

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.

**THE BOARD OF EDUCATION OF THE TOWN OF WESTFIELD
IN THE COUNTY OF UNION, NEW JERSEY
\$125,807,000
SCHOOL BONDS
(Book-Entry-Only) (Callable)**

Dated: Date of Delivery

Due: August 15, as shown in the inside front cover

The \$125,807,000 School Bonds (the “Bonds”) of The Board of Education of the Town of Westfield in the County of Union, 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 for 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, 2027. 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 are subject to optional redemption prior to their stated maturities. See “DESCRIPTION OF THE BONDS - Redemption” herein.

The Bonds are authorized pursuant to: (i) Chapter 24 of Title 18A, Education of the New Jersey Statutes, as amended and supplemented (N.J.S.A. 18A:24-1 et seq.); and (ii) two bond proposals adopted by the Board on March 25, 2025 and approved by a majority of the legal voters present and voting at the School District election held on April 15, 2025 authorizing the issuance of \$225,807,242 school bonds to finance additions, renovations, alterations and improvements at Franklin Elementary School, Jefferson Elementary School, McKinley Elementary School, Tamaques Elementary School, Washington Elementary School, Wilson Elementary School, Edison Intermediate School, Roosevelt Intermediate School and Westfield High School, including acquisition and installation of fixtures, furnishings and equipment, sitework and related work and costs (the School Capital Project). Of the \$225,807,242 school bonds authorized to be issued, \$125,807,000 are being issued pursuant to a resolution duly adopted by the Board on June 16, 2026 to: (i) permanently finance \$25,000,000 of temporary notes issued to finance initial costs of the School Capital Project maturing on September 3, 2026 and (ii) provide new money to permanently finance additional costs of the School Capital Project, including costs associated with the authorization, sale and issuance of the Bonds. The Board intends to issue its school bonds to finance the remaining project costs in 2027.

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.

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement, including all appendices, in order to obtain information essential to making an informed investment decision.

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, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the School District in connection with the issuance of the Bonds. Delivery is anticipated to be through the facilities of DTC in Brooklyn, New York, on or about August 26, 2026.

**ELECTRONIC SUBMISSIONS FOR THE BONDS WILL BE RECEIVED VIA PARITY UNTIL 11:00 A.M.
ON AUGUST 5, 2026. FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY, VIEW THE
NOTICE OF SALE POSTED AT WWW.MUNIHUB.COM.**

**THE BOARD OF EDUCATION OF THE TOWN OF WESTFIELD
IN THE COUNTY OF UNION, NEW JERSEY**

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

**\$125,807,000
SCHOOL BONDS**

<u>Maturity (August 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP*</u>
2028	\$2,752,000	%	%	
2029	2,915,000			
2030	3,055,000			
2031	3,115,000			
2032	3,190,000			
2033	3,315,000			
2034	3,440,000			
2035	3,565,000			
2036	3,690,000			
2037	3,765,000			
2038	3,865,000			
2039	3,990,000			
2040	4,040,000			
2041	4,140,000			
2042	4,240,000			
2043	4,390,000			
2044	4,540,000			
2045	4,740,000			
2046	4,890,000			
2047	5,040,000			
2048	5,240,000			
2049	5,390,000			
2050	5,500,000			
2051	5,500,000			
2052	5,500,000			
2053	5,500,000			
2054	5,500,000			
2055	5,500,000			
2056	5,500,000			

* 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 FactSet Research Systems Inc. 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 various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or the 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.

**THE BOARD OF EDUCATION OF THE TOWN OF WESTFIELD
IN THE COUNTY OF UNION, NEW JERSEY**

MEMBERS OF THE BOARD

Robert Benacchio, Board President
Kristen Sonnek-Schmelz, Vice President
Kent Diamond
Patrick Duffy
Leila Morrelli
Sonal Patel
Julie Steinberg
Anthony Tessitore
Mary Wickens

SUPERINTENDENT

Dr. Raymond González

BUSINESS ADMINISTRATOR/BOARD SECRETARY

Patricia Ramos

BOARD AUDITOR

PKF O'Connor Davies, LLP
Cranford, New Jersey

BOARD ATTORNEY

Machado Law Group
Scotch Plains, New Jersey

BOND COUNSEL

McManimon, Scotland & Baumann, LLC
Roseland, New Jersey

MUNICIPAL ADVISOR

Phoenix Advisors,
a division of First Security Municipal Advisors, Inc.
Hamilton, 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 or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation or warranty by the Underwriter or, as to information from sources other than itself, by the Board. The information and the 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 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.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by the Board from time to time (collectively, the "*Official Statement*"), may be treated as a "Final Official Statement" with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or amendment) by the Board.

This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be used, in whole or in part, for any other purpose. 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. THE OFFERING OF THE BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

McManimon, Scotland & Baumann, LLC has not participated in the preparation of the financial or statistical information contained in this Official Statement nor has it verified the accuracy or completeness thereof and, accordingly, expresses no opinion with respect thereto.

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**OFFICIAL STATEMENT
OF
THE BOARD OF EDUCATION OF THE TOWN OF WESTFIELD
IN THE COUNTY OF UNION, NEW JERSEY**

**\$125,807,000
SCHOOL BONDS**

INTRODUCTION

This Official Statement, which includes the cover page, the inside front cover page, and the appendices attached hereto, has been prepared by The Board of Education of the Town of Westfield in the County of Union, 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 \$125,807,000 School Bonds (the “Bonds”). This Official Statement has been executed by and on behalf of the School District by its Business Administrator/Board Secretary and may be distributed in connection with the sale of the Bonds described herein.

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 School District from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historical 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.

This Official Statement is “deemed final,” as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

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 inside 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, 2027 (each an “Interest Payment Date”) in each of the years and at the interest rates set forth on the inside front cover page hereof until maturity or earlier redemption by the School District 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 consisting 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 School District 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 for 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 with a minimum purchase of \$5,000 required) 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, 2034 are not subject to redemption prior to maturity. The Bonds maturing on or after August 15, 2034 shall be subject to redemption at the option of the Board, in whole or in part, on any date on or after August 15, 2033 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 DTC (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 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 affecting 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 minimum 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, PURPOSE AND PLAN OF FINANCE

The Bonds are authorized pursuant to: (i) Chapter 24 of Title 18A, Education of the New Jersey Statutes, as amended and supplemented (N.J.S.A. 18A:24-1 et seq.); and (ii) two bond proposals adopted by the Board on March 25, 2025 and approved by a majority of the legal voters present and voting at the

School District election held on April 15, 2025 authorizing the issuance of \$225,807,242 school bonds to finance additions, renovations, alterations and improvements at Franklin Elementary School, Jefferson Elementary School, McKinley Elementary School, Tamaques Elementary School, Washington Elementary School, Wilson Elementary School, Edison Intermediate School, Roosevelt Intermediate School and Westfield High School, including acquisition and installation of fixtures, furnishings and equipment, sitework and related work and costs (the School Capital Project). Of the \$225,807,242 school bonds authorized to be issued, \$125,807,000 are being issued pursuant to a resolution duly adopted by the Board on June 16, 2026 to: (i) permanently finance \$25,000,000 of temporary notes issued to finance initial costs of the School Capital Project maturing on September 3, 2026 and (ii) provide new money to permanently finance additional costs of the School Capital Project, including costs associated with the authorization, sale and issuance of the Bonds. The Board intends to issue its school bonds to finance the remaining project costs in 2027.

RESILIENCY PLANNING

Weather-Related Matters

The State is naturally susceptible to the effects of extreme weather events and natural disasters, including floods and hurricanes, which could result in negative economic impacts on communities. Such effects can be exacerbated by a longer-term shift in the climate over several decades (commonly referred to as "climate change"), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local infrastructure that provides essential services to the Board as well as resulting in economic impacts such as loss of ad valorem tax revenue, interruption of municipal services and escalated recovery costs. No assurance can be given as to whether future extreme weather events will occur that could materially adversely affect the financial condition of the Board.

Cybersecurity

The Board relies upon a large and complex technology environment to conduct its various operations. As a result, the Board faces certain cybersecurity threats at various times, including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems.

BOOK-ENTRY-ONLY SYSTEM¹

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,

¹ Source: The Depository Trust Company

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, 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 and 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 FOR DTC, REFERENCES HEREIN TO THE HOLDERS OR REGISTERED OWNERS OF THE BONDS (OTHER THAN UNDER THE CAPTIONS "TAX MATTERS" AND "SECONDARY MARKET DISCLOSURE") 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 school district that is coterminous with the borders of the Town located in the County of Union (the “County”) in the State. The School District provides a full range of educational services appropriate to students in Pre-Kindergarten (Pre-K) through grade twelve (12).

The Board is comprised of nine (9) board members elected by the legally qualified voters in the School District to serve terms of three (3) years on a staggered basis. The President and Vice President are chosen for one (1) year terms from among the members of the Board. See “APPENDIX A – CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE SCHOOL DISTRICT AND THE TOWN OF WESTFIELD IN THE COUNTY OF UNION, NEW JERSEY.”

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. Case 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 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 board of education 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 county commissioners 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 county commissioners and a fifth member being the county executive or the director of the board of county commissioners, 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 county commissioners. 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 county commissioners and a fifth member being the commissioner-director of the board of county commissioners, 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 Pre-Kindergarten (Pre-K) through grade twelve (12) school district, the Board can borrow up to 4% of the average equalized valuation of taxable property in the School District. The Board has not exceeded its 4% debt limit. *See* "APPENDIX A – CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE SCHOOL DISTRICT AND THE TOWN OF WESTFIELD, IN THE COUNTY OF UNION, NEW JERSEY."

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.

Financing Under New County School Construction Financing Law

Recently enacted P.L. 2023, c. 311, approved January 16, 2024, as amended by P.L. 2024, c. 79, approved September 12, 2024, provides a means by which a county and a county improvement authority can assist a local school district with financing and construction of a school capital project without the school district authorizing and issuing school bonds. Under the newly enacted legislation, a school district can lease a school property to a county improvement authority, which would issue its bonds for the financing and construction of a school project. The county improvement authority would then lease the school property to the county and the county would further lease it back to the school district. The school district would be obligated to cover the cost of principal and interest on the authority bonds through its lease payments to the county, and the county would pass through the payments to the authority through its lease to the authority for the payment of the bonds. The leases would remain valid and binding and in effect until the bonds are fully paid off. When the leases expire, the school property will be fully vested in the district. The lease payments would be outside the caps on spending and raising taxes for both the school district and the county. The obligation would not be limited by the district's legal borrowing limit as the district is not issuing school bonds. The law requires the annual district lease payments to be included in each school budget over the life of the bonds. The county improvement authority bonds would receive debt service aid otherwise available to the school district project as if the school district had authorized and issued school bonds. The program requires the cooperation of the county, the county improvement authority and the school district. Under the county improvement authorities law, the county or municipality could agree to guaranty the authority bonds as well if the credit support would help reduce financing costs. The program could help school districts that otherwise have difficulty getting voter approval to be able to obtain financing at a reduced cost, as (i) the State would still pay a share of the debt service due on the improvement authority bonds for which the project is entitled under the Educational Facilities Construction and Financing Act and (ii) if guaranteed, the improvement authority bonds could benefit from the credit enhancement provided by a county or municipality.

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:22-44.2 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 was modified to adjust the distribution of State aid to school districts in the State ("SFRA Modification Law"). In particular, the SFRA Modification Law revised the School Funding Reform Act so that, after calculating the amount of State aid available per pupil, State aid would be distributed to each school district based on student enrollment. The SFRA Modification Law also eliminated the application of the State aid growth limit and adjustment aid, but included a transition period for school districts that will receive less State aid. Under the SFRA Modification Law, most school districts that would receive reduced State aid resulting from the revised funding formula would be provided a transition period from the 2019-2020 school year through the 2024-2025 school year during which funding would be reduced. For those school districts where State aid would increase under the SFRA Modification Law, the transition period to increase funding will be one-year.

After more than 45 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.

The Educational Facilities Construction and Financing Act, N.J.S.A. 18A:7G-1 et seq., required that the State would 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 would be 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 has determined the final eligible costs of the Projects being financed by the Bonds are \$143,733,177, and the district aid percentage for the School District does not exceed 40%.

The State reduced debt service aid by fifteen percent (15%) for the fiscal years 2011 through 2026. 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 2026 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 Town 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. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance creating such capital expenditure, as it may be amended and supplemented. A local unit's bond anticipation notes may be issued for periods not greater than one year. Generally, bond anticipation notes may not be outstanding for longer than ten 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 4 months (May 1) 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 amount 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 Town, which operates 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.

Local units are authorized to issue emergency notes and special emergency notes pursuant to the Local Budget Law. 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 December 31 of that 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 a local unit. However, with minor exceptions, such appropriations must be included in full in the following year's budget.

Under legislation recently enacted to address the COVID-19 pandemic, P.L. 2020, c. 60, a local unit 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 Emergency 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 preparation, drainage map preparation for flood control purposes, contractually obligated severance liabilities and payment of compensated absences, which may be amortized over five (5) years. Of course, 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 months of the year. Appropriation reserves may also be transferred during the first three 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 State “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. 2010, c. 44, limits tax levy increases for those local units to 2% with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in excess of 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.

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, including the Bonds.

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 that the local unit may contemplate over the six 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 result 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.

Upon the filing of certified adopted budgets by the Board 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 or following the adoption of the State budget, at which time State aid is certified, by the Town's 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 of the delinquency and 18% per annum on any amount in excess of \$1,500, and if a delinquency (including interest) is in excess of \$10,000 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. These interest rates and penalties are the highest permitted under New Jersey statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey statutes. A table detailing delinquent taxes and tax title liens is included in Appendix A.

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 the financial statements of the School District for the fiscal year ended June 30, 2025 are presented in Appendix B to this Official Statement (the "Financial Statements"). The Financial Statements have been audited by PKF O'Connor Davies, LLP, Cranford, New Jersey, an independent auditor (the "Board Auditor"), as stated in its Independent Auditors' Report appearing in Appendix B to this Official Statement. See "APPENDIX B – EXCERPTS FROM FINANCIAL STATEMENTS OF THE BOARD FOR THE FISCAL YEAR ENDING JUNE 30, 2025." 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. The Board Auditor has not participated in the preparation of this Official Statement except as previously stated.

LITIGATION

To the best of the knowledge of the Board Attorney, Isabel Machado, Esquire of Machado Law Group, Scotch Plains, 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. Moreover, to the best of 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.

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 an owner of the Bonds 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 of 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 DECISIONS 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 Board should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. §901 et seq., as amended by Public Law 94-260, approved April 8, 1976, and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, as further amended by Public Law 100-597, effective November 3, 1988, and as further amended and other bankruptcy laws affecting creditors' rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit the State or any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy 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 such chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a municipality has the power to file a petition in bankruptcy provided the approval of the "Municipal Finance Commission" has been obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX 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 Act.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, issuance, sale and 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 will be passed upon for the School District 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 of the School District 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 presented in Appendix B to the extent specified in its Independent Auditors Report and has not participated in the preparation of this Official Statement.

The Municipal Advisor has participated in the preparation and review of the information contained in this Official Statement, including the collection of financial, statistical and demographic information; however, it has not verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto. Certain information set forth herein has been obtained from the Board 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.

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 has it 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, a division of 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 \$ _____. Such purchase price reflects the principal amount of the Bonds, plus [net] original issue premium in the amount of \$ _____, less Underwriter's discount in the amount of \$ _____.

The Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the inside 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 investment trusts) at yields higher than the public offering yields set forth on the inside 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, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the School District in connection with the issuance of the Bonds (the “Municipal Advisor”) and has assisted in matters related to the planning, structuring and terms of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and the appendices hereto. The Municipal Advisor is an Independent Registered Municipal Advisor pursuant to the Dodd-Frank Act and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiable instrument.

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, 2027, electronically to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“EMMA”) system or such other repository designated by the Securities and Exchange Commission 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 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 of the School District, 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 (b)(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 Board to provide required 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 not or no longer will 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 to amend such contracts or undertakings, 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.

The Board has previously entered into secondary market disclosure undertakings in accordance with the Rule. The Board has engaged Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey to serve as continuing disclosure agent to assist in the filing of certain information on EMMA as required under its prior secondary market disclosure undertakings.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Patricia Ramos, Business Administrator/Board Secretary, at 302 Elm Street, Westfield, NJ 07090, (908) 789-4400, or to its Municipal Advisor, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 2000 Waterview Drive, Suite 101, Hamilton, New Jersey, telephone (609) 291-0130.

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 (financial or otherwise) of the School District since the date hereof. The information contained in this Official Statement is not guaranteed as to accuracy or completeness.

**THE BOARD OF EDUCATION OF
THE TOWN OF WESTFIELD IN THE
COUNTY OF UNION, NEW JERSEY**

By: _____
Patricia Ramos
Business Administrator/Board Secretary

Date: August __, 2026

APPENDIX A

**CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE SCHOOL DISTRICT
AND THE TOWN OF WESTFIELD, IN THE COUNTY OF UNION, NEW JERSEY**

INFORMATION REGARDING THE SCHOOL DISTRICT¹

Type

The School District is a Type II school district that is coterminous with the borders of the Town of Westfield (the “Board”). The School District provides a full range of educational services appropriate to pre-kindergarten (PreK) through grade twelve (12).

The Board is composed of nine (9) members elected by the legally qualified voters in the School District to terms of three (3) years on a staggered basis. The President and Vice President are chosen for one (1) year terms from among the members of the Board.

The Board is the policy-making body of the School District and has the general responsibility for providing an education program, the power to establish policies and supervise the public schools in the School District and the responsibility to develop the annual School District budget and present it to the legally registered voters in the School District. The Board's fiscal year ends each June 30.

The Board appoints a Superintendent and Business Administrator/Board Secretary who are responsible for budgeting, planning and the operational functions of the School District. The administrative structure of the Board gives final responsibility for both the educational process and the business operation to the Superintendent.

Description of Facilities

The Board presently operates the following school facilities:

District Building	Grade Level	Construction Date	Functional Capacity	Student Enrollment
Franklin Elementary School	1-5	1929	550	510
Jefferson Elementary School	1-5	1953	431	466
Lincoln Elementary School	Pre K - K	1922	465	292
McKinley Elementary School	1-5	1906	337	427
Tamaques Elementary School	1-5	1961	430	300
Washington Elementary School	1-5	1954	332	362
Wilson Elementary School	1-5	1935	449	259
Edison Intermediate School	6-8	1958	768	796
Roosevelt Intermediate School	6-8	1926	683	642
Westfield High School	9-12	1950	1,713	1,773

Source: Annual Comprehensive Financial Report of the School District

¹ Source: The Board, unless otherwise indicated.

Staff

The Superintendent is the chief executive officer of the Board and is in charge of carrying out Board policies. The Board Secretary/Business Administrator is the chief financial officer of the Board and must submit monthly financial reports to the Board and annual reports to the New Jersey Department of Education.

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Teaching Professionals	526.00	527.00	514.00	526.00	529.00
Support Staff	<u>320.00</u>	<u>322.00</u>	<u>315.00</u>	<u>317.00</u>	<u>354.00</u>
Total Employees	<u>846.00</u>	<u>849.00</u>	<u>829.00</u>	<u>843.00</u>	<u>883.00</u>

Source: Annual Comprehensive Financial Report of the School District

Pupil Enrollments

The following table presents the historical average daily pupil enrollments for the past five (5) school years.

<u>Fiscal Year</u> <u>Ending 6/30</u>	<u>Pupil</u> <u>Enrollment</u>
2026	5,899
2025	5,854
2024	5,910
2023	5,909
2022	5,829

Source: School District and Annual Comprehensive Financial Report of the School District

Pensions

Those employees of the School District who are eligible for pension coverage are enrolled in one of the two State-administered multi-employer pension systems (the "Pension System"). The Pension System was established by an act of the State Legislature. The Board of Trustees for the Pension System is responsible for the organization and administration of the Pension System. The two State-administered pension funds are: (1) the Teacher's Pension and Annuity Fund ("TPAF") and (2) the Public Employee's Retirement System. The Division of Pensions and Benefits, within the State of New Jersey Department of the Treasury (the "Division"), charges the participating school districts annually for their respective contributions. The School District raises its contributions through taxation, and the State contributes the employer's share of the annual Social Security and Pension contribution for employees enrolled in the TPAF. The Pension System is a cost-sharing multiple employer contributory defined benefit plan. The Pension System's designated purpose is to provide retirement and medical benefits for qualified retirees and other benefits to its members. Membership in the Pension System is mandatory for substantially all full-time employees of the State or any county,

municipality, school district or public agency provided the employee is not required to be a member of another State administered retirement system or other state or local jurisdiction.

Fiscal 2026-27 Budget

Prior to the passage of P.L. 2011, c. 202 the Board was required to submit its budget for voter approval on an annual basis. Under the Election Law (P.L. 2011, c. 202, effective January 17, 2012) if the school district has opted to move its annual election to November, it is no longer required to submit the budget to voters for approval if the budget is at or below the two-percent (2%) property tax levy cap as provided for under the New Cap Law (P.L. 2010, c. 44). If the Board proposes to spend above the two-percent (2%) property tax levy cap, it is then required to submit its budget to voters at the annual school election in November.

The General Fund budget is the sum of all state aid (exclusive of pension aid and social security aid) and the local tax levy (exclusive of debt service). The Board's General Fund Budget for the 2026-2027 fiscal year is \$142,527,444. The major sources of revenue are \$128,443,460 from the local tax levy and \$10,409,114 from state aid.

Source: Annual User-Friendly Budget of the School District

Budget History

As noted, prior to the Board's budget for its 2012-2013 fiscal year, the Board was required to submit its budget for voter approval. A summary of the last five budgets of the Board are as follows:

<u>Fiscal Year</u> <u>Ending 6/30</u>	<u>Amount Raised</u> <u>By Taxation</u>	<u>Tuition</u>	<u>State</u> <u>Aid</u>	<u>Other</u>	<u>Operating</u> <u>Budget Total</u>
2027	\$128,443,460	\$80,000	\$10,409,114	\$3,594,870	\$142,527,444
2026	120,902,094	80,000	9,875,108	4,476,750	135,333,952
2025	117,470,655	80,000	9,371,328	4,623,353	131,545,336
2024	112,832,744	80,000	8,524,099	7,107,414	128,544,257
2023	107,628,137	80,000	7,558,617	8,642,989	123,909,743

Source: Annual User-Friendly Budget of the School District

Financial Operations

The following table summarizes information on the changes in general fund revenues and expenditures for the school years ending June 30, 2021 through June 30, 2025 for the general fund. Beginning with the 1993-94 fiscal year, school districts in the State of New Jersey have begun to prepare their financial statements in accordance with Generally Accepted Accounting Principles in the United States.

GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEARS ENDED JUNE 30:

<u>REVENUE</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Local Sources:					
Local Tax Levy	\$103,448,805	\$105,517,781	\$107,628,137	\$112,832,744	\$117,470,655
Other Local Revenue	822,661	567,248	1,836,790	2,404,971	2,063,092
State Sources	27,527,645	34,810,201	36,251,781	38,408,385	39,513,497
Federal Sources	40,776	36,677	526,633	36,314	16,391
Total Revenue:	<u>\$131,839,887</u>	<u>\$140,931,907</u>	<u>\$146,243,341</u>	<u>\$153,682,414</u>	<u>\$159,063,635</u>
<u>EXPENDITURES</u>					
General Fund:					
Instruction	\$47,165,441	\$48,128,826	\$48,467,074	\$51,147,321	\$53,337,664
Support Services	79,715,862	90,224,287	92,211,553	96,031,410	102,544,842
Capital Outlay	1,395,637	1,075,510	503,839	3,393,120	6,099,778
Total Expenditures:	<u>128,276,940</u>	<u>139,428,623</u>	<u>141,182,466</u>	<u>150,571,851</u>	<u>161,982,284</u>
Excess of Revenue Over Expenditures	<u>\$3,562,947</u>	<u>\$1,503,284</u>	<u>\$5,060,875</u>	<u>\$3,110,563</u>	<u>(\$2,918,649)</u>
<u>OTHER FINANCING SOURCES</u>					
Transfers In/(Out)	(\$11,219,423)	(\$2,458,401)	(\$91,026)	\$75,630	\$863
Total Other Financing Sources:	<u>(11,219,423)</u>	<u>(2,458,401)</u>	<u>(91,026)</u>	<u>75,630</u>	<u>863</u>
Net Change in Fund Balance	(7,656,476)	(955,117)	4,969,849	3,186,193	(2,917,786)
Fund Balance - July 1	<u>23,766,608</u>	<u>16,110,132</u>	<u>15,155,015</u>	<u>20,124,864</u>	<u>23,311,057</u>
Fund Balance - June 30	<u>\$16,110,132</u>	<u>\$15,155,015</u>	<u>\$20,124,864</u>	<u>\$23,311,057</u>	<u>\$20,393,271</u>

Source: Annual Comprehensive Financial Report of the School District. Statement of Revenues, Expenditures Governmental Funds and Changes In Fund Balances on a GAAP basis

Capital Leases

As of June 30, 2025, the Board has no capital leases outstanding.

Source: Annual Comprehensive Financial Report of the School District

Operating Leases

As of June 30, 2025, the Board has no operating leases outstanding.

Source: Annual Comprehensive Financial Report of the School District

Short-Term Debt

As of June 30, 2025, the Board has a Temporary Note (the “Note”) outstanding in the amount of \$25,000,000 due September 3, 2026.

Source: Annual Comprehensive Financial Report of the School District

Long-Term Debt

The following table outlines the outstanding long-term debt of the Board as of June 30, 2025.

<u>Fiscal Year</u>			
<u>Ending 6/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$2,050,000	\$223,570	\$2,273,570
2027	2,050,000	165,170	2,215,170
2028	1,990,000	112,510	2,102,510
2029	1,360,000	73,150	1,433,150
2030	900,000	48,250	948,250
2031	900,000	30,250	930,250
2032	850,000	10,625	860,625
<u>TOTAL</u>	<u>\$10,100,000</u>	<u>\$663,525</u>	<u>\$10,763,525</u>

Source: Annual Comprehensive Financial Report of the School District

Debt Limit of the Board

The debt limitation of the Board is established by statute (N.J.S.A. 18A:24-19). The Board is permitted to incur debt up to 4% of the average equalized valuation for the past three years. (See “SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF SCHOOL DEBT- Exceptions to Debt Limitation”). The following is a summation of the Board’s debt limitations as of June 30, 2025:

Average Equalized Valuation Basis (2023, 2024, 2025)	\$10,584,985,738
Permitted Debt Limitation (4.00%)	423,399,430
Less: Net Debt	235,907,242
Remaining Borrowing Power	<u>\$187,492,188</u>
Percentage of Net Debt to Average Equalized Valuation	2.229%
Net Debt Per Capita based on 2020 population of 31,032	\$7,602

Source: Annual Comprehensive Financial Report of the School District

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INFORMATION REGARDING THE TOWN²

The following material presents certain economic and demographic information of the Town of Westfield (the “Town”), in the County of Union (the “County”), State of New Jersey (the “State”).

General Information

Incorporated in 1903, the Town is located in central Union County approximately twenty miles from New York City. The Town, which is 6.40 square miles in area, is bounded by Mountainside on the north and west, Cranford on the north and east, Garwood on the east, Scotch Plains on the south and west, and Clark on the south and east.

The Town is predominantly residential in character, although there is a central business district and several garden apartment complexes and industrial areas.

The Town enjoys easy access to the East Coast's major commercial centers and the world's marketplaces. New Jersey Transit Rail and New Jersey Transit Bus service link the community with Newark and New York City. Two major roadways, the Garden State Parkway and U.S. Route 22, are located within five miles of the Town. Commercial air service is available at Newark Liberty International Airport, which is approximately ten miles from the Town. Linden Airport, lying approximately five miles from the Town, provides facilities for private air transport. The major marine terminal of Port Elizabeth is also located within approximately ten miles.

Form of Government

The Town's form of government is a Mayor and Council composed of nine members. Due to a statutory change in 2001 (P.L. 2001, c. 118), terms of office were extended from two to four years commencing with the 2003 general election. Two councilmen are elected from each of the Town's four wards. The Mayor is elected at large. A full-time Town Administrator handles day-to-day operations.

Retirement Systems

All full-time permanent or qualified Town employees who began employment after 1944 must enroll in one of two retirement systems depending upon their employment status. These systems were established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are set by State law. The Division of Pensions, within the New Jersey Department of Treasury (the “Division”), is the administrator of the funds with the benefit and contribution levels set by the State. The Town is enrolled in the Public Employees' Retirement System (“PERS”) and the Police and Firemen's Retirement System (“PFRS”).

² Source: The Town, unless otherwise indicated.

Pension Information³

Employees who are eligible to participate in a pension plan are enrolled in PERS or PFRS, administered by the Division. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations. The employees contribute a portion of the cost.

Employment and Unemployment Comparisons

For the following years, the New Jersey Department of Labor reported the following annual average employment information for the Town, the County, and the State:

	<u>Total</u> <u>Labor Force</u>	<u>Employed</u> <u>Labor Force</u>	<u>Total</u> <u>Unemployed</u>	<u>Unemployment</u> <u>Rate</u>
<u>District</u>				
2025	15,289	14,717	572	3.7%
2024	15,344	14,817	527	3.4%
2023	15,058	14,581	477	3.2%
2022	14,709	14,327	382	2.6%
2021	14,355	13,731	624	4.3%
<u>County</u>				
2025	306,254	289,285	16,969	5.5%
2024	306,204	291,246	14,958	4.9%
2023	303,429	289,684	13,745	4.5%
2022	295,067	283,314	11,753	4.0%
2021	290,360	270,381	19,979	6.9%
<u>State</u>				
2025	4,905,633	4,648,499	257,134	5.2%
2024	4,899,384	4,672,089	227,295	4.6%
2023	4,879,285	4,668,296	210,989	4.3%
2022	4,771,781	4,586,675	185,106	3.9%
2021	4,674,518	4,361,147	313,371	6.7%

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

³ Source: State of New Jersey Department of Treasury, Division of Pensions and Benefits

Income (as of 2024)

	<u>District</u>	<u>County</u>	<u>State</u>	<u>National</u>
Median Household Income	\$232,629	\$103,202	\$103,556	\$80,734
Median Family Income	250,000	125,330	127,025	99,999
Per Capita Income	107,640	52,874	54,253	44,673

Source: US Bureau of the Census, 2024 American Community Survey 5-Year Estimates

Population

The following tables summarize population increases and the decreases for the Town, the County, and the State.

	<u>District</u>		<u>County</u>		<u>State</u>	
<u>Year</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2024 est.	32,050	3.3%	63,171	-89.0%	9,500,851	2.3%
2020	31,032	2.4%	575,345	7.2%	9,288,994	5.7%
2010	30,316	2.3%	536,499	2.7%	8,791,894	4.5%
2000	29,644	2.7%	522,541	5.8%	8,414,350	8.9%
1990	28,870	-5.2%	493,819	-2.0%	7,730,188	5.0%

Source: United States Department of Commerce, Bureau of the Census

Largest Taxpayers

The ten largest taxpayers in the Town and their assessed valuations are listed below:

<u>Taxpayers</u>	<u>2025 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
WYCHWOOD GARDENS	\$35,000,000	0.41%
ECHO LAKE COUNTRY CLUB	26,863,900	0.31%
LT WESTFIELD LLC	24,862,300	0.29%
EAST COAST DUNCAN HILL, LLC	23,504,700	0.27%
WEILL, MAURICE	19,781,600	0.23%
WESTFIELD PROPERTY OWNER, LLC	19,500,000	0.23%
WESTFIELD CENTER NJ OWNER, LLC	17,057,900	0.20%
SZR WESTFIELD ASSISTED LIVING	16,849,400	0.20%
ERNSTOFF, ROBERT	16,474,400	0.19%
NORTH AVENUE APARTMENTS LLC	<u>15,302,600</u>	<u>0.18%</u>
Total	<u>\$215,196,800</u>	<u>2.50%</u>

Source: Municipal Tax Assessor

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2025U	\$199,211,741	\$197,563,521	99.17%
2024	193,874,039	192,243,793	99.16%
2023	188,617,008	187,524,670	99.42%
2022	183,123,271	181,727,117	99.24%
2021	182,087,560	180,572,714	99.17%

U: Unaudited

Source: Annual Audit Reports of the Town

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2025U	\$7,247	\$1,502,076	\$1,509,323	0.76%
2024	6,559	1,448,674	1,455,232	0.75%
2023	43,946	1,007,457	1,051,403	0.56%
2022	64,350	1,247,749	1,312,099	0.72%
2021	34,376	1,355,896	1,390,271	0.76%

U: Unaudited

Source: Annual Audit Reports of the Town

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2025U	\$312,720
2024	312,720
2023	312,720
2022	312,720
2021	312,720

U: Unaudited

Source: Annual Audit Reports of the Town

Tax Rates per \$100 of Net Valuations Taxable and Allocations

The table below lists the tax rates for Town residents for the past five (5) years.

		Local		
<u>Year</u>	<u>Municipal</u>	<u>School</u>	<u>County</u>	<u>Total</u>
2025	\$0.409	\$1.428	\$0.455	\$2.292
2024	0.406	1.398	0.448	2.252
2023	0.403	1.356	0.447	2.206
2022	0.393	1.303	0.464	2.160
2021	0.386	1.299	0.478	2.163

Source: Abstract of Ratables and State of New Jersey – Property Taxes

Valuation of Property

	Aggregate Assessed	Aggregate True	Ratio of	Assessed	Equalized
<u>Year</u>	<u>Valuation of</u>	<u>Value of</u>	<u>Assessed to</u>	<u>Value of</u>	<u>Valuation</u>
	<u>Real Property</u>	<u>Real Property</u>	<u>True Value</u>	<u>Personal Property</u>	
2025	\$8,598,749,980	\$11,863,617,522	72.48%	\$5,997,654	\$11,869,615,176
2024	8,533,934,760	9,989,388,692	85.43	6,350,441	9,995,739,133
2023	8,459,236,740	9,901,951,001	85.43	6,785,495	9,908,736,496
2022	8,409,224,920	9,166,366,819	91.74	6,912,903	9,173,279,722
2021	8,322,714,200	8,507,323,112	97.83	7,040,677	8,514,363,789

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

Classification of Ratables

The table below lists the comparative assessed valuation for each classification of real property within the Town for the past five (5) years.

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2025	\$23,532,100	\$7,679,954,600	\$0	\$724,747,380	\$4,861,000	\$165,654,900	\$8,598,749,980
2024	22,485,500	7,625,316,600	0	735,912,360	5,274,300	144,946,000	8,533,934,760
2023	23,016,300	7,546,289,200	5,900	745,513,640	5,274,300	139,137,400	8,459,236,740
2022	24,125,700	7,480,524,800	5,900	754,205,920	5,819,200	144,543,400	8,409,224,920
2021	47,404,400	7,391,810,800	5,900	757,543,900	5,819,200	120,130,000	8,322,714,200

Source: Abstract of Ratables and State of New Jersey – Property Value Classification

Overlapping Debt (as of December 31, 2025)⁴

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Town Percentage</u>	<u>Town Share</u>
Local School District	\$233,857,242	100.00%	\$233,857,242
Rahway Valley Sewerage Authority (2023)	96,983,566	15.82%	15,342,800
County	684,610,277	10.53%	<u>72,101,101</u>
Net Indirect Debt			\$321,301,143
Net Direct Debt			<u>80,028,310</u>
Total Net Direct and Indirect Debt			<u>\$401,329,452</u>

⁴ Town percentage of County debt is based on the Town's share of total equalized valuation in the County.

APPENDIX B

**EXCERPTS FROM FINANCIAL STATEMENTS OF THE BOARD FOR THE
FISCAL YEAR ENDING JUNE 30, 2025**

**SCHOOL DISTRICT
OF THE
TOWNSHIP OF WESTFIELD**

COUNTY OF UNION
WESTFIELD, NEW JERSEY



**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

YEAR ENDED JUNE 30, 2025

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
June 30, 2025**

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Independent Auditors' Report

**Honorable President and Members
of the Board of Education
Westfield School District
Westfield, New Jersey
County of Union**

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 Westfield School District (the "District"), as of and for the year ended June 30, 2025, 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 aggregate remaining fund information of the District as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the 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) and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards and requirements 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.

Change in Accounting Policy

We draw attention to Note 21 in the notes to the financial statements which disclose the effects of the District's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 101, "*Compensated Absences*". Our opinion is not modified with respect to this matter.

PKF O'CONNOR DAVIES, LLP
20 Commerce Drive, Suite 301, Cranford, NJ 07016 | Tel: 908.272.6200 | Fax: 908.272.2416 | www.pkfod.com

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**Honorable President and Members
of the Board of Education
Westfield School District**

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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.

Auditors' 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 auditors' 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 and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey 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 and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, 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 judgement, 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.

**Honorable President and Members
of the Board of Education
Westfield School District**

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

PKF O'Connor Davies, LLP

Cranford, New Jersey
December 5, 2025

Scott A. Clelland

Scott A. Clelland, CPA
Licensed Public School Accountant, No. 1049

**REQUIRED SUPPLEMENTARY
INFORMATION**

PART I

WESTFIELD SCHOOL DISTRICT
Westfield, New Jersey
Union County, New Jersey

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2025

This section of the district's annual comprehensive financial report presents a discussion and analysis of the district's financial performance during the fiscal year ending June 30, 2025. It should be read in conjunction with the transmittal letter at the front of this report and the district's financial statements, which immediately follow this section.

Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statement—and Management's Discussion and Analysis—for State and Local Governments*. Certain comparative information between the current year and the prior year is presented in the MD&A.

FINANCIAL HIGHLIGHTS

The key financial highlights for the 2024-2025 fiscal year include the following:

Governmental funds reported a total fund balance of \$21,268,230, which is a \$3,243,552 decrease from last year's total governmental fund balance. The majority of the decrease was due to expenditures that exceeded revenues in the general fund in the current year. The general or operating fund balance was reported for GAAP purposes at \$20,393,271 which represents a decrease of \$2,917,786 from the prior year. Of this total, \$827,045 of current year and prior year excess fund balance has been restricted for use in future budgets. There is a capital reserve with \$9,500,000 restricted for its use, a maintenance reserve with \$1,750,000 restricted for its use, and an emergency reserve with \$1,000,000 restricted for its use. \$476,536 has been restricted for unemployment compensation. \$2,592,597 of general fund balance was assigned to cover open purchase orders at year-end. The unassigned general fund balance is reported at \$3,260,076. Total spending for all governmental funds was \$169,048,291. Total revenues were \$165,804,739 resulting in an excess of expenditures over revenues of \$3,243,552 for the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the district's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the district, reporting the district's operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the activities the district operated like businesses, such as food services.

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

Figure A-1

Organization of the School District Annual Comprehensive Financial Report

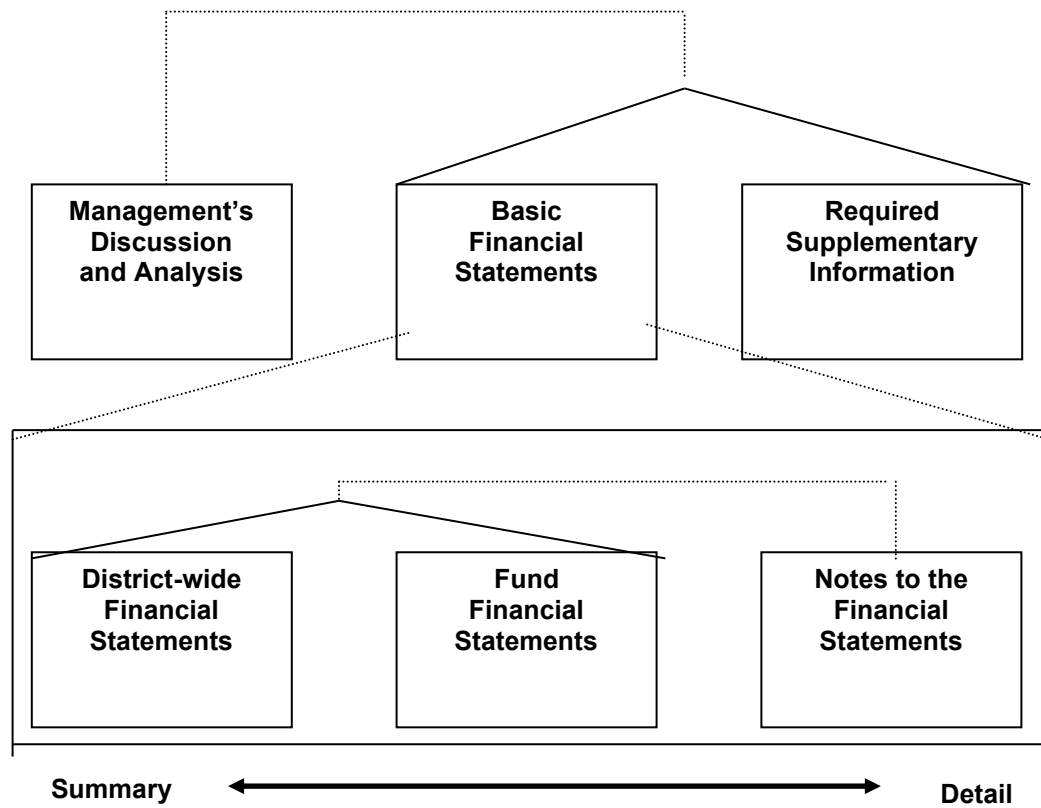


Figure A-2 summarizes the major features of the district's financial statements, including the portion of the district's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services, after school care, internal service fund
Required financial Statements	- Statement of net position - Statement of activities	- Balance Sheet - Statement of revenues, expenditures, and changes in fund balances	- Statement of net position - Statement of cash flows
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset / liability information	All assets and liabilities, both financial and capital, short-term and long-term. All deferred outflows of resources and deferred inflows of resources	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/out-flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

District-wide Statements

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

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

- Over time, increases or decreases in the district's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the district's overall health, you need to consider that the school district's goal is to provide services to students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the of the schools to assess the overall health of the district.

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

- Governmental activities: Most of the district's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.
- Business-type activities: The district charges fees to help it cover the costs of certain services it provides. The District's WRAP program and food services are included here. The District also has a non-major proprietary internal service fund.

Fund Financial Statements

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

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

The district has two types of funds:

Governmental funds: Most of the district's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

Proprietary funds: Services for which the district charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The district's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The district uses internal service funds (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The district currently has one internal service fund, the health benefits self-insurance fund.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The School District's Governmental Activities net position was \$27,238,268 at June 30, 2025. Of this amount, a deficit amount of \$41,620,554 was reported as unrestricted net position, which was primarily due to GASB Statement No. 68 accounting and reporting requirements for the PERS defined benefit pension systems and compensated absences. Restricted net positions are reported separately to show legal constraints from debt covenants and enabling legislation that limit the school district's ability to use those net assets for day-to-day operations. Our analysis below focuses on the net position (Figure A-3) and change in net position (Figure A-4) of the school district's governmental activities.

Figure A - 3
Net Position at June 30, 2025 and 2024

	Governmental Activities 2025	Governmental Activities 2024	Amount of Difference	% Increase (Decrease)
Assets				
Current and other assets	\$ 27,839,890	\$ 31,350,508	\$ (3,510,618)	-11.20%
Capital assets	<u>64,729,359</u>	<u>62,849,937</u>	<u>1,879,422</u>	2.99%
Total Assets	<u>92,569,249</u>	<u>94,200,445</u>	<u>(1,631,196)</u>	-1.73%
 Deferred Outflows of Resources	 <u>2,589,749</u>	 <u>2,988,482</u>	 <u>(398,733)</u>	 -13.34%
 Liabilities				
Current and other liabilities	8,278,560	11,463,840	(3,185,280)	-27.79%
Long-term liabilities	<u>56,368,188</u>	<u>30,184,362</u>	<u>26,183,826</u>	86.75%
Total Liabilities	<u>64,646,748</u>	<u>41,648,202</u>	<u>22,998,546</u>	55.22%
 Deferred Inflow of Resources	 <u>3,273,982</u>	 <u>3,161,741</u>	 <u>112,241</u>	 3.55%
 Net Position				
Net investment in capital assets	54,430,282	50,095,583	4,334,699	8.65%
Restricted	14,428,540	16,411,517	(1,982,977)	-12.08%
Unrestricted (Deficit)	<u>(41,620,554)</u>	<u>(14,128,116)</u>	<u>(27,492,438)</u>	194.59%
Total Net Position	<u>\$ 27,238,268</u>	<u>\$ 52,378,984</u>	<u>\$ (25,140,716)</u>	-48.00%

GASB Statement No. 101 was implemented during the 2025 fiscal year, which required a retroactive adjustment of governmental activities beginning net position in the amount of (\$28,662,905). This amount is not reflected in the June 30, 2024 net position shown above.

The decrease in current and other assets is attributed to an approximately \$2.27 million and \$921 thousand decrease in cash and receivables from other governments, respectively, in the general fund. Deferred outflows of resources represent deferred pension costs associated with the District's net pension liability. Deferred inflow of resources represents the District's proportionate share of earnings and assumptions associated with the District's net pension liability. The deferred outflows of resources and deferred inflows of resources fluctuated based on actuarially provided calculations related to the net pension liability. The majority of the increase in current and other liabilities is attributed to an approximately \$2.96 million increase in the noncurrent liabilities due within one year. GASB Statement No. 101 was implemented during the 2025 fiscal year, which increased the noncurrent liabilities due within one year. The increase in long-term liabilities is mainly attributable to an increase in the compensated absence liability of \$27.70 million, due to the implementation of GASB Statement No. 101, offset by reduction in net pension liability of \$2.01 million as well as a decrease in bonds payable of \$2.38 million. In fiscal year 2025, the District did not issue any new debt and paid \$2,400,000 in principal maturities during the fiscal year. Unrestricted deficit increased in 2025 as a result of the operations noted above, mainly attributed to the implementation of GASB Statement No. 101.

The results of this year's operations for the school district Governmental Activities and Business-type Activities are reported in the Statement of Activities (Exhibit A-2). Figure A-4, below, takes the information from that financial statement, rounds off the numbers, and rearranges them slightly so you can see the District's total revenues and expenses for the year.

Figure A - 4
Change in Net Position for the Year Ended June 30.

	Governmental Activities		Amount of	Percentage
	2025	2024	Difference	Increase (Decrease)
Revenues:				
Program revenue				
Charges for Services	\$ 1,495,717	\$ 1,692,472	\$ (196,755)	-11.63%
Operating Grants and Contributions	19,129,586	25,164,545	(6,034,959)	-23.98%
General revenue				
Local tax levy	119,378,787	114,770,871	4,607,916	4.01%
Federal and state aid	8,072,892	9,396,619	(1,323,727)	-14.09%
Miscellaneous revenues	1,810,896	2,186,352	(375,456)	-17.17%
Total revenues	149,887,878	153,210,859	(3,322,981)	-2.17%
Function/program expense:				
Instruction				
Regular programs	44,790,632	43,608,672	1,181,960	2.71%
Special programs	11,808,350	11,114,991	693,359	6.24%
Other instructional programs	2,057,512	2,026,541	30,971	1.53%
Support services				
Student services	19,270,420	19,012,528	257,892	1.36%
Tuition	7,233,469	7,880,318	(646,849)	-8.21%
General administration and business services	5,204,019	5,239,608	(35,589)	-0.68%
School administration	3,931,753	3,812,896	118,857	3.12%
Plant services	8,457,990	7,658,105	799,885	10.44%
Pupil transportation	5,906,384	5,598,204	308,180	5.50%
Unallocated benefits	36,699,008	40,058,661	(3,359,653)	-8.39%
Unallocated depreciation and amortization	798,719	871,363	(72,644)	-8.34%
Interest on long-term debt	207,433	329,135	(121,702)	-36.98%
Total expenses	146,365,689	147,211,022	(845,333)	-0.57%
Increase (Decrease) in net position	\$ 3,522,189	\$ 5,999,837	\$ (2,477,648)	-41.30%

The decrease in governmental activities operating grants and contributions was mainly attributed to a decrease in the unallocated benefits received during the current year in the District. Governmental activities federal and state aid decreased due to reductions in federal funding. Governmental activities miscellaneous revenues decreased due to reductions in interest revenue. Governmental activities instructional expenses mainly increased due to increases in salary-related expenses. Governmental activities plant service expenses mainly increased due to increased capital outlay expenditures. Governmental activities unallocated benefits decreased due to decreases in the on-behalf unallocated benefits spent during the current year. Governmental activities interest on long-term debt decreased as no debt was issued in fiscal year 2025 and existing debt was paid down.

Figure A - 4
Change in Net Position year ended June 30.

	<u>2025</u>	<u>2024</u>	<u>Amount of Difference</u>	<u>Percentage Increase (Decrease)</u>
Revenues:				
Program revenue				
Charges for services	\$ 2,311,738	\$ 2,211,892	\$ 99,846	4.51%
Miscellaneous revenues	<u>81,498</u>	<u>111,559</u>	<u>(30,061)</u>	<u>-26.95%</u>
Total revenues	<u>2,393,236</u>	<u>2,323,451</u>	<u>69,785</u>	<u>3.00%</u>
Expenses:				
Food Service	1,589,867	1,851,070	(261,203)	-14.11%
WRAP Program	<u>376,707</u>	<u>401,449</u>	<u>(24,742)</u>	<u>-6.16%</u>
Total expenses	<u>1,966,574</u>	<u>1,882,025</u>	<u>(285,945)</u>	<u>-15.19%</u>
Increase (Decrease) in net position	<u>\$ 426,662</u>	<u>\$ 362,045</u>	<u>\$ 64,617</u>	<u>17.85%</u>

Business-type activities charges for services increased due to increases in food service daily sales. Business-type activities miscellaneous revenues decreased due to not earning the food service company profit guarantee. The business-type food service expenses decreased in 2025 due to the not charging of cafeteria aides and related employee benefits to food service in 2025 and instead charging them to the general fund. WRAP program expenses decreased in 2025 due to decreases in direct labor expenses.

In figure A-5 below, we have presented the cost of each of the school district's functions for the current year and prior year. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by each function.

Figure A - 5
Governmental Activities - Total Cost of Services

			Increase (Decrease)	
	2025	2024	\$	%
Function/program expense:				
Instruction				
Regular programs	\$ 44,790,632	\$ 43,608,671	\$ 1,181,961	2.7%
Special programs	11,808,350	11,114,991	693,359	6.2%
Other Instructional programs	2,057,512	2,026,541	30,971	1.5%
Support services				
Student services	19,270,420	19,012,528	257,892	1.4%
Tuition	7,233,469	7,880,318	(646,849)	-8.2%
Instructional staff support				
General administration and business services	5,204,019	5,239,608	(35,589)	-0.7%
School administration	3,931,753	3,812,896	118,857	3.1%
Plant services	8,457,990	7,658,105	799,885	10.4%
Student transportation	5,906,384	5,598,204	308,180	5.5%
Unallocated benefits	36,699,008	40,058,661	(3,359,653)	-8.4%
Unallocated depreciation and amortization	798,719	871,363	(72,644)	-8.3%
Interest expense	207,433	329,135	(121,702)	-37.0%
Total	\$ 146,365,689	\$ 147,211,021	\$ (845,332)	-0.6%

As noted above, governmental activities instructional expenses increased mainly due to increases in salary-related expenses. Governmental activities plant service expenses increased mainly due to increased capital outlay expenses. Governmental activities unallocated benefits decreased due to decreased on-behalf unallocated benefits spent during the current year. Governmental activities interest on long-term debt decreased as no debt was issued in fiscal year 2025 and existing debt was paid down.

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps you consider whether the school district is being accountable for the resources provided to it, and also, gives more insight into the school district's overall financial health.

As the school district completed this year, our governmental funds reported a combined fund balance of \$21,268,230, which is a decrease of \$3,243,552 from last year. This amount includes the general fund (decrease of \$2,917,786), special revenue fund (increase of \$64,280) and capital projects fund (decrease of \$390,046). The primary reasons for the increase/decrease are:

1. Decreases in operating grants and contributions.
2. Decreases in federal and state aid.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. Budget changes/transfers are approved by the Board of Education throughout the year. Actual revenues reflect a positive variance of \$31.43 million. This is due primarily to the State reimbursement/on behalf payments in the amount of \$28.79 million for TPAF pension, post retirement and social security contributions. This is always a non-budgeted item that the State (and GAAP) require to be included in the financial statements.

Actual expenditures reflect a negative variance of \$23.57 million even though all budget categories show a positive variance. This again is primarily due to the State requirement to include TPAF pension, post retirement and social security contributions in the audit.

There were material budget transfers in and out of different accounts including the transfer out of unallocated employee benefits of \$1,524,803 due to the lessened need to contribute to employee benefits. Alternatively, there were transfers into various accounts including capital outlay for \$5,651,763 for the increased need for capital improvements and the roll over of prior year purchase orders.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2025, the School District's governmental activities reported \$135,429,826 invested in capital assets, including land, construction in progress, buildings, building improvements, other improvements, vehicles, furniture and equipment. This amount represents a net increase (including additions, trade-ins and retirements) of \$5,873,015 from the prior year. Figure A-6 details the composition of capital assets at June 30 of the current and prior year and the net changes.

Figure A - 6
Governmental Activity Capital Assets at Year-End June 30

	<u>2025</u>	<u>2024</u>	<u>(Decrease) Increase</u>
Land	\$ 4,488,200	\$ 4,488,200	
Construction in Progress	5,951,784	12,097,210	\$ (6,145,426)
Buildings and Improvements	106,138,827	95,006,295	11,132,532
Furniture, Equipment and Vehicles	<u>18,851,015</u>	<u>17,965,106</u>	<u>885,909</u>
Total	\$ <u>135,429,826</u>	\$ <u>129,556,811</u>	\$ <u>5,873,015</u>

See Note 3 for additional information.

Long-Term Liabilities

At the end of this year, the school district had \$10,100,000 in bonds (Type II debt) outstanding versus \$12,500,000 last year – a decrease of 24%. Compensated absence payable increased due to the implementation of GASB Statement No. 101 effective July 1, 2024. The summary of long-term liabilities and changes for the 2024-2025 school year is as follows:

Figure A - 7
Outstanding Long-Term Liabilities at Year-End

	Governmental Activities		(Decrease)
	2025	2024	Increase
School Serial Bonds Payable	\$ 10,100,000	\$ 12,500,000	\$ (2,400,000)
Unamortized Premium on Bonds	223,484	294,545	(71,061)
Other Long Term Liabilities:			
Net Pension Liability	15,366,164	17,374,652	(2,008,488)
Compensated Absences Payable	30,678,540	2,979,883	27,698,657
Total	\$ 56,368,188	\$ 33,149,080	\$ 23,219,108

See Note 4 for additional information.

FACTORS AFFECTING THE DISTRICT'S FUTURE

- In April 2025, voters approved a bond referendum authorizing the District to issue approximately \$225.8 million in school bonds to fund capital improvements across all elementary, intermediate, and secondary schools. Debt related to this authorization was issued subsequent to year-end to begin implementation of the approved projects. The program includes significant additions, renovations, and facility upgrades at multiple schools, such as Franklin, Jefferson, McKinley, Tamaques, Washington, Wilson, Edison Intermediate, Roosevelt Intermediate, and Westfield High School. These improvements are intended to enhance instructional spaces, support full-day kindergarten implementation, and address long-term infrastructure needs. While the resulting debt service requirements will increase future expenditures, the State of New Jersey is expected to reimburse 40% of eligible project costs through debt service aid. The District's financial outlook will continue to be influenced by the timing of construction expenditures, debt repayment schedules, and receipt of State aid related to the bond projects.
- The largest expenditure in the school budget is for employee salaries and wages. The contract with the Westfield Education Association and the Westfield Association of Educational Secretaries expired on June 30, 2025. Negotiations with all employee associations will affect future budgets.
- The enrollment in the District is continuing to remain stable.
- The district maintains twelve facilities, ten of which are schools. The district continues to budget for capital improvements in accordance with the State approved Long Range Facilities Plan.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the school district's finances and to show the school district's accountability for the money it received. If you have questions about this report or wish to request additional financial information, contact Patty Ramos, Business Administrator/Board Secretary, at Westfield Board of Education, 302 Elm Street, Westfield, New Jersey 07090.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS
SECTION – A

WESTFIELD SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 25,080,966	\$ 1,627,615	\$ 26,708,581
Other Receivables	100	2,459	2,559
Receivables from Other Governments	2,735,041		2,735,041
Inventory		21,002	21,002
Restricted Cash Held With Fiscal Agent	23,783		23,783
Capital Assets, Non-Depreciable	10,439,984		10,439,984
Capital Assets, Depreciable, Net	54,289,375	406,068	54,695,443
Total Assets	92,569,249	2,057,144	94,626,393
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension Deferrals	2,565,342		2,565,342
Deferred Amount on Refinancing	24,407		24,407
Total Deferred Outflows of Resources	2,589,749		2,589,749
<u>LIABILITIES</u>			
Accounts Payable	2,218,689	124,511	2,343,200
Accrued Interest Payable	93,750		93,750
Accrued Liabilities	4,423,903		4,423,903
Payable to Other Governments	83,058		83,058
Payroll Deductions and Withholdings Payable	691,696		691,696
Unemployment Compensation Claims Payable	456,618		456,618
Unearned Revenue	310,846	122,364	433,210
Noncurrent Liabilities:			
Due Within One Year	5,188,915	4,519	5,193,434
Due Beyond One Year	35,813,109	40,669	35,853,778
Net Pension Liability	15,366,164		15,366,164
Total Liabilities	64,646,748	292,063	64,938,811
<u>DEFERRED INFLOW OF RESOURCES</u>			
Pension Deferrals	3,273,982		3,273,982
Total Deferred Inflow of Resources	3,273,982		3,273,982
<u>NET POSITION</u>			
Net investment in capital assets	54,430,282	406,068	54,836,350
Restricted for:			
Excess Fund Balance - Current Year	314,062		314,062
Excess Fund Balance - Designated for Subsequent Years	512,983		512,983
Capital Reserve	9,500,000		9,500,000
Maintenance Reserve	1,750,000		1,750,000
Emergency Reserve	1,000,000		1,000,000
Capital Projects	75,820		75,820
Unemployment Compensation	476,536		476,536
Student Activities	799,139		799,139
Unrestricted (Deficit)	(41,620,554)	1,359,013	(40,261,541)
Total Net Position	\$ 27,238,268	\$ 1,765,081	\$ 29,003,349

The accompanying Notes to Financial Statements are an integral part of this statement.

**WESTFIELD SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

Functions/Programs	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction:						
Regular	\$ 44,790,632		\$ 2,123,956	\$ (42,666,676)		\$ (42,666,676)
Special Education	9,424,856			(9,424,856)		(9,424,856)
Other Special Instruction	2,383,494			(2,383,494)		(2,383,494)
Other Instruction	2,057,512			(2,057,512)		(2,057,512)
Support Services:						
Tuition	7,233,469	\$ 218,921	2,230,465	(4,784,083)		(4,784,083)
Student & Instruction Related Services	19,270,420	1,243,521	430,812	(17,596,087)		(17,596,087)
School Administrative Services	3,931,753			(3,931,753)		(3,931,753)
General and Business Administrative Services	5,204,019			(5,204,019)		(5,204,019)
Plant Operations and Maintenance	8,457,990		256,688	(8,201,302)		(8,201,302)
Pupil Transportation	5,906,384	33,275	1,212,368	(4,660,741)		(4,660,741)
Unallocated Benefits	36,699,008		12,875,297	(23,823,711)		(23,823,711)
Interest on Long-Term Debt	207,433			(207,433)		(207,433)
Unallocated Depreciation and Amortization	798,719			(798,719)		(798,719)
Total Governmental Activities	146,365,689	1,495,717	19,129,586	(125,740,386)		(125,740,386)
Business-Type Activities:						
Food Service	1,589,867	1,841,188			\$ 251,321	251,321
WRAP Program	376,707	470,550			93,843	93,843
Total Business-Type Activities	1,966,574	2,311,738			345,164	345,164
Total Primary Government	\$ 148,332,263	\$ 3,807,455	\$ 19,129,586	(125,740,386)	345,164	(125,395,222)
General Revenues:						
Taxes:						
Taxes Levied for General Purposes, Net				117,470,655		117,470,655
Taxes Levied for Debt Service				1,908,132		1,908,132
Federal and State Aid Not Restricted				7,294,897		7,294,897
Federal and State Aid Restricted				777,995		777,995
Investment Earnings				1,447,242	45,686	1,492,928
Miscellaneous Income				363,654	35,812	399,466
Total General Revenues				129,262,575	81,498	129,344,073
Change in Net Position				3,522,189	426,662	3,948,851
Net position—Beginning of Year, as Reported				52,378,984	1,390,870	53,769,854
Cumulative Effect of Change in Accounting Principle				(28,662,905)	(52,451)	(28,715,356)
Net position—Beginning of Year, as Restated				23,716,079	1,338,419	25,054,498
Net Position—Ending				\$ 27,238,268	\$ 1,765,081	\$ 29,003,349

The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS
SECTION – B

GOVERNMENTAL FUNDS

**WESTFIELD SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

Exhibit B-1

	MAJOR FUNDS			TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	
ASSETS				
Cash and Cash Equivalents	\$ 19,545,228	\$ 1,036,015	\$ 75,820	\$ 20,657,063
Receivables from Other Governments	2,616,465	118,576		2,735,041
Restricted Cash and Cash Equivalents	23,783			23,783
Total Assets	\$ 22,185,476	\$ 1,154,591	\$ 75,820	\$ 23,415,887
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 564,941	\$ 40,498		\$ 605,439
Intergovernmental Payable		83,058		83,058
Payroll Deductions and Withholdings Payable	691,696			691,696
Unemployment Compensation Claims Payable	456,618			456,618
Unearned Revenue	78,950	231,896		310,846
Total liabilities	1,792,205	355,452		2,147,657
Fund Balances:				
Restricted for:				
Excess Fund Balance - Current Year	314,062			314,062
Capital Reserve	9,500,000			9,500,000
Maintenance Reserve	1,750,000			1,750,000
Excess Fund Balance - Designated for				
Subsequent Year's Expenditures	512,983			512,983
Emergency Reserve	1,000,000			1,000,000
Unemployment Compensation	476,536			476,536
Student Activities		799,139		799,139
Assigned for:				
Other Purposes	3,778,535			3,778,535
Capital Projects			\$ 75,820	75,820
Unassigned, Reported in:				
General Fund	3,061,155			3,061,155
Total Fund Balances	20,393,271	799,139	75,820	21,268,230
Total Liabilities and Fund Balances	\$ 22,185,476	\$ 1,154,591	\$ 75,820	\$ 23,415,887
The accompanying Notes to Financial Statements are an integral part of this statement.				
Amounts reported for governmental activities in the statement of net position (A-1) are different because:				
Total Governmental Fund Balances				\$ 21,268,230
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.				
The carrying value of the assets is \$135,429,826, and the accumulated depreciation is \$70,700,467.				
				64,729,359
Long-term liabilities, including bonds (net of premiums and/or discounts), compensated absences, and other obligations that are not due and payable in the current period and therefore are not reported as liabilities in the funds.				
				(41,002,024)
Short-term liabilities, including accrued interest on long-term debt, are not due payable in the current period and therefore are not reported as liabilities in the funds.				
				(93,750)
Some liabilities, including net pension obligations, are not due and payable in the current period and therefore are not reported in the funds.				
	Net Pension Liability			(15,366,164)
	Accounts Payable - Pension Related			(1,613,250)
Deferred outflows and inflows or resources related to pension are applicable to future periods and therefore are not reported in the funds.				
	Deferred Outflows of Resources Related to Pensions			2,565,342
	Deferred Inflows of Resources Related to Pensions			(3,273,982)
The difference between the face amount of Refunded Bonds and the escrow deposit required to legally defease the Bonds is recorded as a decrease to fund balance in the governmental funds, but is carried on the statement of net position as a Deferred Outflow of Resources and amortized over the life of the Bonds. The Deferred Amount from Refunding is \$467,538 and accumulated amortization is \$443,131.				
				24,407
Internal service funds are used by the District to charge the costs of the District's self-insurance fund to the individual funds. The assets and liabilities of the internal service funds are included with governmental activities.				
				100
	Net Position of Governmental Activities			\$ 27,238,268
The accompanying Notes to Financial Statements are an integral part of this statement.				

WESTFIELD SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

Exhibit B-2
Page 1 of 2

	MAJOR FUNDS				TOTAL
	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	GOVERNMENTAL FUNDS
<u>REVENUES</u>					
Local Tax Levy	\$ 117,470,655			\$ 1,908,132	\$ 119,378,787
Tuition Charges	97,621				97,621
Tuition Charges from Other LEA's	121,300				121,300
Transportation	33,275				33,275
Miscellaneous	1,810,896				1,810,896
Local Sources		\$ 1,643,055			1,643,055
State Sources	39,513,497	601,922		777,995	40,893,414
Federal Sources	16,391	1,810,000			1,826,391
Total Revenues	159,063,635	4,054,977		2,686,127	165,804,739
<u>EXPENDITURES</u>					
Current:					
Regular Instruction	39,471,802	2,123,956			41,595,758
Special Education Instruction	9,424,856				9,424,856
Other Special Instruction	2,383,494				2,383,494
Other Instruction	2,057,512				2,057,512
Support Services and Undistributed Costs:					
Tuition	7,233,469				7,233,469
Student & Instruction Related Services	17,660,367	1,610,053			19,270,420
School Administrative Services	3,931,753				3,931,753
Other Administrative Services	5,204,019				5,204,019
Plant Operations and Maintenance	7,585,356				7,585,356
Pupil Transportation	5,906,384				5,906,384
Unallocated Benefits	26,231,336				26,231,336
On-behalf TPAF Social Security and Pension Contributions	28,792,158				28,792,158
Debt Service:					
Principal				2,400,000	2,400,000
Interest and Other Charges				286,127	286,127
Capital Outlay	6,099,778	256,688	\$ 389,183		6,745,649
Total Expenditures	161,982,284	3,990,697	389,183	2,686,127	169,048,291

WESTFIELD SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

Exhibit B-2
Page 2 of 2

	MAJOR FUNDS				TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	
Excess (Deficiency) of Revenues over Expenditures	\$ <u>(2,918,649)</u>	\$ <u>64,280</u>	\$ <u>(389,183)</u>	\$ <u>-</u>	\$ <u>(3,243,552)</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	863				863
Transfers out			(863)		(863)
Total Other Financing Sources and (Uses)	<u>863</u>	<u>-</u>	<u>(863)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(2,917,786)	64,280	(390,046)	-	(3,243,552)
Fund Balance—Beginning	<u>23,311,057</u>	<u>734,859</u>	<u>465,866</u>	<u>-</u>	<u>24,511,782</u>
Fund Balance—Ending	\$ <u><u>20,393,271</u></u>	\$ <u><u>799,139</u></u>	\$ <u><u>75,820</u></u>	\$ <u><u>-</u></u>	\$ <u><u>21,268,230</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

WESTFIELD SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Total net change in fund balances - governmental funds (from B-2)	\$	(3,243,552)
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Amounts reported for governmental activities in the statement of activities (A-2) are different because:

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

	Depreciation Expense	\$ (3,993,593)	
	Capital Outlays	<u>5,873,015</u>	1,879,422

Repayment of bonds (long-term debt) principal 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.		2,400,000
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In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the accrued amount, the difference is an addition to the reconciliation (+).		23,416
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In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) 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 (+).		964,248
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Pension expenditures in the governmental funds are recognized when paid or payable from expendable available financial resources. In the statement of activities, pension costs are recognized on a full accrual basis utilizing actuarial valuations. The amount by which actuarially calculated pension expense exceeds the expenditure reported in the funds is a deduction.		1,481,507
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Governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.

	Amortization of Premium on Bonds	71,061	
	Amortization of Deferred Amount on Refinancing	<u>(15,783)</u>	55,278

The Internal Service Fund is used by the District to charge the costs of self insurance to other funds. The activity of this fund is included in the Statement of Activities.		<u>(38,130)</u>
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Change in net position of governmental activities (A-2)	\$	<u><u>3,522,189</u></u>
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The accompanying Notes to Financial Statements are an integral part of this statement.

PROPRIETARY FUNDS

**WESTFIELD SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025**

	MAJOR FUNDS			NON-MAJOR FUND
	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			INTERNAL SERVICE FUND
	FOOD SERVICE	WRAP PROGRAM	TOTALS	SELF INSURANCE FUND
<u>ASSETS</u>				
Current assets:				
Cash and Cash Equivalents	\$ 1,217,383	\$ 410,232	\$ 1,627,615	\$ 4,423,903
Accounts Receivable	2,459		2,459	100
Inventory	21,002		21,002	
Total Current Assets	<u>1,240,844</u>	<u>410,232</u>	<u>1,651,076</u>	<u>4,424,003</u>
Noncurrent Assets:				
Furniture, Machinery & Equipment	1,043,738		1,043,738	
Less Accumulated Depreciation	<u>(637,670)</u>		<u>(637,670)</u>	
Total Noncurrent Assets	<u>406,068</u>		<u>406,068</u>	
Total Assets	<u>1,646,912</u>	<u>410,232</u>	<u>2,057,144</u>	<u>4,424,003</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	124,511		124,511	
Unearned Revenue	73,564	48,800	122,364	
Compensated Absences		4,519	4,519	
Accrued Liability for Insurance Claims				4,423,903
Total Current Liabilities	<u>198,075</u>	<u>53,319</u>	<u>251,394</u>	<u>4,423,903</u>
Noncurrent Liabilities:				
Compensated Absences		40,669	40,669	
Total Noncurrent Liabilities		<u>40,669</u>	<u>40,669</u>	
Total Liabilities	<u>198,075</u>	<u>93,988</u>	<u>292,063</u>	<u>4,423,903</u>
<u>NET POSITION</u>				
Investment in Capital Assets	406,068		406,068	
Unrestricted	<u>1,042,769</u>	<u>316,244</u>	<u>1,359,013</u>	<u>100</u>
Total Net Position	<u>\$ 1,448,837</u>	<u>\$ 316,244</u>	<u>\$ 1,765,081</u>	<u>\$ 100</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

WESTFIELD SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	MAJOR FUNDS			NON-MAJOR FUND
	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			INTERNAL SERVICE FUND
	FOOD SERVICE	WRAP PROGRAM	TOTALS	SELF INSURANCE FUND
<u>OPERATING REVENUES</u>				
Local Sources:				
Daily Sales - Non-Reimbursable Programs	\$ 1,841,188		\$ 1,841,188	
Charges for Services				\$ 22,470,797
Total Local Sources	1,841,188		1,841,188	22,470,797
Program Fees		\$ 470,550	470,550	
Total Operating Revenues	1,841,188	470,550	2,311,738	22,470,797
<u>OPERATING EXPENSES</u>				
Non-Program Cost of Sales	629,506		629,506	
Direct Labor	347,388	376,108	723,496	
Employee Benefits	157,457		157,457	22,508,927
Administrative Labor	239,131		239,131	
Supplies	13,269	599	13,868	
Office and Administrative	31,594		31,594	
Outside Services	10,117		10,117	
Management Fees	120,850		120,850	
Depreciation	40,555		40,555	
Total Operating Expenses	1,589,867	376,707	1,966,574	22,508,927
Operating Income (Loss)	251,321	93,843	345,164	(38,130)
Non-Operating Revenues:				
Capital Contribution	35,812		35,812	
Interest on Deposits	45,686		45,686	
Total Non-Operating Revenues	81,498		81,498	
Change in Net Position	332,819	93,843	426,662	(38,130)
Total Net Position Beginning, as Reported	1,116,018	274,852	1,390,870	38,230
Cumulative Effect of Change in Accounting Principle		(52,451)	(52,451)	
Total Net Position Beginning, as Restated	1,116,018	222,401	1,338,419	38,230
Total Net Position Ending	\$ 1,448,837	\$ 316,244	\$ 1,765,081	\$ 100

The accompanying Notes to Financial Statements are an integral part of this Statement.

WESTFIELD SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	MAJOR FUNDS			NON-MAJOR FUND
	BUSINESS TYPE ACTIVITIES -			INTERNAL
	ENTERPRISE FUNDS			SERVICE FUND
	FOOD SERVICE	WRAP PROGRAM	TOTALS	SELF INSURANCE FUND
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 1,862,194	\$ 469,350	\$ 2,331,544	
Payments for Employee Services	(743,976)	(383,371)	(1,127,347)	
Payments to Suppliers	(765,639)	(599)	(766,238)	
Receipts from Services Provided				\$ 22,470,797
Payments for Insurance				(22,470,797)
Net Cash Provided by Operating Activities	352,579	85,380	437,959	-
Cash Flows from Capital and Related Financing Activity:				
Purchase of Capital Assets	(57,458)		(57,458)	
Net Cash Used by Capital and Related Financing Activity	(57,458)		(57,458)	
Cash Flows from Investing Activity:				
Interest on Deposits	45,686		45,686	
Net Cash Provided by Investing Activity	45,686		45,686	
Net Increase in Cash and Cash Equivalents	340,807	85,380	483,645	-
Cash and Cash Equivalents, July 1	876,576	324,852	1,201,428	4,423,903
Cash and Cash Equivalents, June 30	\$ 1,217,383	\$ 410,232	\$ 1,627,615	\$ 4,423,903
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ 251,321	\$ 93,843	\$ 345,164	\$ (38,130)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	40,555		40,555	
Decrease in Accounts Receivable	60,249		60,249	
Decrease in Inventory	6,855		6,855	
(Decrease) in Unearned Revenue	(39,243)	(1,200)	(40,443)	
Increase in Accounts Payable	32,842		32,842	
(Decrease) in Compensated Absences		(7,263)	(7,263)	
Increase in Accrued Liability for Insurance Claims				38,130
Net Cash Provided by Operating Activities	\$ 352,579	\$ 85,380	\$ 437,959	\$ -

Supplemental Disclosure of Noncash Investing and Financing Activity

During the year ended June 30, 2025, the Food Service Fund received a capital contribution of capital assets totaling \$35,812.

The accompanying Notes to Financial Statements are an integral part of this statement.

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) of the Board of Education (Board) of the Westfield School District (District) report information on all activities of the primary government. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. The District is not financially accountable for any legally separate component units, and no component units have been included in the government-wide financial statements.

The more significant of the Board's accounting policies are described below.

B. Reporting Entity:

The Westfield School District is a Type II district located in the County of Union, State of New Jersey, serving students domiciled in the Town of Westfield. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to staggered three-year terms. The purpose of the District is to educate students in grades K-12. The Westfield School District had an average daily enrollment for the year ended June 30, 2025 of 5,817 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, with each displayed in a separate column. Any remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment, which are classified in the Capital Outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state 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 revenues.

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 Expense by board resolution.

Since the District's unemployment, flexible spending plan, and payroll agency funds do not meet the criteria defined by the GASB Statement No. 84, the unemployment compensation fund which is used to account for contributions from the District and employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims and the flexible spending plan and payroll agency funds which are used to account for the assets that the District holds on behalf of others as their agent are reported in the general fund as governmental activities.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Since the District's student activity funds do not meet the criteria defined by GASB Statement No. 84, the student activities which is used to account for funds derived from athletic events or other activities of pupil organizations and to account for the accumulation of money to pay for student group activities are reported in the special revenue fund as governmental activities.

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Basis of Presentation - Fund Financial Statements (Cont'd)

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (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. State Aid in the form of the New Jersey Schools Development Authority Grants are also financial resources of this fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

The District reports the following proprietary funds:

Food Service Fund – The Food Service Enterprise Fund is used to account for the activities of the cafeteria operations of the District. The Food Service Fund is considered a major fund of the District.

WRAP Program Fund – The WRAP Program Enterprise Fund is used to account for the activities of the program's operations within the District.

The District reports the following non-major proprietary fund:

Internal Service Fund (Self Insurance): The self-insurance internal service non-major fund is used to account for the District's various insurance expenses and the funds reserved by the District to cover the self-insured limits of the various insurance policies of the District.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements, however, interfund services provided and used are not eliminated in the process of consolidation.

During the course of its normal operations, the District will have activity between funds (interfund activity) for various purposes. Any residual interfund balances at year end are reported as interfund accounts receivable/payable. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included within governmental activities (the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, any interfund balances between business-type (enterprise) funds are eliminated so that only the net amount is included as internal balances in the business-type activities columns.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources. The basis of accounting refers to the timing of transactions or events for recognition in the financial statements.

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the fiscal period that the taxes are levied by the municipality(s) within which the District is domiciled. Ad Valorem (Property) Taxes are susceptible to accrual and under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District recognizes the entire approved tax levy as revenue in the fiscal period for which they were levied.

The District is entitled to receive moneys under an established payment schedule and any unpaid amount is considered to be an "accounts receivable." Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. State categorical aid revenues are recognized as District revenue during the fiscal period in which they are appropriated. The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual basis accounting. Exceptions to this general rule include debt service, for which interest and principal expenditures in the Debt Service Fund are recognized on their due dates, and expenditures relating to compensated absences, claims and judgments, which are recorded in the period when payment becomes due. General capital asset acquisitions are recorded as expenditures in the governmental funds and are not capitalized. The issuance of long-term debt for capital purposes and lease obligations incurred to acquire general capital assets are reported as "other financing sources."

The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. Entitlements are recorded as revenue when all eligibility requirements, including timing of funding appropriations, are met, subject to the 60-day availability requirement for collection. Interest and tuition revenues are considered susceptible to accrual and have been recognized as revenues of the current fiscal period, subject to availability. Expenditure driven grant revenues are recorded as qualifying expenditures are incurred and all other eligibility requirements have been met, subject to availability requirements. All other revenue items are considered measurable and available only when cash is received by the District.

F. Budgets/Budgetary Control

Annual budgets are adopted for the general, special revenue and debt service funds using a regulatory basis of accounting which differs from generally accepted accounting principles in one material respect; Budgetary revenues for certain nonexchange state aid transactions are recognized for budgetary purposes in the fiscal period prior to the period in which the state recognizes expenditures/expenses.

The amounts of the adjustments needed to reconcile the budgetary basis to the GAAP based fund financial statements is set forth in the explanation of differences schedules which follow.

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

F. Budgets/Budgetary Control (Cont'd)

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval. Pursuant to changes in the Local District School Budget Law, statutorily conforming base budgets of Districts with annual school elections held in November (The District has chosen this option) are no longer required to be presented to the voters for approval on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year.

New Jersey statutes place limits on the Board's ability to increase budgeted expenditures through the appropriation of previously undesignated fund balance and requires the District to obtain additional approvals when budgetary transfers, measured using the advertised budgetary account totals rather than line-item totals, exceed certain thresholds. Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and 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.

Appropriations in the general and debt service funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances, for which the contracted performance is expected during the subsequent budget cycle, are legally restricted at year-end and are automatically re-appropriated and become part of the subsequent years' budget pursuant to state regulations.

Except for student activity funds, the accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial statements. With the District's implementation of GASB Statement No. 84, federal, state, and local grants remain on the budgetary basis and student activities recognize revenue upon cash received and expenditures incurred when paid.

G. 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 assigned

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

G. Encumbrances (Cont'd):

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 revenues at fiscal year-end. At June 30, 2025, encumbered balances of grant funds amounted to \$104,970.

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.

H. Cash, Cash Equivalents and Investments:

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with maturities of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types 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 public 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. GUDPA was amended, effective July 1, 2010, by P.L. 2009, c. 326. The amendments provide a greater level of security protection for covered deposits by increasing collateralization requirements and revising the enforcement protocol to allow for timely response in the event that a member bank shows signs of stress.

Under the law, collateralization of GUDPA deposits up to 75% of New Jersey capital is based on a sliding scale that requires the minimum of 5% collateral for Well Capitalized institutions to a maximum of 120% collateral for Critically Undercapitalized institutions. All uninsured GUDPA deposits in excess of 75% of New Jersey capital require 100% collateral. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

I. Tuition Revenue

Tuition revenues for the fiscal year 2024-2025 were based on contractual per pupil rates established by and between the sending and receiving districts. These rates are not subject to change except through amendatory contracts.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenses during the year of purchase.

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

K. Interfund Receivables/Payables:

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.

L. Capital Assets:

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The District maintains a threshold level of \$2,000 or more for capitalizing capital assets. The system for accumulation of capital assets cost data does not provide the means for determining the percentage of assets valued at actual and those valued at estimated cost.

Capital assets are recorded in the Government-wide financial statements, but are not reported in the Fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes.

Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment. Capital assets not being depreciated include land and construction in progress.

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

Depreciation of all exhaustive capital assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on the proprietary fund statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:	
Equipment	5-20 Years

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

M. Compensated Absences:

A liability for compensated absences that are attributable to services already rendered and that are 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. The District uses the “vesting method” for estimating its accrued sick and vacation leave liability.

District employees are granted vacation and sick leave in varying amounts under the District’s personnel policies and collective bargaining agreements. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after one year of service.

The liability for compensated absences represents the vacation and sick time (“leave”/“leave days”) and salary related payments which have been earned for services previously rendered by employees in accordance with the District’s various collective bargaining agreements, accumulates, is allowed to be carried over to subsequent year(s) and is deemed more likely than not (by management) to be used for time off or otherwise paid/settled in the future. The liability is calculated based on each employee’s rate of pay and the number of unused leave days accumulated as of year-end, management’s assumption that likelihood of future use (either by use during employment or settlement/payment upon separation from service) is probable, and the salary-related payments that are directly and incrementally associated with payments for the leave. The District utilizes historical data of past usage patterns to estimate the expected usage and payment of compensated absences. The liability for compensated absences is reflected in the government-wide financial statements as current and long-term liabilities. In the fund financial statements, only the compensated absences liability that has matured through employee resignation or retirement and is expected to be payable from expendable available financial resources is reported. The financial reporting of these amounts is presented in accordance with the provisions of GASB Statement No. 101, “*Compensated Absences*.”

As of June 30, 2025, the District recorded liabilities for vested compensated absences totaling \$30,678,540, in the government-wide financial statements and \$45,188 in the business-type activities financial statements.

N. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and will not be recorded as an outflow of resources (expenditure/expense) until that time. The District is reporting two items in this category; the deferred amount on refinancing and pension deferrals. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is amortized over the shorter of the life of the refunded or refunding bonds. Deferred outflows for pension deferrals represent future outflows of resources resulting from changes in actuarial assumptions used in the valuation of the pension liability and changes in the District’s proportionate share of the system-wide Net Pension Liability. Deferred outflows for subsequent pension payments reflects payments made by the District to the pension system subsequent to the date of the most recent actuarial valuation, which was July 1, 2024.

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

N. Deferred Outflows/Inflows of Resources (Cont'd):

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element represents the acquisition of net assets that applies to a future period(s) and will not be recorded as an inflow of resources (revenue) until that time. The District is reporting one pension related item in this category; pension deferrals.

O. 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 New Jersey Public Employees' Retirement System (PERS) and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. Other Post-Employment Benefits:

Pursuant to State Statute, the State Health Benefits Local Education Retirees Employees Plan was established to oversee the funding and payment of post-employment medical benefits for eligible LEA employees. This plan is a multi-employer defined benefit OPEB Plan that is administered on a pay-as-you-go basis. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75. The Plan is a "Special Funding Situation" as defined in GASB Statement No. 75 as the State of New Jersey is solely responsible for funding the Plan's obligations (net of employee contributions). Accordingly, no net OPEB liability is reported on the District's Statement of Net Position. In the Statement of Activities, the District reports an annual OPEB expense and a corresponding revenue, equal to the allocated expense of the District as reported by the State.

Q. Unearned Revenue/Advances from Grantors:

Unearned revenue represents cash advances received relating to services (expenditures/expenses) that will be provided in a subsequent fiscal period. Similarly, for expenditure-driven grants, amounts advanced to the District in excess of the amounts expended and earned are recorded as advances from grantors.

R. Net Position Flow Assumption (Government-Wide and Proprietary Fund Financial Statements)

Periodically, the District may fund outlays for a particular purpose from both restricted resources, such as bond referendum proceeds and/or grant proceeds, and unrestricted resources. To determine the amounts of net position-restricted and unrestricted that should be reported in the government-wide and proprietary fund financial statements, a flow assumption must be made to establish the order in which resources are considered to be applied. In the absence of specific grant compliance requirements to the contrary, the District policy is to utilize all amounts of available restricted net position prior to applying unrestricted net position to fund acquisition costs.

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

S. Fund Balance Flow Assumption (Governmental Fund Financial Statements)

Periodically, the District may fund outlays for a particular purpose from both restricted resources and unrestricted resources (the total of the committed, assigned and unassigned fund balance). To determine the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made to establish the order in which resources are considered to be applied. In the absence of specific grant compliance requirements to the contrary, the District policy is to utilize all amounts of available restricted fund balance prior to applying any component of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance, with unassigned fund balance applied last.

T. Fund Balance Policies:

Fund balance of the governmental funds is reported in various categories based upon the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through actions to transfer amounts to legally restricted reserve accounts (capital, maintenance and emergency reserves), or actions to commit or assign fund balance.

The committed fund balance includes amounts that can only be used for the specific purposes determined by a formal action of the Board of Education. Commitments of fund balance remain in place until the committed fund balance is fully depleted or an amendatory action is taken by the Board of Education.

Assignments of fund balance are made by the Board of Education for specific purposes that do not meet the criteria to be classified as committed. The Board of Education also assigns fund balance when it appropriates unassigned fund balance to bridge a gap between estimated revenue and appropriations in the subsequent year budget. Unlike commitments, assignments are generally temporary in nature, and additional actions of the Board are generally not required to remove an assignment, whereas an action of the Board is essential to the modification or elimination of an unexpended committed fund balance.

U. Government-Wide Financial Statement Classifications

1. Program Revenues – Amounts reported as program revenues include a) charges to customers or applicants who purchase, use or benefit from goods services or privileges provided by a given function or segment and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.
2. General Revenues – all taxes, including those designated for specific purposes such as debt service, are reported as general revenues. All other resources, including internally dedicated resources, unrestricted entitlements, and investment income are reported as general revenues.
3. Capital Assets – In the statement of net position, capital assets are reported, net of accumulated depreciation as assets of the governmental activities and business-type activities.
4. Long-term Debt – In the statement of net position, long-term debt is reported as a component of long-term liabilities of the governmental activities and business-type activities.

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5. Net Investment in Capital Assets – In the statement of Net Position, the net undepreciated value of capital assets, less the value of outstanding debt issued to purchase acquire or build those capital assets, is reported as Net Investment in Capital Assets as a component of net position for the governmental activities and business-type activities.

V. Proprietary Fund Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and products in connection with the primary purpose or function for which the fund was established. The District's Food Service proprietary fund reports operating revenues from the sales of lunches and a la carte items, and operating expenses include the costs of sales (food, supplies and labor), administrative costs and depreciation on capital assets. The District's WRAP program proprietary fund accounts for all revenues and expenditures for the after school enrichment programs similar to a private business enterprise.

W. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable, net of unamortized premiums and discounts and compensated absences payable are not due and payable in the current period and therefore are not reported in the funds.

The details of this \$41,002,024 difference are as follows:

Bonds payable	\$ 10,100,000
Premium on bonds	223,484
Compensated absences	<u>30,678,540</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$ 41,002,024</u>

X. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows and outflows, revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Y. Adopted and Recently Issued Accounting Pronouncements

Adopted – The District adopted GASB Statement No. 100, “*Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*”. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement was implemented during the 2025 fiscal year. See Note 21.

Adopted – The District adopted GASB Statement No. 101, “*Compensated Absences*”. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement was implemented during the 2025 fiscal year. See Note 21.

Adopted - The GASB issued Statement No. 102 “*Certain Risk Disclosures*” in December 2023. This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government’s highest level of decision-making authority. Management has reviewed this Statement and determined that it did not have an impact on the District’s financial statements.

Concentrations and constraints may limit a government’s ability to acquire resources or control spending. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Management has reviewed the Statement and determined it did not have an impact on the financial statements.

Recent - The GASB issued Statement No. 103 “*Financial Reporting Model Improvements*” in April 2024. This Statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Management has not yet determined the impact of this Statement on the financial statements.

Recent - The GASB issued Statement No. 104 “*Disclosure of Certain Capital Assets*” in September 2024. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Management has not yet determined the impact of this Statement on the financial statements.

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

State statutes set forth deposit requirements and investments that may be purchased by local units and the District deposits and invests its funds pursuant to statutory requirements, its policies and an adopted cash management plan.

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey that are insured by the Federal Deposit Insurance Corporation (FDIC), New Jersey's Governmental Unit Deposit Protection Act, by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund. The New Jersey Governmental Deposit Protection Act requires all banks doing business in the State of New Jersey to maintain collateral in the amount of 5% of the average public deposits and deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

Cash on deposit is partially insured by federal deposit insurance in the amount of \$250,000 in each depository. Balances above the federal deposit insurance amount are insured by the Government Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:9-41, et seq., which insures all New Jersey governmental units' deposits in excess of the federal deposit insurance maximums.

Based upon GASB criteria, the District considers cash and cash equivalents to include petty cash, change funds, demand deposits, money market accounts and short-term investments and are either any direct and general obligation of the United States of America or certificates of deposit issued by any bank, savings and bank or national banking association if qualified to serve as a depository for public funds under the provisions of the Governmental Unit Depository Protection Act.

The District had the following depository accounts. All deposits are carried at cost plus accrued interest. The government does not have a deposit policy.

<u>Depository Account</u>	<u>Bank Balance</u>
Insured-FDIC	\$ 250,000
NJGUDPA (N.J.S.A 17:9-41)	26,580,423
Uninsured	1,628,706
Total	<u>\$ 28,459,129</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the board's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. Operating cash accounts are held in the District's name by several commercial banking institutions. At June 30, 2025, the carrying amount of the District's deposits was \$26,732,364 and the bank balance was \$28,459,129. Of the bank balance, \$250,000 of the District's cash deposits on June 30, 2025 was covered by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$26,580,423. \$1,628,706 held in the District agency accounts was not covered by GUDPA.

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

As of June 30, 2025, based upon the insured balances as provided by FDIC and NJGUDPA coverage, \$1,628,706 of the District's bank balance of \$28,459,129 was considered exposed to custodial risk. (See Note 1-H relating to statutory mitigations of custodial risk in the event of a bank failure.)

Concentration of Credit Risk – The District places no limit on the amount the District may invest in any one issuer.

NOTE 3. CAPITAL ASSETS

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position governmental activities as reported in the Government-wide statement of net position. One item of that reconciliation that explains that capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. An addition to the fund balance – total governmental funds is made to reflect the carrying value of the District's capital assets at year-end in the Government-wide financial statements, which consisted of:

Total Capital Assets	\$	135,429,826
Less: Accumulated Depreciation		<u>(70,700,467)</u>
Governmental Activities Capital Assets, Net	\$	<u><u>64,729,359</u></u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets That Are Not Being Depreciated:				
Land	\$ 4,488,200			\$ 4,488,200
Construction in Progress	<u>12,097,210</u>	\$ 4,192,607	\$ (10,338,033)	<u>5,951,784</u>
Total Capital Assets Not Being Depreciated	<u>16,585,410</u>	<u>4,192,607</u>	<u>(10,338,033)</u>	<u>10,439,984</u>
Capital Assets Being Depreciated:				
Building and Building Improvements	95,006,295	794,499	10,338,033	106,138,827
Machinery, Equipment, Furniture & Vehicles	<u>17,965,106</u>	<u>885,909</u>		<u>18,851,015</u>
Total Capital Assets Being Depreciated	<u>112,971,401</u>	<u>1,680,408</u>	<u>10,338,033</u>	<u>124,989,842</u>
Less Accumulated Depreciation For:				
Building and Building Improvements	(51,227,209)	(3,452,146)		(54,679,355)
Equipment, Furniture, and Vehicles	<u>(15,479,665)</u>	<u>(541,447)</u>		<u>(16,021,112)</u>
Total Accumulated Depreciation	<u>(66,706,874)</u>	<u>(3,993,593)</u>		<u>(70,700,467)</u>
Governmental Activities Capital Assets, Net	\$ <u>62,849,937</u>	\$ <u>1,879,422</u>	\$ -	\$ <u>64,729,359</u>
Business-type Activities				
Equipment	\$ 950,468	\$ 93,270		\$ 1,043,738
Less Accumulated Depreciation for:				
Equipment	<u>(597,115)</u>	<u>(40,555)</u>		<u>(637,670)</u>
Business-type Activities Capital Assets, Net	\$ <u>353,353</u>	\$ <u>52,715</u>	\$ -	\$ <u>406,068</u>

Depreciation expense was charged to governmental functions as follows:

Instruction - Regular	\$ (3,194,874)
Unallocated	<u>(798,719)</u>
Total Depreciation Expense	<u>\$ (3,993,593)</u>

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4. LONG-TERM LIABILITIES

During the year ended June 30, 2025, the following changes occurred to long-term liabilities:

	Balance Reported as of <u>July 1, 2024</u>	Cumulative Effect of Change in Accounting Principle*	Balance as Restated <u>July 1, 2024</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:						
Bonds Payable:						
General Obligation Debt	\$ 12,500,000			\$ 2,400,000	\$ 10,100,000	\$ 2,050,000
Total Bonds Payable	12,500,000			2,400,000	10,100,000	2,050,000
Other Liabilities:						
Compensated Absences Payable	2,979,883	\$ 28,662,905	\$ 31,642,788	964,248	30,678,540	3,067,854
Total Other Liabilities	2,979,883	28,662,905	31,642,788	964,248	30,678,540	3,067,854
Net Pension Liability	17,374,652			2,008,488	15,366,164	
Unamortized Bond Premium	294,545			71,061	223,484	71,061
Total Governmental Activities Liabilities	33,149,080	28,662,905	31,642,788	5,443,797	56,368,188	5,188,915
Business-Type Activities:						
Other Liabilities:						
Compensated Absences Payable	-	52,451	52,451	7,263	45,188	4,519
Total Business-Type Liabilities	-	52,451	52,451	7,263	45,188	4,519
Total Liabilities	\$ 33,149,080	\$ 28,715,356	\$ 31,695,239	\$ 5,451,060	\$ 56,413,376	\$ 5,193,434

Changes in compensated absences is presented as a net basis.

*See Note 21.

A. **Bonds Payable** – Bonds are authorized in accordance with State law by voters of the Community through referenda. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. Bonds payable at June 30, 2025 consisted of the following issues and amounts:

- a. 2013 School Bonds, originally issued August 1, 2013 in the amount of \$6,916,000. The outstanding balance of this issue at June 30, 2025 was \$1,840,000, which is payable in annual installments of \$460,000 due August 1, 2025 through August 1, 2028 at an interest rate of 3.000%.
- b. Refunding School Bonds, Series 2015A, originally issued March 24, 2015 in the amount of \$5,700,000. The outstanding balance of this issue at June 30, 2025 was \$1,910,000, which is payable in annual installments ranging from \$630,000 to \$640,000 due October 1, 2025 through October 1, 2027 at interest rates ranging from 2.400% to 4.000%.
- c. School Bonds, Series 2016B, originally issued July 13, 2016 in the amount of \$12,600,000. The outstanding balance of this issue at June 30, 2025 was \$6,350,000 which is payable in annual installments ranging from \$850,000 to \$950,000 due August 1, 2025 through August 1, 2031 at interest rates ranging from 2.000% to 2.500%.

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4. LONG-TERM LIABILITIES (CONT'D)

Principal and interest due on bonds outstanding is as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 2,050,000	\$ 223,570	\$ 2,273,570
2027	2,050,000	165,170	2,215,170
2028	1,990,000	112,510	2,102,510
2029	1,360,000	73,150	1,433,150
2030	900,000	39,250	939,250
2031-2032	1,750,000	49,875	1,799,875
	<u>\$ 10,100,000</u>	<u>663,525</u>	<u>10,763,525</u>

Bonds Authorized but not Issued (ABNI) – At June 30, 2025, the District had bonds authorized but not issued in the amount of \$188,651,858, pursuant to a voter-approved referendum held on April 15, 2025, to finance renovations, alterations and improvements to various schools.

Additionally, at June 30, 2025, the District had bonds authorized but not issued in the amount of \$37,155,384, pursuant to a voter-approved referendum held on April 15, 2025, to finance renovations, alterations and improvements to the elementary schools needed for a full day kindergarten program.

NOTE 5. PENSION PLANS

Description of Systems

Substantially all of the District's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund Retirement System is considered a cost-sharing multiple-employer plan, with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage, including post-retirement health care, to substantially all full-time public-school employees in the State. Members are fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In the case of death before retirement, members beneficiaries are entitled to full interest credited to the members' accounts.

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5. PENSION PLANS (CONT'D)

Service retirement benefits of $1/55^{\text{th}}$ of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching the age of 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of $1/60^{\text{th}}$ of final average salary for each year of service credit is available to Tier 4 members upon reaching the age of 62 and Tier 5 members upon reaching the age of 65. Early retirement benefits are available to Tiers 1 and 2 members with 25 years or more of service credit before reaching age 60, Tiers 3 and 4 members 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 each month when a member retires prior to the age at which a member can receive full early retirement benefits in accordance with 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.

Public Employee's Retirement System

The Public Employees' Retirement System (PERS) was established in January 1955 and the contribution policy, vesting and benefit provisions are set by the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full-time employees of the State of New Jersey or any county, municipality, school board or public agency, provided the employee is not a member of another State-administered retirement system or other state pension fund or local jurisdiction's pension fund.

Members are classified into one of five tiers dependent upon the date of their enrollment. Service retirement benefits of $1/55^{\text{th}}$ of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching the age of 60 and to tier 3 members upon reaching age 62. Service retirement benefits of $1/60^{\text{th}}$ of final average salary for each year of service credit is available to Tier 4 members upon reaching the age of 62 and Tier 5 members upon reaching the age of 65. Early retirement benefits are available to Tiers 1 and 2 members with 25 years or more of service credit before reaching age 60, Tiers 3 and 4 members 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 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 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.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5. PENSION PLANS (CONT'D)

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Employee contribution rates for TPAF and PERS are 7.5% of employees' pensionable compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for noncontributory death benefits and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

During the year ended June 30, 2025, the State of New Jersey contributed \$24,576,416 to the TPAF for on-behalf pension and post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$4,215,742 during the year ended June 30, 2025 for the employer's share of social security contributions for TPAF members as calculated on their base salaries.

The District's actuarially determined contributions to PERS for each of the years ended June 30, 2025, 2024 and 2023 were \$1,538,784, \$1,603,224, and \$1,691,979, respectively.

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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For the purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Public Employee's Retirement System (PERS)

At June 30, 2025, the District reported a liability of \$15,366,164 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2023, which was rolled forward to June 30, 2024. 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 school districts, actuarially determined. At June 30, 2024, the District's proportion was 0.1130859007 percent, which was a decrease of 0.0068685551 from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized full accrual pension benefit of \$1,481,507 in the government-wide financial statements. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5. PENSION PLANS (CONT'D)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 19,090	\$ 174,832
Net difference between projected and actual earnings on pension plan investments		712,487
Changes in proportion	625,189	2,345,754
Difference between expected and actual experience	307,813	40,909
District contributions subsequent to the measurement date	1,613,250	
	<u>\$ 2,565,342</u>	<u>\$ 3,273,982</u>

\$1,613,250 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2026	\$ (1,124,097)
2027	198,010
2028	(954,473)
2029	(428,318)
2030	(13,012)
	<u>\$ (2,321,890)</u>

Actuarial Assumptions

The collective total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases: 2.75 - 6.55%	
	based on years of service
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5. PENSION PLANS (CONT'D)

Mortality Rates

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 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.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024) 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's target asset allocation as of June 30, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Assets	8.00%	10.95%
Real Estate	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%
	<u>100.00%</u>	

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5. PENSION PLANS (CONT'D)

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. 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 non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the 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.

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 net pension liability as of June 30, 2024, calculated using the discount rate as disclosed above 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 20,417,854	\$ 15,366,164	\$ 11,067,204

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

Additional Information

Collective balances of the Local Group at June 30, 2024 are as follows:

Deferred outflows of resources	\$ 1,079,580,780
Deferred inflows of resources	1,611,322,898
Net pension liability	13,702,423,985
 District's proportion	 0.1130859007%

Collective pension expense for the Local Group for the measurement period ended June 30, 2024 is \$372,160,096.

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5. PENSION PLANS (CONT'D)

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2024, 2023, 2022, 2021, 2020 and 2019 is 5.08, 5.08, 5.04, 5.13, 5.16 and 5.21 years, respectively.

Special Funding Situation

A special funding situation exists for certain local participating employers in the PERS. The State of New Jersey, a non-employer contributing entity, is required to pay the additional costs incurred by local employers under Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The June 30, 2024 State special funding situation net pension liability amount of \$114.3 million is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. 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, 2024, there was no net pension liability associated with this special funding situation 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 pension expense of \$53.7 million, for the fiscal year ending June 30, 2024, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2024. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The District's expense related to the special funding situation is \$49,541.

Teachers Pensions and Annuity Fund (TPAF) – 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 non-employer 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 non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2024 was \$216,766,369. The District's proportionate share was \$0. For fiscal year 2024, the State's pension contribution was more than the actuarial determined amount.

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2024, the State's proportionate share of the TPAF net pension liability associated with the District was 0.4385754212 percent, which was a decrease of 0.0087545023 from its proportion measured as of June 30, 2023.

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5. PENSION PLANS (CONT'D)

For the year ended June 30, 2025, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$4,774,438 for contributions incurred by the State.

Actuarial assumptions

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	2.75 - 5.65%
	based on years of service

Mortality Rates

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 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, 2023 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 plan investments (7.00% at June 30, 2024) 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, 2024 are summarized in the following table:

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5. PENSION PLANS (CONT'D)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Market Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Assets	8.00%	10.95%
Real Estate	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make 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 determining the total pension liability.

Sensitivity of the State's proportionate share of the net pension liability associated with the District 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, 2024 calculated using the discount rate as disclosed above 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:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's proportionate share of the net pension liability associated with the District	\$ 257,657,516	\$ 216,766,369	\$ 182,328,293

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5. PENSION PLANS (CONT'D)

Pension plan fiduciary net position

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

Additional Information

Collective balances of the Local Group at June 30, 2024 are as follows:

Deferred outflows of resources	\$ 1,178,433,819
Deferred inflows of resources	10,615,423,132
Net pension liability	49,492,072,325
 District's proportion	 0.4385754212%

Collective pension benefit of the Local Group for the plan for the measurement period ended June 30, 2024 is \$148,167,647.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2024, 2023, 2022, 2021, 2020 and 2019 is 7.84, 7.93, 7.83, 7.93, 8.04 and 8.29 years, respectively.

C: DEFINED CONTRIBUTION RETIREMENT PLAN

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

Plan Membership and Contributing Employers- Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually.

Contribution Requirement and Benefit Provisions - State and local government employers contribute 3% of the employee's base salary. Active members contribute 5.5% of base salary. Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5. PENSION PLANS (CONT'D)

For the year ended June 30, 2024, the Board's total payroll for all employees was \$76,701,442. Total DCRP covered payroll was \$1,731,814. Covered payroll refers to all compensation paid by the Board to active employees covered by the Plan. Board and employee contributions to the DCRP for the year ended June 30, 2025 was \$51,954 and \$95,250, respectively.

NOTE 6. POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

State Health Benefits Local Education Retired Employees Plan

The State Health Benefits 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 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. Accordingly, 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 or more years 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) and the Public Employees' Retirement System (PERS). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for post medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage the cost of their health care coverage in retirement provided they retire with 25 or more years 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.

In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. The State is required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits was \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financialreports.shtml>.

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6. POST-RETIREMENT BENEFITS (CONT'D)

Employees covered by benefit terms

The following employees were covered by the benefit terms:

<u>Local Education</u>	<u>June 30, 2024</u>
Active Plan Members	219,185
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	153,556
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
Total Plan Members	<u>372,741</u>

Actuarial assumptions and other inputs

The total non-employer OPEB liability of \$59,650,630,530 as of June 30, 2024 was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024 and included in the June 30, 2024 audited financial statements of the State Health Benefit Local Education Retired Employees Plan. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPAF</u>	<u>PERS</u>
Salary Increases	2.75% to 5.65% based on years of service	2.75% to 6.55% based on years of service

Mortality Rates

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP) and "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement 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 was based on the Pub-2010 "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.

Actuarial assumptions used in the July 1, 2023 valuation were based on the results of the TPAF and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

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

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6. POST-RETIREMENT BENEFITS (CONT'D)

Discount Rate

The discount rate used to measure the total OPEB liability was 3.93%. This represents the municipal bond return rate as chosen by the Division. 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.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO, the trend is increasing to 22.88% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.50% long-term trend rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Changes in Total Non-employer OPEB Liability

Below represents the changes in the District's total OPEB liability for the year ended June 30, 2024:

Balance at June 30, 2023	\$ 207,133,003
Increased by:	
Service cost	8,411,370
Interest cost	7,891,424
Changes of assumptions	17,935,175
Member contributions	206,364
Differences between expected and actual experience	<u>4,181,910</u>
	245,759,246
Decreased by:	
Benefit payments	<u>6,026,808</u>
Balance at June 30, 2024	<u><u>\$ 239,732,438</u></u>

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6. POST-RETIREMENT BENEFITS (CONT'D)

The following represents sensitivity of total non-employer OPEB liability to changes in the discount rate and health care cost rate

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2024 calculated using a discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (2.93%) or 1-percentage-point higher (4.93%) than the current rate:

	<u>1% Decrease (2.93%)</u>	<u>At Current Discount Rate (3.93%)</u>	<u>1% Increase (4.93%)</u>
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 280,778,028	\$ 239,732,438	\$ 206,723,264

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2024 calculated using a healthcare cost trend rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 199,698,866	\$ 239,732,438	\$ 291,878,807

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

For the year ended June 30, 2024, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$9,442,758 for OPEB expenses incurred by the State. Collective balances of the Local Education Group at June 30, 2024 are as follows:

Deferred outflows of resources	\$ 18,640,445,786
Deferred inflows of resources	\$ 25,058,850,175
Collective OPEB expense	\$ 1,999,742,665

District's Proportion 0.40%

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State, therefore, the District records an expense and corresponding revenue for its respective share of total OPEB expense and revenue attributable to the State of New Jersey.

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7. DEFERRED COMPENSATION

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by third parties who are authorized by the Board and selected by each participant individually, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

NOTE 8. 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 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. During the year ended June 30, 2025, the District was a member of the New Jersey Schools Insurance Group (the "Group"). The Group provides workers' compensation, property, liability errors and omissions and crime coverages to its members through self-insured risk pooling and reinsurance policy coverage to reduce exposure to large losses. Additional information relating to the Group is available from its Executive Director at 6000 Midlantic Drive, Mount Laurel, NJ 08054 or at the Group's webpage www.njsig.org.

Employee Health Benefit/Prescription - The District operates a self-insurance program for health and prescription coverages. For the year ended June 30, 2025, the Board has incurred costs totaling \$22,508,927 for health and prescription benefits for all employees. In addition, the Board has provided for incurred but not reported "IBNR" as calculated in the amount of \$1,712,636 and an aggregate stop loss corridor of \$2,711,267 for the year ended June 30, 2025.

Changes in the incurred but not reported claims liability amount in the fiscal years 2025, 2024 and 2023 were:

		Current Year		
	Beginning of	Claims and	Claim	Balance at
	Year Liability	Changes in	Payments	End of Year
		Estimates		
2024-25	\$ 4,385,773	\$ 22,508,927	\$ 22,470,797	\$ 4,423,903
2023-24	4,389,903	18,485,362	18,489,492	4,385,773
2022-23	4,423,903	18,310,872	18,344,872	4,389,903

NOTE 9. 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.

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10. TRANSFERS

The following presents a reconciliation of transfers during the 2025 fiscal

year:

	<u>In</u>	<u>Out</u>
General Fund	\$ 863	
Capital Projects		\$ 863
	<u>\$ 863</u>	<u>\$ 863</u>

A transfer in the amount of \$863 was made from the Capital Projects Fund to the General Fund during the fiscal year ended June 30, 2025. The purpose of this transfer was to return unused funds originally appropriated from the capital reserve that were not needed for the completion of capital projects.

NOTE 11. FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$20,393,271 General fund balance at June 30, 2025, \$3,579,614 is assigned for other purposes; \$512,983 of prior excess surplus is restricted and will be appropriated and included as anticipated revenue for the year ending June 30, 2026; \$314,062 is restricted for current year excess surplus; \$1,750,000 has been restricted for the Maintenance Reserve Account; \$9,500,000 has been restricted in the Capital Reserve Account; \$1,000,000 for Emergency Reserve; \$476,536 for Unemployment Compensation and \$3,260,076 is unassigned.

Special Revenue Fund (Exhibit B-1) - All of the \$799,139 of Special Revenue Fund fund balance at June 30, 2025 is restricted for student activities.

Capital Projects Fund (Exhibit B-1) - All of the \$75,820 of Capital Projects Fund fund balance at June 30, 2025 is assigned for Capital Projects Expenditures for authorized projects.

NOTE 12. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved 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 reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. Based upon the reduction in the maximum undesignated surplus permitted as a result of the enactment of S1701, the District generated excess surplus in the June 30, 2025 fiscal year in the amount of \$314,062, which will be utilized in the 2026-27 budget. The prior year excess surplus of \$512,983 was included in the 2025-26 budget.

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 13. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of \$1.00 on October 3, 2000 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) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes.

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 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 projects in its approved LRFP.

The activity of the capital reserve for July 1, 2024 to June 30, 2025 school year is as follows:

Beginning balance, July 1, 2024	\$ 9,709,814
Deposit:	
June 2025 Deposit	3,789,323
Capital Projects Amount not spent and returned	<u>863</u>
Total Deposits	<u>3,790,186</u>
Withdrawals	
Budgeted appropriation	<u>4,000,000</u>
Total Withdrawals	<u>4,000,000</u>
Ending Balance, June 30, 2025	<u><u>\$ 9,500,000</u></u>

NOTE 14. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established through a Board resolution by the District in the amount of \$2,200,000 in the 2010-2011 school year for the accumulation of funds for the required maintenance of a facility in accordance with N.J.S.A. 18A:7G-9 as amended by P.L. 2004, c. 73 (S1701).

The activity of the maintenance reserve for July 1, 2024 to June 30, 2025 school year is as follows:

Beginning balance, July 1, 2024	\$ 2,047,156
Deposit:	
Approved by board resolutions	<u>380,451</u>
Total Deposits	<u>380,451</u>
Withdrawals	
Approved by board resolutions	<u>677,607</u>
Total Withdrawals	<u>677,607</u>
Ending Balance, June 30, 2025	<u><u>\$ 1,750,000</u></u>

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 15. EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established through a Board resolution by the District in the amount of \$1,000,000 in the 2017-2018 school year.

The balance in the emergency reserve at June 30, 2025 is \$1,000,000, which is the maximum permitted.

NOTE 16. UNEMPLOYMENT RESERVE ACCOUNT

This reserve was established in the general fund. At June 30, 2025, the Unemployment Compensation reserve balance is \$476,536.

NOTE 17. NET POSITION – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets, Governmental Activities, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. The net investment in capital assets of \$54,430,282 indicated as part of the Governmental Activities net position is calculated as follows:

Capital assets, net of depreciation	\$ 64,729,359
Bonds payable (used to build or acquire capital assets)	(10,100,000)
Unamortized premium on bonds	(223,484)
Deferred amount on refinancing	24,407
Total net investment in capital assets	<u>\$ 54,430,282</u>

NOTE 18. 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 Town of Westfield reported no tax abatements for calendar years 2024 or 2025 in its "User Friendly Budgets," which are required to be filed with the Division of Local Government Services, in the Department of Community Affairs, State of New Jersey, on an annual basis.

**WESTFIELD SCHOOL DISTRICT
COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 19. CONTINGENT LIABILITIES

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2025 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

The District is involved in several claims and lawsuits incidental to its operation, which are generally defended through the Board's insurance carriers. Certain claims are in their discovery stage and the potential financial exposure to the Board, if any, cannot currently be ascertained.

NOTE 20. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions from June 30, 2025 through December 5, 2025, the date that the financial statements were available for issuance. Based on the evaluation, the following event requires disclosure:

On September 4, 2025, the District issued Temporary Notes, Series 2025, totaling \$25,000,000 at an interest rate of 4.00% and mature on September 3, 2026. The notes were issued to partially fund renovations, alterations, improvements and additions to various school buildings and acquisition and installation of equipment and furnishings.

NOTE 21. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

Effective for the year ended June 30, 2025, the District implemented the provisions of GASB Statement No. 101, *Compensated Absences*. This statement establishes new recognition and measurement criteria for compensated absences, requiring governments to recognize a liability for certain types of compensated absences when the leave is earned, rather than when it is paid.

In accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*, the provisions of GASB Statement No. 101 were adopted effective July 1, 2024. As a result, the compensated absences liability was restated as of June 30, 2024, and the cumulative effect of the change, totaling \$(28,662,905) for governmental activities and \$(52,451) for business-type activities, was recognized as an adjustment to the June 30, 2024 net position. Compensated absence liability was restated as follows:

	Governmental Activities	Business-type Activities
Compensated absence liability as reported, July 1, 2024	\$ 2,979,883	
Cumulative effect of change in accounting principle	28,662,905	\$ 52,451
Compensated absence liability as restated, July 1, 2024	<u>\$ 31,642,788</u>	<u>\$ 52,451</u>

**REQUIRED SUPPLEMENTARY
INFORMATION
PART II**

**SCHEDULES RELATED TO ACCOUNTING AND
REPORTING FOR PENSIONS (GASB 68)
SECTION – L**

(Section numbering as per N.J. Department of Education Audit Program)

Westfield School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System
Required Supplementary Information
Last Ten Fiscal Years

	2025	2024	2023	2022	Year Ended June 30,		2019	2018	2017	2016
					2021	2020				
District's proportion of the net pension liability (asset) - Local Group	0.1130859007%	0.1199544558%	0.1341724479%	0.1263529587%	0.1278384349%	0.1245189916%	0.122689485%	0.120931697%	0.131258639%	0.129135621%
District's proportionate share of the net pension liability (asset)	\$ 15,366,164	\$ 17,374,652	\$ 20,248,469	\$ 14,968,402	\$ 20,847,106	\$ 22,436,433	\$ 24,156,948	\$ 28,150,966	\$ 38,875,044	\$ 28,988,359
District's covered-employee payroll	\$ 9,859,926	\$ 9,219,883	\$ 9,337,258	\$ 9,492,238	\$ 9,220,819	\$ 9,098,895	\$ 8,668,982	\$ 8,486,779	\$ 8,296,182	\$ 8,812,161
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	155.84%	188.45%	216.86%	157.69%	226.09%	246.58%	278.66%	331.70%	468.59%	328.96%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	68.22%	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

There were none.

**Westfield School District
Schedule of District Contributions
Public Employees' Retirement System
Required Supplementary Information
Last Ten Fiscal Years**

	Year Ended June 30,																			
	2025		2024		2023		2022		2021		2020		2019		2018		2017		2016	
Contractually required contribution	\$	1,538,784	\$	1,603,224	\$	1,691,979	\$	1,479,740	\$	1,398,490	\$	1,211,203	\$	1,269,432	\$	1,120,303	\$	1,166,083	\$	1,110,220
Contributions in relation to the contractually required contribution		(1,538,784)		(1,603,224)		(1,691,979)		(1,479,740)		(1,398,490)		(1,211,203)		(1,269,432)		(1,120,303)		(1,166,083)		(1,110,220)
Contribution deficiency (excess)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
District's covered-employee payroll	\$	9,219,883	\$	9,068,415	\$	9,219,883	\$	9,337,258	\$	9,492,238	\$	9,220,819	\$	9,098,895	\$	8,668,982	\$	8,486,779	\$	8,296,182
Contributions as a percentage of covered-employee payroll		16.69%		17.68%		18.35%		15.85%		14.73%		13.14%		13.95%		12.92%		13.74%		13.38%

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

Westfield School District
Schedule of the State's Proportionate Share of the Net Pension Liability Associated With the District
Teachers' Pension and Annuity Fund
Required Supplementary Information
Last Ten Fiscal Years

	Year Ended June 30,										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.438575421%	0.447329924%	0.445232279%	0.444782968%	0.446499124%	0.457250754%	0.4465238057%	0.4503615479%	0.4490997116%	0.4569592579%	
District's proportionate share of the net pension liability (asset)											
State's proportionate share of the net pension liability (asset) associated with the District	\$ 216,766,369	\$ 228,284,402	\$ 229,714,993	\$ 213,830,251	\$ 294,014,300	\$ 280,619,104	\$ 284,068,854	\$ 303,649,995	\$ 353,290,428	\$ 323,678,183	
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 216,766,369</u>	<u>\$ 228,284,402</u>	<u>\$ 229,714,993</u>	<u>\$ 213,830,251</u>	<u>\$ 294,014,300</u>	<u>\$ 280,619,104</u>	<u>\$ 284,068,854</u>	<u>\$ 303,649,995</u>	<u>\$ 353,290,428</u>	<u>\$ 323,678,183</u>	
Plan fiduciary net position as a percentage of the total pension liability	37.99%	34.68%	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

Covered payroll information is not presented since the Teachers' Pension and Annuity Fund is a special funding situation in which the District does not make contributions to this plan.

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

There were none.

**SCHEDULES RELATED TO ACCOUNTING AND
REPORTING FOR OPEB (GASB 75)
SECTION – M**

(Section numbering as per N.J. Department of Education Audit Program)

Westfield School District
Schedule of the State's Proportionate Share of the OPEB Liability Associated With the District
State Health Benefit Local Education Retired Employees Plan

Last Ten Fiscal Years*

	Year Ended June 30,							
	2025	2024	2023	2022	2021	2020	2019	2018
State's proportion of the OPEB Liability associated with the District -	0.40%	0.40%	0.39%	0.39%	0.39%	0.38%	0.38%	0.38%
District's proportionate share of the OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the OPEB liability associated with the District	\$ 239,732,438	\$ 207,133,003	\$ 199,196,806	\$ 235,113,403	\$ 261,817,044	\$ 160,191,054	\$ 177,158,722	\$ 202,388,345
Total proportionate share of the OPEB liability associated with the District	<u>\$ 239,732,438</u>	<u>\$ 207,133,003</u>	<u>\$ 199,196,806</u>	<u>\$ 235,113,403</u>	<u>\$ 261,817,044</u>	<u>\$ 160,191,054</u>	<u>\$ 177,158,722</u>	<u>\$ 202,388,345</u>
Beginning Balance	\$ 207,133,003	\$ 199,196,806	\$ 235,113,403	\$ 261,817,044	\$ 160,191,054	\$ 177,158,722	\$ 202,388,345	\$ 218,359,164
Increased by:								
Service cost	8,411,370	8,493,372	10,994,510	12,543,142	6,885,785	6,698,508	7,420,085	8,971,309
Interest cost	7,891,424	7,294,971	5,278,935	6,099,089	5,771,007	7,023,820	7,429,997	6,415,030
Changes of assumptions	17,935,175	417,494		231,957	47,824,977	2,388,462		
Member contributions	206,364	186,944	167,747	155,924	138,153	145,765	163,724	172,614
Differences between expected and actual experience	4,181,910		6,307,482		45,564,087			
	<u>38,626,243</u>	<u>16,392,781</u>	<u>22,748,674</u>	<u>19,030,112</u>	<u>106,184,009</u>	<u>16,256,555</u>	<u>15,013,806</u>	<u>15,558,953</u>
Decreased by:								
Differences between expected and actual experiences		2,770,035		40,679,129		28,306,835	15,176,418	
Changes of assumptions			53,436,330				20,329,850	26,842,028
Changes of benefit terms				250,250				
Gross benefit payments	<u>6,026,808</u>	<u>5,686,549</u>	<u>5,228,941</u>	<u>4,804,374</u>	<u>4,558,019</u>	<u>4,917,388</u>	<u>4,737,161</u>	<u>4,687,744</u>
	<u>6,026,808</u>	<u>8,456,584</u>	<u>58,665,271</u>	<u>45,733,753</u>	<u>4,558,019</u>	<u>33,224,223</u>	<u>40,243,429</u>	<u>31,529,772</u>
Ending Balance	<u>\$ 239,732,438</u>	<u>\$ 207,133,003</u>	<u>\$ 199,196,806</u>	<u>\$ 235,113,403</u>	<u>\$ 261,817,044</u>	<u>\$ 160,191,054</u>	<u>\$ 177,158,722</u>	<u>\$ 202,388,345</u>
Covered employee payroll	\$ 69,063,206	\$ 65,836,673	\$ 62,072,720	\$ 61,276,579	\$ 59,819,378	\$ 59,148,038	\$ 58,203,496	\$ 53,013,600
Total OPEB liability as a percentage of covered employee payroll.	347.12%	314.62%	320.91%	383.69%	437.68%	270.83%	304.38%	381.77%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.65% as of June 30, 2023 to 3.93% as of June 30, 2024.

REQUIRED SUPPLEMENTARY INFORMATION
PART III

BUDGETARY COMPARISON SCHEDULES
SECTION – C

**WESTFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 117,470,655		\$ 117,470,655	\$ 117,470,655	
Tuition from Individuals	80,000		80,000	97,621	\$ 17,621
Tuition from other LEAs				121,300	121,300
Transportation Fees from Individuals	30,000		30,000	33,275	3,275
Miscellaneous	717,052		717,052	1,810,896	1,093,844
Total - Local Sources	118,297,707		118,297,707	119,533,747	1,236,040
State Sources:					
Categorical Transportation Aid	1,040,809		1,040,809	1,040,809	
Extraordinary Aid	975,000		975,000	2,230,465	1,255,465
Categorical Special Education Aid	6,791,129		6,791,129	6,791,129	
Categorical Security Aid	564,390		564,390	564,390	
Non-Public Transportation Aid				171,559	171,559
Menstrual Product Aid				6,929	6,929
State of New Jersey On-Behalf Contributions:					
TPAF Pension Contrib. (non-budgeted)				19,013,213	19,013,213
TPAF Post Retire Med. Contrib. (non-budgeted)				5,555,676	5,555,676
TPAF LTDI Premiums (non-budgeted)				7,527	7,527
TPAF Employer FICA Contrib. (non-budgeted)				4,215,742	4,215,742
Total - State Sources	9,371,328		9,371,328	39,597,439	30,226,111
Federal Sources:					
Medical Reimbursement	51,698		51,698	16,391	(35,307)
Total - Federal Sources	51,698		51,698	16,391	(35,307)
Total Revenues	127,720,733		127,720,733	159,147,577	31,426,844

**WESTFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:Salaries of Teachers:					
Preschool	\$ 254,275	\$ 7,563	\$ 261,838	\$ 261,168	\$ 670
Kindergarten	624,062	11,931	635,993	635,313	680
Grades 1- 5	13,715,957	360,840	14,076,797	14,064,388	12,409
Grades 6- 8	9,988,659	72,094	10,060,753	10,060,532	221
Grades 9-12	12,498,793	(318,889)	12,179,904	12,172,223	7,681
Regular Programs - Home Instr.:					
Salaries of Teachers	133,154	(106,516)	26,638	26,628	10
Purchased Prof./Educational Services	80,500	25,927	106,427	103,315	3,112
Regular Programs - Undistrib. Instr.:					
Other Salaries for Instruction	110,738	(2,169)	108,569	107,439	1,130
Purchased Prof./Educational Services	2,350	16,868	19,218	11,343	7,875
Purchased Technical Services	301,150	31,304	332,454	327,721	4,733
Other Purchased Services (400-500 series)	393,572	(37,090)	356,482	305,733	50,749
General Supplies	970,851	430,491	1,401,342	1,333,052	68,290
Textbooks	72,914	(7,224)	65,690	62,087	3,603
Other Objects	1,275	(50)	1,225	860	365
Total Regular Programs - Instruction	39,148,250	485,080	39,633,330	39,471,802	161,528
Learning/Language Disabilities:					
Salaries of Teachers	458,281	6,843	465,124	452,627	12,497
Other Salaries for Instruction	121,722	39,020	160,742	155,287	5,455
Purchased Prof./Educational Services	5,648	(3,358)	2,290		2,290
General Supplies	8,662		8,662	6,555	2,107
Textbooks	342		342		342
Total Learning/Language Disabilities	594,655	42,505	637,160	614,469	22,691
Emotional Regulation Impairment:					
Salaries of Teachers	257,592	(19,945)	237,647	235,967	1,680
Other Salaries for Instruction	38,928	13,284	52,212	35,547	16,665
General Supplies	13,089	6,321	19,410	9,804	9,606
Total Emotional Regulation Impairment	309,609	(340)	309,269	281,318	27,951

**WESTFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Multiple Disabilities:					
Salaries of Teachers	\$ 160,259	\$ 438	\$ 160,697	\$ 153,630	\$ 7,067
Other Salaries for Instruction	50,175	(18,000)	32,175	22,410	9,765
General Supplies	884		884	44	840
Total Multiple Disabilities	211,318	(17,562)	193,756	176,084	17,672
Resource Room/Resource Center:					
Salaries of Teachers	7,380,939	(42,226)	7,338,713	7,318,483	20,230
Other Salaries for Instruction	313,408	(55,919)	257,489	209,390	48,099
Purchased Prof. Educational Serv.	342	3,458	3,800	3,800	
General Supplies	37,415	112	37,527	24,863	12,664
Textbooks	4,760		4,760	2,901	1,859
Total Resource Room/Resource Center	7,736,864	(94,575)	7,642,289	7,559,437	82,852
Autism:					
Salaries of Teachers	323,082	(15,024)	308,058	287,307	20,751
Other Salaries for Instruction	242,578	(120,000)	122,578	107,115	15,463
General Supplies	9,966	102	10,068	4,174	5,894
Total Autism	575,626	(134,922)	440,704	398,596	42,108
Preschool Disabilities - Full-Time:					
Salaries of Teachers	349,271	163	349,434	346,165	3,269
Other Salaries for Instruction	81,734		81,734	47,762	33,972
General Supplies	1,561	198	1,759	1,025	734
Total Preschool Disabilities - Full-Time	432,566	361	432,927	394,952	37,975
Total Special Education	9,860,638	(204,533)	9,656,105	9,424,856	231,249
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	2,019,959	(60,208)	1,959,751	1,873,896	85,855
General Supplies	3,500	(500)	3,000	1,651	1,349
Textbooks	200		200		200
Total Basic Skills/Remedial - Instruction	2,023,659	(60,708)	1,962,951	1,875,547	87,404

**WESTFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 505,919	\$ 3,955	\$ 509,874	\$ 507,947	\$ 1,927
Total Bilingual Education - Instruction	505,919	3,955	509,874	507,947	1,927
School - Sponsored Cocurricular & Extra Curric - Instr.					
Activities:					
Salaries	464,400	(1,383)	463,017	438,156	24,861
Purchased Services (300-500 series)	24,750	(8,800)	15,950	9,460	6,490
Supplies and Materials	15,750	833	16,583	16,086	497
Other Objects	2,000	95	2,095	591	1,504
Total School - Sponsored Cocurricular Activities & Extra Curric. - Instr.	506,900	(9,255)	497,645	464,293	33,352
School - Sponsored Athletics:					
Salaries	1,263,772	2,028	1,265,800	1,235,725	30,075
Purchased Services (300-500 series)	80,175	(2,428)	77,747	56,853	20,894
Supplies and Materials	124,000	4,639	128,639	127,431	1,208
Other Objects	183,500	(15,000)	168,500	164,410	4,090
Total School - Sponsored Athletics	1,651,447	(10,761)	1,640,686	1,584,419	56,267
Summer School - Instruction					
Salaries	7,417	1,383	8,800	8,800	
General Supplies	750		750		750
Purchased Services		147	147		147
Total - Summer School - Instruction	8,167	1,530	9,697	8,800	897
Total Instruction	53,704,980	205,308	53,910,288	53,337,664	572,624

**WESTFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	\$ 1,297,809	\$ (370,725)	\$ 927,084	\$ 865,438	\$ 61,646
Tuition to County Vocational School Dist. - Regular	593,250	(20,750)	572,500	559,000	13,500
Tuition to County Vocational School Dist. - Special	29,750	12,250	42,000	42,000	
Tuition to Priv. Schools for the Disabled-W/I State	5,926,630	(184,984)	5,741,646	5,605,531	136,115
Tuition to Priv. Schools for the Disabled and Other LEAs- Special, Outside the State	400,973	(243,973)	157,000	157,000	
Tuition State Facilities	4,500		4,500	4,500	
Tuition - Other	34,448	(18,014)	16,434		16,434
Total Undistrib. Expend. - Instruc.	8,287,360	(826,196)	7,461,164	7,233,469	227,695
Health Services:					
Salaries	1,357,809	(12,676)	1,345,133	1,345,133	
Purchased Professional and Technical Services	159,712	175,803	335,515	301,995	33,520
Supplies and Materials	18,162	6,250	24,412	21,654	2,758
Other Objects	850		850	850	
Total Health Services	1,536,533	169,377	1,705,910	1,669,632	36,278
Speech, OT, PT & Related Services					
Salaries	2,445,163	70,459	2,515,622	2,515,622	
Purchased Professional/Educational Services	1,085,444	257,915	1,343,359	1,325,353	18,006
Supplies and Materials	24,836	1,231	26,067	26,054	13
Total Speech, OT, PT & Related Services	3,555,443	329,605	3,885,048	3,867,029	18,019
Other Support Services-Student Extra					
Salaries	2,281,831	199,931	2,481,762	2,481,762	
Purchased Professional/Educational Services	607,608	616,258	1,223,866	1,222,486	1,380
Other Objects	2,361	(2,361)			
Total Other Support Services-Student Extra	2,891,800	813,828	3,705,628	3,704,248	1,380

**WESTFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Other Support Services - Guidance					
Salaries of Other Professional Staff	\$ 2,815,485	\$ 9,217	\$ 2,824,702	\$ 2,824,702	
Salaries of Secret. & Clerical Assts.	203,522	(13,782)	189,740	184,993	\$ 4,747
Other Salaries	3,200	(3,159)	41		41
Purchased Professional/Educational Services	30,563	(12,687)	17,876	17,875	1
Other Purchased Services (400-500 series)	6,350	(5,000)	1,350	881	469
Supplies and Materials	10,523	17,402	27,925	26,671	1,254
Other Objects	2,275	(2,040)	235	235	
Total Other Support Services - Students - Regular	3,071,918	(10,049)	3,061,869	3,055,357	6,512
Other Support Services - Child Study Teams					
Salaries of Other Professional Staff	2,014,881	122,090	2,136,971	2,136,971	
Salaries of Secr. & Clerical Assts.	265,580	(47,219)	218,361	216,776	1,585
Purchased Professional/Educational Services	252,971	(72,368)	180,603	153,290	27,313
Other Purchased Services (400-500 series)	11,750	(7,850)	3,900	2,072	1,828
Residential Costs	85,348	193,098	278,446	277,723	723
Supplies and Materials	25,163	17,638	42,801	40,693	2,108
Total Other Support Services - Students - Child Study Teams	2,655,693	205,389	2,861,082	2,827,525	33,557

**WESTFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Improv. of Instruction Services/Other					
Support Services - Instruc. Staff:					
Salaries of Supervisors of Instruction	\$ 1,110,415	\$ 34,539	\$ 1,144,954	\$ 1,144,954	
Salaries of Secr. and Clerical Assts.	109,415	9,192	118,607	118,607	
Other Salaries	30,000	3,750	33,750	33,750	
Purchased Professional/Educational Services	62,306	(3,495)	58,811	58,700	\$ 111
Other Purchased Prof./Tech. Services	44,202	(19,238)	24,964	23,160	1,804
Supplies and Materials	50,311	(11,498)	38,813	38,665	148
Other Objects	16,160	4,192	20,352	20,352	
Total Improv. of Instruction Services/ Other Support Serv. - Instruc. Staff	1,422,809	17,442	1,440,251	1,438,188	2,063
Educational Media Serv./School Library:					
Salaries	907,383	(6,331)	901,052	901,052	
Salaries of Technology Coordinators	105,040	(105,040)			
Purch. Prof. and Tech. Serv.	76,187	1,245	77,432	74,549	2,883
Supplies and Materials	34,400	(5,542)	28,858	26,658	2,200
Total Educa. Media Serv./School Library	1,123,010	(115,668)	1,007,342	1,002,259	5,083
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	30,000	(6,410)	23,590	23,590	
Purchased Professional/Educational Services	69,905	(20,858)	49,047	46,048	2,999
Other Purchased Services (400-500 series)	37,543	(7,003)	30,540	17,332	13,208
Supplies and Materials	15,016		15,016	9,159	5,857
Total Instr. Staff Training Serv.	152,464	(34,271)	118,193	96,129	22,064

**WESTFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Support Serv. General Administration:					
Salaries	\$ 853,011	\$ 5,288	\$ 858,299	\$ 858,299	
Legal Services	250,000	82,291	332,291	276,156	\$ 56,135
Audit Fees	47,000	3,794	50,794	50,794	
Other Purch. Professional Services	120,000	92,588	212,588	204,368	8,220
Purchased Technical Services	50,000	(50,000)			
Communications/Telephone	189,050	(16,004)	173,046	170,025	3,021
BOE Other Purchased Services	8,500		8,500	4,476	4,024
Misc. Purch. Serv. (400-500, exc. 530 & 585)	680,261	(33,891)	646,370	632,461	13,909
General Supplies	24,630	4,621	29,251	19,560	9,691
Misc. Expenditures	60,681	(43,547)	17,134		17,134
BOE Membership Dues and Fees	27,195	544	27,739	27,739	
Total Support Serv. General Administration	2,310,328	45,684	2,356,012	2,243,878	112,134
Support Serv. School Administration:					
Salaries of Principals/Asst. Principals	2,564,462	38,675	2,603,137	2,603,137	
Salaries of Secr. and Clerical Assts.	1,168,463	7,610	1,176,073	1,176,073	
Purch. Professional & Technical Serv.	13,050	1,660	14,710	8,420	6,290
Other Purchased Services (400-500 series)	51,764	(28,832)	22,932	17,963	4,969
Supplies and Materials	134,355	(17,013)	117,342	106,825	10,517
Other Objects	20,938	1,144	22,082	19,335	2,747
Total Support Serv. School Admin.	3,953,032	3,244	3,956,276	3,931,753	24,523

**WESTFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Central Services:					
Salaries	\$ 1,045,872	\$ 154	\$ 1,046,026	\$ 1,045,706	\$ 320
Purch. Professional Services	1,000	104,645	105,645	84,953	20,692
Purch. Technical Services	75,864	3,106	78,970	78,969	1
Misc. Purchased Services (400-500 O/T 594)	50,423	(13,700)	36,723	22,748	13,975
Supplies and Materials	37,592	(20,399)	17,193	14,964	2,229
Miscellaneous Expenditures	40,260	7,252	47,512	46,266	1,246
Total Central Services	1,251,011	81,058	1,332,069	1,293,606	38,463
Admin. Info Technology					
Salaries	856,926	63,583	920,509	920,509	
Purch. Technical Serv.	563,994	91,401	655,395	644,156	11,239
Other Purchased Services (400-500 series)	13,000	(9,008)	3,992	3,657	335
Supplies and Materials	38,000	84,941	122,941	98,213	24,728
Total Admin Info Technology	1,471,920	230,917	1,702,837	1,666,535	36,302
Required Maint for School Facilities:					
Salaries	944,503	(77,214)	867,289	867,289	
Cleaning, Repair & Maint. Services	324,249	11,260	335,509	325,894	9,615
General Supplies	175,685	(32,373)	143,312	114,155	29,157
Other Objects	17,974	(200)	17,774	6,298	11,476
Total Required Maint for School Facilities	1,462,411	(98,527)	1,363,884	1,313,636	50,248

**WESTFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Custodial Services:					
Salaries	\$ 2,982,807	\$ 20,504	\$ 3,003,311	\$ 3,001,984	\$ 1,327
Salaries Non-Instructional Aides	250,000	106,445	356,445	352,647	3,798
Purch. Professional & Technical Serv.	70,061	(23,578)	46,483	46,311	172
Cleaning, Repair & Maint. Services	185,927	54,881	240,808	229,200	11,608
Rental of Land & Bldg. Other than Lease Pur Agrmt	2,040	(62)	1,978	1,789	189
Other Purchased Property Services	158,493	20,853	179,346	179,346	
Insurance	240,450	2,356	242,806	242,806	
General Supplies	312,485	121,719	434,204	431,470	2,734
Energy (Natural Gas)	444,292	1,287	445,579	431,575	14,004
Energy (Electricity)	668,548	(36,372)	632,176	619,238	12,938
Other Objects	1,780	489	2,269	2,214	55
Total Operation of Plant	5,316,883	268,522	5,585,405	5,538,580	46,825
Care & Upkeep Grounds					
Salaries	255,427	16,284	271,711	270,711	1,000
Cleaning, Repair, and Maintenance Services	16,482	(100)	16,382	14,919	1,463
General Supplies	41,223	1,562	42,785	42,021	764
Total Care & Upkeep Grounds	313,132	17,746	330,878	327,651	3,227
Security					
Salaries	215,741	7,547	223,288	217,792	5,496
Purchased Professional and Technical Services	184,070	(9,250)	174,820	174,820	
General Supplies	1,000	11,878	12,878	12,877	1
Total Security	400,811	10,175	410,986	405,489	5,497
Total Operation & Maint. Of Plant Serv.	7,493,237	197,916	7,691,153	7,585,356	105,797

**WESTFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Student Transportation Services:					
Salaries for Pupil Transportation(Between Home & School)	\$ 90,000	\$ 6,005	\$ 96,005	\$ 96,005	
Contracted Services (Between Home & School) - Vendors	570,317	(57,074)	513,243	513,243	
Contracted Services (Other Than Between Home & School) - Vendors	429,000	(33,960)	395,040	389,393	\$ 5,647
Contracted Services (Special Ed. Students) - Vendors	798,948	62,439	861,387	860,928	459
Contracted Services (Regular Students) - ESCs & CTSA's	30,744	1,230	31,974	29,979	1,995
Contracted Services (Special Ed. Students) - ESCs & CTSA's	3,849,626	(272,649)	3,576,977	3,576,977	
Contracted Services - Aid in Lieu of Payments - NonPublic Schools	395,000	35,428	430,428	430,052	376
Transportation Supplies		9,957	9,957	9,807	150
Total Student Transportation Services	6,163,635	(248,624)	5,915,011	5,906,384	8,627
Unallocated Employee Benefits:					
Group Insurance	240,000	(51,186)	188,814	188,814	
Social Security Contributions	1,186,806	(39,596)	1,147,210	1,147,210	
Other Retirement Contributions - PERS	1,890,407	(237,170)	1,653,237	1,653,237	
Workmen's Compensation	571,291	7,163	578,454	578,454	
Health Benefits	23,564,680	(902,326)	22,662,354	22,508,927	153,427
Tuition Reimbursements	174,360	(93,285)	81,075	63,097	17,978
Other Employee Benefits	300,000	(208,403)	91,597	91,597	
Total Unallocated Employee Benefits	27,927,544	(1,524,803)	26,402,741	26,231,336	171,405
TPAF Pension Contrib. (non-budgeted)				19,013,213	(19,013,213)
TPAF Post Retire Med. Contrib. (non-budgeted)				5,555,676	(5,555,676)
TPAF LTDI Premiums (non-budgeted)				7,527	(7,527)
TPAF Employer FICA Contrib. (non-budgeted)				4,215,742	(4,215,742)
Total On-Behalf Benefits Contributions				28,792,158	(28,792,158)
Total Undistributed Expenditures	75,267,737	(665,151)	74,602,586	102,544,842	(27,942,256)
Total Operating Expenditures	128,972,717	(459,843)	128,512,874	155,882,506	(27,369,632)

**WESTFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
CAPITAL OUTLAY:					
Equipment:					
Instructional Staff		\$ 18,594	\$ 18,594	\$ 18,593	\$ 1
School Administration		472,022	472,022	468,767	3,255
Admin. Info. Tech.	\$ 200,000	(200,000)			
Req. Maint. For School Facilities		1,655,089	1,655,089	1,441,724	213,365
Custodial Services		112,970	112,970	112,969	1
Care and Upkeep of Grounds		93,805	93,805	93,419	386
School Buses - Regular		321,412	321,412	321,412	
Total Equipment	200,000	2,473,892	2,673,892	2,456,884	217,008
Facilities Acquis. & Constr. Services:					
Architectural/Engineering Services		114,935	114,935	84,959	29,976
Construction Services		6,985,336	6,985,336	3,509,919	3,475,417
Land and Improvements		77,600	77,600		77,600
Assessment for Debt Service on SDA Funding	48,016		48,016	48,016	
Total Facil. Acquis. & Constr. Services	48,016	7,177,871	7,225,887	3,642,894	3,582,993
Capital Reserve - Transfer to Capital Projects	4,000,000	(4,000,000)			
Total Capital Outlay	4,248,016	5,651,763	9,899,779	6,099,778	3,800,001
Total Expenditures	133,220,733	5,191,920	138,412,653	161,982,284	(23,569,631)
(Deficiency) Excess of Revenues					
(Under) Over Expenditures	(5,500,000)	(5,191,920)	(10,691,920)	(2,834,707)	7,857,213

**WESTFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources					
Transfer in - Capital Reserve from Capital Projects Fund				\$ 863	\$ 863
Total Other Financing Sources				863	863
 (Deficiency) Excess of Revenues and Other Financing Sources (Under) Over Expenditures	\$ (5,500,000)	\$ (5,191,920)	\$ (10,691,920)	(2,833,844)	7,858,076
 Fund Balances, July 1	24,057,866		24,057,866	24,057,866	
 Fund Balances, June 30	\$ 18,557,866	\$ (5,191,920)	\$ 13,365,946	\$ 21,224,022	\$ 7,858,076
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing sources (uses)					
Budgeted fund balance	\$ (1,500,000)		\$ (1,500,000)	\$ 6,358,076	\$ 7,858,076
Budgeted withdrawal from capital reserve	(4,000,000)		(4,000,000)	(4,000,000)	
Appropriations from maintenance reserve		\$ (677,607)	(677,607)	(677,607)	
Adjustment for prior year encumbrances		(4,514,313)	(4,514,313)	(4,514,313)	
Total	\$ (5,500,000)	\$ (5,191,920)	\$ (10,691,920)	\$ (2,833,844)	\$ 7,858,076
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 512,983	
Excess Fund Balance - Current Year				314,062	
Emergency Reserve				1,000,000	
Maintenance Reserve				1,750,000	
Capital Reserve				9,500,000	
Unemployment Compensation				476,536	
Assigned Fund Balance:					
Year-end Encumbrances				2,592,597	
Designated for Subsequent Year's Expenditures				1,185,938	
Unassigned Fund Balance				3,891,906	
				21,224,022	
<u>Reconciliation to Governmental Funds Statements (GAAP):</u>					
Delayed State Aid Payments not recognized on GAAP basis				(830,751)	
 Fund Balance per Governmental Funds (GAAP)				\$ 20,393,271	

**WESTFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2025**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	\$ 522,262	\$ 163,118	\$ 685,380	\$ 445,273	\$ (240,107)
Federal Sources	1,580,682	234,066	1,814,748	1,810,000	(4,748)
Local Sources	347,706	1,362,150	1,709,856	1,732,202	22,346
	<u>2,450,650</u>	<u>1,759,334</u>	<u>4,209,984</u>	<u>3,987,475</u>	<u>(222,509)</u>
Total Revenues					
EXPENDITURES:					
Instruction					
Teacher Salaries	250,764	22,390	273,154	248,127	25,027
Other Salaries for Instruction		63,980	63,980	63,980	
Tuition to Private Schools for the Disabled	1,505,744	8,116	1,513,860	1,513,860	
Purchased Professional/Educational Services		11,825	11,825	11,647	178
General Supplies		342,685	342,685	266,914	75,771
Textbooks	27,320	194	27,514	26,311	1,203
Instructional Equipment		31,966	31,966	4,660	27,306
Other Objects		6,828	6,828	6,573	255
	<u>1,783,828</u>	<u>487,984</u>	<u>2,271,812</u>	<u>2,142,072</u>	<u>129,740</u>
Total Instruction					

**WESTFIELD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2025**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Support Services					
Personal Services - Employee Benefits	\$ 6,978	\$ (6,978)			
Purchased Professional/Educational Services	79,869	268,998	\$ 348,867	\$ 348,867	\$
Other Purchased Professional Services		5,026	5,026	5,026	
Contracted Services-Trans. (Other Than Between Home/School)		5,249	5,249	5,249	
Supplies and Materials	110,677	112,957	223,634	66,585	157,049
Student Activities	347,706	831,535	1,179,241	1,179,241	
Total Support Services	545,230	1,216,787	1,762,017	1,604,968	157,049
Facilities Acquisition and Construction Services:					
Construction Services	121,592	(121,592)			
Non-Instructional Equipment		176,155	176,155	176,155	
Total Facilities Acquisition and Construction Services	121,592	54,563	176,155	176,155	-
Total Expenditures	2,450,650	1,759,334	4,209,984	3,923,195	286,789
Excess of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	64,280	<u>\$ 64,280</u>
Fund Balance, July 1				734,859	
Fund Balance, June 30				<u>\$ 799,139</u>	
Recapitulation:					
Restricted:					
Student Activities				\$ 799,139	
Total Fund Balance				<u>\$ 799,139</u>	

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PART III

**WESTFIELD SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE YEAR ENDED JUNE 30, 2025**

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

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1)	\$ 159,147,577	(C-2)	\$ 3,987,475
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized				
Prior year				172,472
Current year				(104,970)
State aid payment recognized for budgetary purposes, not recognized for GAAP statements (Net)		(83,942)		
Total revenues as reported on the statement of revenues, expenditures and change in fund balances - governmental funds	(B-2)	\$ 159,063,635	(B-2)	\$ 4,054,977
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1)	\$ 161,982,284	(C-2)	\$ 3,923,195
Difference - budget to GAAP:				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.				
Prior year				172,472
Current year				(104,970)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	(B-2)	\$ 161,982,284	(B-2)	\$ 3,990,697

APPENDIX C

FORM OF APPROVING LEGAL OPINION

_____, 2026

The Board of Education of the
Town of Westfield in the
County of Union, New Jersey

Dear Board Members:

We have acted as bond counsel to The Board of Education of the Town of Westfield in the County of Union, New Jersey (the "Board of Education"), in connection with the issuance by the Board of Education of \$125,807,000 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) two bond proposals adopted by the Board of Education on March 25, 2025 and approved by the affirmative vote of a majority of the legal voters present and voting at the school district election held on April 15, 2025, and (iii) a resolution duly adopted by the Board of Education on June 16, 2026. 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 Board of Education, and the Board of Education 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,