtotal			<u>24,681</u>	<u>1,192,797</u>
Changes in Proportion:	2018	5.63	34,988	
	2019	5.21		1,020
	2020	5.16	217,543	
	2021	5.13		249,553
	2022	5.04	277,223	
Subtotal			<u>529,754</u>	<u>250,573</u>
Difference Between Expected and Actual Experience:	2018	5.63		7,292
	2019	5.21	18,291	
	2020	5.16	39,202	
	2021	5.13		19,627
	2022	5.04		23,782
Subtotal			<u>57,493</u>	<u>50,701</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:	2019	5.00	7,880	
	2020	5.00	236,798	
	2021	5.00	(1,476,995)	
	2022	5.00	1,562,014	
Subtotal			<u>329,697</u>	
District Contribution Subsequent to the Measurement Date	2022	1.00	716,593	
			<u>\$ 1,658,218</u>	<u>\$ 1,494,071</u>

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

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2023	\$ (683,297)
2024	(348,118)
2025	(169,770)
2026	370,374
2027	(816)
	\$ (831,627)

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 6.55% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the noncontributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of the actuarially determined contributions for the local employers. 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 projected benefit payments to determine the total pension liability.

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
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(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2022 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 10,963,444	\$ 7,965,801	\$ 5,578,855

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division).

For additional information about the TPAF, please refer to the Division's annual financial statements which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

Benefits Provided

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

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

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55<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, Tiers 3 and 4 with 25 years or more of service credit before age 62 and Tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for their respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2022, the State's pension contribution was more than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2023, the State of New Jersey contributed \$7,258,296 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$2,552,397.

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



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

NOTE 10. 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, 2023, the State's proportionate share of the net pension liability associated with the District was \$94,839,559. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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, 2022, the District's proportion was 0.1838%, which was an increase of 0.0038% from its proportion measured as of June 30, 2021.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>94,839,559</u>
Total	<u>\$ 94,839,559</u>

For the fiscal year ended June 30, 2023, the State recognized pension expense on behalf of the District in the amount of \$2,552,397 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

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

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions:	2015	8.30	\$ 213,742,984	
	2016	8.30	1,695,809,748	
	2017	8.30		\$ 3,681,530,748
	2018	8.29		2,705,362,525
	2019	8.04		2,012,738,111
	2020	7.99	1,007,402,060	
	2021	7.93		11,041,509,093
	2022	7.83	96,143,072	
Difference Between Expected and Actual Experience:	2015	8.30	13,201,022	
	2016	8.30		21,088,845
	2017	8.30	65,502,212	
	2018	8.29	474,592,771	
	2019	8.04		78,198,040
	2020	7.99		5,368,990
	2021	7.93	146,524,969	
	2022	7.83		18,009,041

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 10. 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)

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources: (Cont'd)

	<u>Deferral Year</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:	2019	5.00	\$ 36,220,692	
	2020	5.00	482,791,080	
	2021	5.00	(2,665,975,358)	
	2022	5.00	3,319,334,659	
			<u>\$ 4,885,289,911</u>	<u>\$ 19,563,805,393</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2023	\$ (2,658,825,381)
2024	(3,823,762,872)
2025	(3,351,102,048)
2026	(1,509,375,379)
2027	(1,647,727,819)
Total Thereafter	<u>(1,687,721,983)</u>
	<u>\$ (14,678,515,482)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

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

NOTE 10. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 10. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 78% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments in determining the total pension liability.

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2022 calculated using the discount rate as disclosed below, as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 111,201,398	\$ 94,839,559	\$ 81,056,765

Pension Plan Fiduciary Net Position

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.

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

NOTE 10. PENSION PLANS (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

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

For DCRP, the District recognized pension expense of \$5,446 for the fiscal year ended June 30, 2023. Employee contributions to DCRP amounted to \$9,984 for the fiscal year ended June 30, 2023.

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

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

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

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

General Information about the OPEB Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

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

Employees Covered by Benefit Terms

At June 30, 2021, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	151,669
Active Plan Members	<u>213,148</u>
Total	<u><u>364,817</u></u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021 which was rolled forward to June 30, 2022.

Actuarial Assumptions and Other Inputs

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

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:			
Through 2026	1.55 - 4.45%	2.00 - 6.00%	3.25 - 16.25%
	based on service	based on service	based on service
	years	years	years

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

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

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Mortality Rates

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

	Total OPEB Liability
Balance at June 30, 2022	\$ 100,238,130
Changes for Year:	
Service Cost	4,273,830
Interest Cost	2,217,789
Difference Between Expected and Actual Experience	1,532,951
Changes in Assumptions	(22,449,704)
Member Contributions	70,474
Gross Benefit Payments	(2,196,786)
Net Changes	(16,551,446)
Balance at June 30, 2023	\$ 83,686,684

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

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2022 calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	At 1% Decrease (2.54%)	At Discount Rate (3.54%)	At 1% Increase (4.54%)
Total OPEB Liability Attributable to the District	\$ 98,364,894	\$ 83,686,684	\$ 71,922,833

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2022 calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 69,172,159	\$ 83,686,684	\$ 102,752,393

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

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of \$1,870,119 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2022, the State had deferred outflows of resources and deferred inflows of resources related to OPEB attributable to the District from the following sources:



WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

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

	Year of Deferral	Original Amortization Period	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54 years		\$ 4,345,102
	2018	9.51 years		4,146,464
	2019	9.29 years	\$ 585,417	
	2020	9.24 years	13,821,979	
	2021	9.24 years	76,650	
	2022	9.13 years		19,990,810
			<u>14,484,046</u>	<u>28,482,376</u>
Difference Between Expected and Actual Experience	2018	9.51 years		3,919,699
	2019	9.29 years		6,890,402
	2020	9.24 years	12,882,627	
	2021	9.24 years		14,740,411
	2022	9.13 years	2,058,766	
			<u>14,941,393</u>	<u>25,550,512</u>
Changes in Proportion	N/A	N/A	<u>399,904</u>	<u>3,764,948</u>
			<u>\$ 29,825,343</u>	<u>\$ 57,797,836</u>

N/A - Not Available

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

Fiscal Year Ending June 30,	Total
2023	\$ (4,159,265)
2024	(4,159,265)
2025	(4,159,265)
2026	(3,594,647)
2027	(2,055,467)
Total Thereafter	<u>(6,479,540)</u>
	<u>\$ (24,607,449)</u>

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

NOTE 12. 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.

Property and Liability Insurance

The District insures property, liability and health benefits through purchased insurance policies with the exception of workers' compensation coverage. The District obtains its health benefit coverage through Horizon Blue Cross Blue Shield of New Jersey. The District is a member of the Morris-Essex Insurance Group (the "Group"). The Group provides its members with workers' compensation coverage. A complete schedule of insurance coverage can be found in the Statistical Section of this Annual Comprehensive Financial Report.

The Group is a risk-sharing public entity risk pool that is an insured and self-administered group of school districts 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 Group are elected.

As a member of this Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Group's liabilities. 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, 2023 audit report for the Group is not available as of the date of this report. Selected financial information for the Group as of June 30, 2022 is as follows:

	Morris-Essex Insurance Group
Total Assets	\$ 12,133,641
Net Position	\$ 7,494,542
Total Revenue	\$ 3,715,390
Total Expenses	\$ 3,715,752
Member Dividends	\$ 1,114,730
Change in Net Position for the Year Ended June 30	\$ (1,115,092)

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

The Burton Agency  
44 Bergen Street  
PO Box 270  
Westwood, New Jersey 07675  
(201) 664-0310

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

NOTE 12. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

The following is a summary of the District’s contributions, interest earned, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s Unemployment Compensation Restricted Fund Balance in the General Fund for the current and previous two fiscal years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022-2023	\$ -0-	\$ 1,891	\$ 42,555	\$ 34,035	\$ 208,970
2021-2022	-0-	51	41,299	710	198,559
2020-2021	-0-	85	38,450	16,529	157,919

NOTE 13. DEFERRED COMPENSATION

The Board offers its employees 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 fiscal years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

403(b)

- AXA Equitable Life Insurance Company
- Variable Annuity Life Insurance Company
- The Vanguard Group
- Metropolitan Life Resources
- Midland National Life Insurance Company
- T. Rowe Price

457

- AXA Equitable Life Insurance Company
- Variable Annuity Life Insurance Company

NOTE 14. CONTINGENT LIABILITIES

Grant Programs

The School District participates in federal and state 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 any litigation not covered by insurance would not materially affect the financial position of the District.

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 14. CONTINGENT LIABILITIES (Cont'd)

Encumbrances

At June 30, 2023, there were encumbrances as detailed below in the governmental funds.

Governmental Funds			
General	Special Revenue	Capital Projects	Total
\$ 143,575	\$ 239	\$ 25,055	\$ 168,869

In the District's Governmental Funds Balance Sheet as of June 30, 2023, no amount is assigned for encumbrances in the Special Revenue Fund since encumbrances are not recognized on the GAAP basis until they are paid. Actual encumbrances of \$239 on the budgetary basis are instead reflected as either a reduction of grants receivable or an increase in unearned revenue on the GAAP basis in the Special Revenue Fund. The encumbrances of \$25,055 in the Capital Projects Fund are included in the \$284,245 of committed fund balance.

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 municipalities and are remitted to the school district on a predetermined, agreed-upon schedule.

NOTE 16. ECONOMIC DEPENDENCY

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

NOTE 17. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

During the fiscal year, the General Fund transferred \$194,401 to the Capital Projects Fund for the local share of capital projects and the Capital Projects Fund transferred \$48,947 of interest earnings and \$1,049,815 of unexpended local share of capital projects to the General Fund.

WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 17. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Cont'd)

The following interfund balances remained on the balance sheet at June 30, 2023:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 255,753	\$ 54,003
Special Revenue Fund		255,753
Capital Projects Fund	44,278	
Proprietary Funds - Food Service	9,725	
	<u>\$ 309,756</u>	<u>\$ 309,756</u>

At June 30, 2023, the Special Revenue Fund owes the General Fund \$255,753 for cash advanced while awaiting federal and state grant reimbursements. The General Fund owes the Capital Projects Fund \$44,278 for the local share of open projects, net of the unexpended local share of completed capital projects and interest earned due from the Capital Projects Fund. The General Fund owes the Food Service Enterprise Fund \$9,725 for a prior year interfund for the balance of the prior year operating deficit that was not transferred in the current year.

NOTE 18. ACCOUNTS PAYABLE

Accounts payable recorded in the District's Governmental Activities and Business-Type Activities as of June 30, 2023 consisted of the following:

	<u>Governmental Funds</u>			<u>District Contribution Subsequent to Measurement Date</u>	<u>Total Governmental Activities</u>	<u>Business-Type Activities Proprietary Funds</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>			
Payroll Deductions and Withholdings	\$ 322,426				\$ 322,426	
Vendors	730,761	\$ 6,880	\$ 22,548		760,189	\$ 16,637
Due to: State of New Jersey				\$ 716,593	716,593	
	<u>\$1,053,187</u>	<u>\$ 6,880</u>	<u>\$ 22,548</u>	<u>\$ 716,593</u>	<u>\$ 1,799,208</u>	<u>\$ 16,637</u>

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

NOTE 19. TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

The Borough of Chester recognized revenue in the amount of \$29,839 from one payment in lieu of taxes ("PILOT") agreement. The taxes which would have been paid on this property for 2022 without the abatement would have been \$69,646 of which \$13,785 would have been regional school taxes.

**APPENDIX C**

**FORM OF APPROVING LEGAL OPINION**

\_\_\_\_\_, 2024

The Board of Education of the  
West Morris Regional High  
School District, in the County  
of Morris, New Jersey

Dear Board Members:

We have acted as bond counsel to the West Morris Regional High School District, in the County of Morris, New Jersey (the "School District"), in connection with the issuance by the School District of its \$26,047,000 School Bonds, dated the date hereof (the "Bonds"). In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to us as we have deemed necessary.

The Bonds are issued pursuant to (i) Title 18A, Education, Chapter 24 of the New Jersey Statutes, (ii) a proposal adopted by the Board of Education of the School District on December 11, 2023 and approved by the affirmative vote of a majority of the legal voters present and voting at the school district election held on March 12, 2024, and (iii) a resolution duly adopted by the Board of Education on April 29, 2024. The Bonds are secured under the provisions of the New Jersey School Bond Reserve Act, N.J.S.A. 18A:56-17 et seq. (P.L. 1980, c. 72, approved July 16, 1980, as amended by P.L. 2003, c. 118, approved July 1, 2003).

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Bonds are valid and legally binding obligations of the School District, and the School District has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the School District for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

On the date hereof, the Board of Education has covenanted in its Arbitrage and Tax Certificate (the "Certificate") to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Bonds in order to preserve the tax-exempt status of the Bonds pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103 of the Code, failure to comply with these requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In the event that the Board of Education continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the Board of Education in the Certificate, it is our



opinion that, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of the Code. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. Further, in our opinion, based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

This opinion is issued as of the date hereof. We assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law or interpretations thereof that may occur after the date of this opinion or for any reason whatsoever.

Very truly yours,